

# **The Business of Sports & Entertainment**





This digital publication is an updated and enhanced version of the free textbook available online and is available only to SCC members. The information contained in this version of the publication is current as of August 2021. This edition features some interactive elements. Please remember that clicking on the links provided will take you to content that SCC does not control so it may be possible that some links are broken or no longer exist.

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# Introduction

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

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

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

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

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

Enjoy!



Chris Lindauer  
President  
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# Acknowledgements

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There are so many people I'd like to thank for their constant support, encouragement and contributions to not only this publication, but also all the content SCC produces for our community of sports and entertainment business educators. It would take another lengthy publication altogether to mention everyone who deserves credit in one form or another, but I would like to take a moment here to recognize a few people in particular.

To all the industry professionals who have offered guidance, contributions and continued support, hopefully the progression of this class will continue to help shape an exceptional next generation of sports and entertainment business leaders. Without your efforts, providing top-notch education programs for our high schools would not be possible. Thanks to everyone who has shared their wisdom, insight, advice, time and support. You should all be proud of the profound impact your insight has in guiding the next generation of successful industry professionals. Most of all, thank you all for making the sports and entertainment industry a great place to work and play!

I would also like to thank all our current and past subscribers from around the country: thanks for helping us grow! I am truly blessed to be fortunate enough to work with some of the best educators in the world. Together, we make a great team!

Last but certainly not least, I'd like to give extra special thanks to:

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My two amazing daughters, Linsey and Taylor, for providing all the inspiration a father could ever ask for.

Especially my wife Kim, for her trust, support and continued belief in me.

# Instructor's Guide

Use the images from the guide below to help identify additional tools for engaging your students in the classroom. The directory below offers a quick snapshot of what you will find, where you can find it, and when to introduce the corresponding project, activity and discussion ideas in class. Enjoy!



## PROJECT IDEAS

Project Ideas are suggestions for relevant projects that correspond with the current lesson. The downloads available on the SCC web site feature two versions of each project: One in either PPT or Word format that allows instructors to make any edits and the other as a PDF that ensures the original formatting of the document will remain intact.



## ACTIVITY IDEAS

Activity ideas are strategically placed throughout the textbook to help instructors engage students, and encourage them to apply sports and entertainment business concepts in a hands-on environment.



## INSTRUCTOR NOTES

Instructor's Notes provide additional content like podcasts and video suggestions (or additional multimedia), ideas from other teachers and much more!



## DISCUSSION TOPICS

Relevant discussion topics are provided throughout the textbook, including bell ringers, or previous "bonus content" shared with SCC members that might provide a good way to help students apply fundamental concepts from that particular lesson.



## VIDEO SUGGESTIONS

Throughout the textbook we suggest relevant videos that could be shown in class. Some of these video suggestions include links to video shorts found on the web while others are ideas for full feature documentaries for films that are available for purchase through iTunes/amazon.com etc. (or via streaming sites like Netflix or Hulu).

# Unit 1

## Industry History & Evolution

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### OVERVIEW

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

### KEY TERMS

*Fandom*

*SEM*

*Superfan*

### OBJECTIVES

1. Define the acronym SEM
2. Identify factors that contributed to the growth of the sports and entertainment industry
3. Understand the concept of “fandom” and its importance to the business of sports and entertainment
4. Discuss the impact specific individuals had on the evolution of the industry
5. Recognize specific milestones relevant to industry growth

### LESSONS

**LESSON 1.1**    Genesis of Sports and Entertainment Marketing

**LESSON 1.2**    Industry Growth

**LESSON 1.3**    Fandom

**LESSON 1.4**    Industry Pioneers

**LESSON 1.5**    Important Milestones in SEM History

**LESSON 1.6**    Where Are We Now?



# Genesis of Sports and Entertainment Marketing



## INSTRUCTOR NOTES

Many SCC members kick off their SEM classes by playing the “Introducing SEM: Trivia Game” as a fun way to encourage students to shift their perspective of the sports and entertainment industry to view things with a business and marketing orientation. It is available in the Lesson 1.1 resources folder.

## THE ORIGINS OF SPORTS AND ENTERTAINMENT MARKETING (SEM)

### What is SEM?

*SEM* is the acronym for sports and entertainment marketing.

Sports and entertainment marketing is a relatively new player in a field of multi-billion-dollar industries. Forms of sports marketing started as early as 1858 (the first known athletic event to charge admission took place at a baseball game). Entertainment as we know it today (movies, radio, television, music) exploded from 1900 on, and as technology improved, so did the products being offered. Silent movies progressed to sound, and radio eventually expanded to television; vinyl records evolved into tape and CD and today's digital formats and streaming. The 1900's also brought the advent of carnivals, amusement parks, and theme parks which evolved from (but did not completely replace) fairs, circuses and festivals.

**Many events have influenced the industry's transition from leisure activity to big business:**

1. Evolved as fan support grew with willingness to spend discretionary income.
2. Emergence of radio and television offered more opportunity for consumption of sports and entertainment products.
3. Corporations began to see the benefit with sports and entertainment affiliations, resulting in a marketing and sponsorship boom.
4. Celebrity endorsements and naming rights deals became common industry practice.
5. Advancement of technologies making it easier to consume sports and entertainment while more sports and entertainment properties are introduced.

### Size and Scope of the Sports Industry

According to the “Sports Global Market Opportunities And Strategies To 2022” [report](#), the global sports market reached a value of nearly \$488.5 billion in 2018, and is expected to reach \$614.1 billion by 2022. Comparatively, that is more than twice the size of the auto repair services and parking industries and larger than such industries as insurance carriers and legal services.<sup>1</sup>

<sup>1</sup> Sport Marketing Quarterly, 6, 4

## Sports industry sample revenue breakdown by segment: <sup>2</sup>

- \$43.8 billion in sales of U.S. sporting goods equipment by retailers
- \$35.8 billion in racetracks, sports teams and other spectator sports
- \$34.9 billion in company spending for sports advertising in the U.S.
- \$33 billion in revenues for the “Big 4” U.S. sports leagues
- NFL, MLB, NBA, NHL
- \$22.4 billion in revenue in fitness and recreation centers
- \$1 billion in NCAA sports revenue

[Click here](#) to watch a video from Plunkett Research on the current state of the sports industry. The video provides a very broad introduction to the business of sports.

## Size and Scope of the Entertainment Industry

Industry extends from movies, television, and radio, to theatre, home entertainment, amusement/theme parks, gaming and much more. Consumers have shown an insatiable appetite for entertainment resulting in an industry boom.

### The entertainment and media industry spans multiple segments:

#### Radio

- There are 9,566 FM radio stations in the United States.
- According to the latest figures from Nielsen’s annual “Year in Sports Media Report,” sports radio attracts 23 million weekly listeners, who tune in for an average of 4 hours a week.

#### Film

- Over 1.4 billion movie tickets are sold each year in U.S. theaters.
- According to information from [statista.com](#), forecasts predict that the entertainment industry will grow to over \$679 billion in value over the next four years, proving its worth in domestic markets and as a major U.S. export. The film industry is one of the biggest, if not the biggest, players in the broader entertainment sector; it is considered a cornerstone of the industry.

#### Television

- According to [Statista](#), approximately 154.4 million viewers in the United States watched live sports content at least once per month on television last year, a figure that is projected to rise to over 160 million by 2024.

#### Streaming

- Olivia Rodrigo’s “Good 4 U” [broke the record](#) for the most-streamed song in a single week in Spotify history in 2021, racking up 84 million plays in just a seven day period (breaking her own record when users played 80 million streams of her single “Drivers License”).

#### Virtual Reality

- Analysts at PwC estimate The US virtual reality market saw \$934 million in revenue in 2018, and is expected to grow at a 16.6% CAGR to reach US\$2bn in 2023.<sup>3</sup>

#### Gaming

- According to data from [Streamlabs and Stream Hatched](#), between Facebook Gaming, Twitch and Youtube Gaming (the three largest streaming platforms), gaming fans watched twice the number of hours combined on the three platforms in 2020 compared to 2019, consuming more than 8.3 billion hours of content.

<sup>2</sup> <http://www.plunkettresearch.com>

<sup>3</sup> <https://www.pwc.com/us/en/industries/tmt/library/global-entertainment-media-outlook.html#highlights-trends>

## Entertainment industry sample revenue breakdown by segment (according to latest US Census Data)<sup>4</sup>

- \$91 billion in film/theatrical/DVD rental/related revenues
- \$80 billion in TV broadcast and cable revenues
- \$76 billion in music industry revenues (CDs, downloads, radio, concerts, etc.)
- \$18 billion in electronic gaming<sup>5</sup>
- \$12 billion in amusement/theme park revenues
- \$7 billion in theatrical product



### DISCUSSION TOPICS

Like almost any other industry, the COVID-19 pandemic had an unprecedented impact on sports and entertainment businesses around the world. In some cases, the fallout could be catastrophic (like the prospect of a missed college football season) while others, like the streaming companies (Netflix) and gaming sector enjoyed a sales boost. The one thing that is a constant, regardless of segment or industry, is the looming uncertainty about how to recover.

Take this opportunity to engage your students in discussion on how the pandemic has impacted and will continue to impact the business of sports and entertainment. To help illustrate the impact of COVID-19 on the industry, consider downloading the “COVID-19 Part 3: Industry Impact” lesson plan, located in the Unit 1 folder.

### DISCUSSION QUESTIONS

1. How has the COVID-19 health crisis impacted the sports and entertainment industry?
2. Have all segments of the industry been impacted in the same way?
3. Do you think the industry will recover? Why or why not? How?

<sup>4</sup> <http://kotaku.com/346284/game-industry-reaches-179-billion-dollars-in-2007>

<sup>5</sup> [http://publications.mediapost.com/index.cfm?fuseaction=Articles.showArticle&art\\_aid=63400](http://publications.mediapost.com/index.cfm?fuseaction=Articles.showArticle&art_aid=63400)

# Industry Growth

## HOW DID WE GET HERE?

Many factors in the sports and entertainment business led to its enormous growth:

- Increase in numbers of those participating in sports and entertainment
- Increase in numbers of those following sports and entertainment
- Increase in sports/entertainment offerings
- Increase in the number of broadcasts / Advancements in broadcast technology (including streaming)
- Increase in attendance
- Increase in media coverage
- Increase in International interest
- Introduction of the Internet and social media

### Increase in the Number of People Participating in Sports & Entertainment

- The U.S. Youth Soccer Association reports that there were 100,000 registered players in 1974. Today the organization has grown to 3.2 million registered players and over 800,000 coaches and volunteers.<sup>6</sup>
- The number of U.S. golfers has risen to 12.6% of the population vs. 3.5% 50 years ago.<sup>7</sup>
  - According to the [National Golf Foundation](http://www.golfetc.com/retail/retail.html), the number of Americans over the age of five who played at least one round of golf on a course increased incrementally from 23.8 million to 24.2 million in 2018.
  - Participation in “off-course” golfing, in the form of play at facilities such as Topgolf or at facilities with on-screen simulators, rose 6 percent, to 23 million participants, last year according to a [Forbes report](http://www.prlog.org/10076350-skateboarding-10-year-winner-in-sports-participation-growth.html).
- According to the National Federation of State High School Associations, the sport of lacrosse has seen a 280% increase in participation in the last decade.<sup>8</sup>
- Among sports and recreation activities that grew more than 15% the past 10 years, skateboarding led the way with a 74.1% growth, according to the National Sporting Goods Association (NSGA).<sup>9</sup>
  - “Skateboarding saw a remarkable increase in the last 10 years, due in part, to the television exposure provided by ESPN’s X-Games,” said NSGA Vice President of Information & Research Thomas B. Doyle (NSGA).<sup>10</sup>
- According to a [CBS Sports report](http://www.usatoday.com/sports/preps/2008-07-31-lacrosse-growth_N.htm), USA Hockey saw a record 519,547 people register as amateur hockey players in the US in 2014, 8,000 more players than any other year as non-traditional markets like California, Texas and Florida have grown exponentially over the past 20 years.
- Data from USA Water Polo (USAWP) shows water polo is one of the fastest growing sports in the USA, specifically at the high school level.
  - According to [swimmersworld.com](http://www.swimmersworld.com), nationwide participation is up 25% in the last five years while memberships increased by 67% from 26,873 to 44,773 (an all-time high) in the last eight years.

<sup>6</sup> [http://www.usyouthsoccer.org/about/30thanniversary/index\\_E.html](http://www.usyouthsoccer.org/about/30thanniversary/index_E.html)

<sup>7</sup> <http://www.golfetc.com/retail/retail.html>

<sup>8</sup> [http://www.usatoday.com/sports/preps/2008-07-31-lacrosse-growth\\_N.htm](http://www.usatoday.com/sports/preps/2008-07-31-lacrosse-growth_N.htm)

<sup>9</sup> <http://www.prlog.org/10076350-skateboarding-10-year-winner-in-sports-participation-growth.html>

<sup>10</sup> <http://www.prlog.org/10076350-skateboarding-10-year-winner-in-sports-participation-growth.html>





## Increase in Numbers of Those Following Sports & Entertainment

- U.S. television broadcast 800 hours of sports TOTAL in 1971.<sup>11</sup>
  - Compare that to the coverage of the 2016 Summer Olympics in Rio, Brazil, when NBC featured more than 6,000 hours of television coverage (up from 5,535 in 2012) across its platforms (including NBC, USA, Bravo, CNBC, MSNBC) and all 130 competitions were streamed online.<sup>12</sup>
  - NBC streamed 1,800 hours of 2018 Winter Olympics coverage, twice what the network streamed in the 2014 Winter games -- just over 1,000 hours of footage, which also marked the first time that every event was streamed online.
    - The 2018 games were the first Winter Olympics to feature a live simulcast of broadcast network coverage for authenticated pay-tv subscribers. Those users were able to watch at the NBC Olympics website or on mobile apps, as well as through connected TV devices such as Roku and Apple TV.<sup>13</sup>
  - [NBCUniversal broadcast](#) more than 7,000 hours of content from the Tokyo Olympics across its networks and streaming platforms in 2021, making the 17-day event “the biggest media event ever”, according to a [statement](#) from the broadcast company.

## Increase in Sports & Entertainment Offerings

### More options for sports as participants:

#### Disc Golf

- The sport had 560 courses in the U.S. in 1995; by 2020 that number had grown to more than 10,000 and the sport has averaged 16% growth annually over the past 15 years.
  - In 2000 there were 5,653 active members of the [Professional Disc Golf Association](#); by 2020 there were more than 53,000 active members.
  - 14,492 people joined the PDGA in 2019 alone.
- Visit the [Professional Disc Golf Association website](#) to learn more about the sport.

#### Spikeball

- This fast-paced game was invented in the 1980's, disappeared during the 90's, and burst back on the scene in 2013 – today the sport boasts over 125,00 participants, has its own [governing body](#) and is the self-proclaimed fastest growing sport in the U.S.
- According to the Columbus Dispatch, over 300 official USA Spikeball tournaments were scheduled throughout the U.S. last year.
- According to Spikeball's website, there are over 1 million players in the US alone and 1,500+ nationally ranked teams.
- Today, ESPN covers spikeball events, even describing the sport as “mainstream.”
  - [Click here](#) to read the ESPN story about how Spikeball went “mainstream”

## Advanced Learning

- [Click here](#) to read how the NFL plans to take rugby mainstream in America at espn.com.
- [Click here](#) to watch the “This is How We Sevens” advertisement on YouTube.

<sup>11</sup> *Sports & Entertainment Marketing*, Glencoe-McGraw Hill, 2nd ed., p. 74

<sup>12</sup> <http://www.broadcastingcable.com/news/currency/nbcu-cable-networks-catching-olympic-fever/156766>

<sup>13</sup> <https://www.mediapost.com/publications/article/310358/nbc-will-stream-1800-hours-of-2018-winter-olymp.html>





#### VIDEO SUGGESTION

In season seven of ABC's popular entrepreneurship show, 'Shark Tank', Spikeball founder Chris Ruder pitched his new sports idea to potential investors. To view a clip of the negotiation in which he secured \$500,000 in funding on [abc.go.com](http://abc.go.com), [click here](#). The entire episode (season 7, episode 16) is also available for purchase via Amazon or the iTunes store and it may also be available for streaming on Hulu.



#### VIDEO SUGGESTION

For a great look at Rugby's growth (and potential) in the United States, consider sharing this five-minute video from World Rugby on [YouTube](#).

## Non-Mainstream Sports

U.S. high schools have recently recognized non-mainstream sports as officially sanctioned sports in recent years.

#### For example:

- Five years ago, Hawaii became the first state to sanction surfing as an officially recognized high school sport.
- Several states offer bass fishing as an officially sanctioned high school sport (including states such as Illinois, Kentucky, Missouri and Tennessee).
- One school in Florida is attempting to legitimize [Go Kart racing](#) as an official varsity sport.
- According to the [National Federation of State High School Associations](#), other high school athletic and activity associations have been adding sports such as bowling, archery, beach volleyball, rodeo, air riflery, chess, Nordic skiing and canoe paddling.
- Forbes reported in 2019 that seven state high school associations were offering esports at a varsity level.
  - By 2021, [PlayVS](#) operated official leagues in partnership with at least 23 state high school associations and regional leagues across the U.S.
    - According to the [NFHS](#), even those states without official varsity esports run state tournaments, and prizes can include scholarship money to one of the 200 colleges (and growing) fielding esports teams offering nearly \$15 million in scholarships.
    - [Click here](#) to read more from [forbes.com](#) how Esports penetrated the high school activities market.

## Increase in the Number of Broadcasts / Advancements in Broadcast Technology

- According to the Sports Business Journal, ESPN's coverage features over 65 sports (including MLB, NBA, NFL's Monday Night Football, NASCAR, MLS, FIFA World Cup, WNBA, college football, men's and women's college basketball, golf, Little League World Series, fishing, spelling, billiards, poker, arena football, eating championships, and the X Games), 24 hours a day in 15 languages in more than 150 countries.
- DirecTV offers over 285 channels as part of their "premiere" package, including over 50 channels dedicated specifically to sports programming (and that doesn't include the seventeen "specialty" packages that require an additional subscription like the NBA League Pass, NFL Ticket or NHL Center Ice).

- Maple Leaf Sports and Entertainment (the company that owns the Toronto Raptors, Toronto Maple Leafs, Toronto FC, Toronto Argonauts, Raptors 905 and Toronto FC II) [partnered](#) with [Spalk](#) (a virtual sportscasting studio that enables teams and organizations to provide hundreds of different commentators for live streams) to create a broadcast experience that allows fans all over the world to see their favorite teams play while watching in their preferred language.
- New broadcast companies like DAZN and FloSports have recently entered the market with ambitious growth plans, buying up media rights and determined to provide even more access to sports and events content.
  - According to [Bloomberg](#), two years ago, DAZN signed boxer Canelo Alvarez to the richest athlete contract in sports history (a \$365 million agreement) for the rights to broadcast his next 11 fights.
  - DAZN also [signed a deal](#) with Major League Baseball for a program designed to serve as the “Red Zone Channel ” of MLB+.
- Starting in 2021, DAZN will add the global media rights to the Champions League coverage which will likely expand their audience exponentially.
- [Dubbed as the “Netflix of Sports”](#), DAZN is consistently pursuing opportunities in international markets and expanding their existing sports coverage. The company now operates offices in London, Berlin, and Tokyo, among other major cities around the world.
  - Airing over 8,000 sports events on PC, Mac, tablets, smartphones, smart TVs and game consoles every year, fans of other sports have also had access to high-quality streams live and on demand. Other disciplines regularly available on DAZN include American Football, Baseball, Basketball, Cricket, Motorsport, Rugby and Tennis.
  - All those rights fees add up, however, as DAZN has lost more than \$1 billion in the past two years, according to a NY Times report.
  - [Click here](#) for a story from Digiday offering a look at DAZN’s ambitious plans and challenges as they continue to invest in sports programming to grow the company.
- According to [SportsPro](#) magazine, FloSports has built its content line-up to include more than 10,000 live events annually “by catering to underserved sports and audiences.”
  - FloSports has rights agreements in place with a variety of properties, ranging from the Professional Bowlers Association (PBA) and Rugby Europe to Gymnastics Canada, the International Cycling Union (UCI), Ice Hockey World Championships and Euroleague Basketball.



#### NBA FUN FACTS

- Until the 1980s, NBA playoff games were not even televised live, but rather on tape delay.
- Four of the six Finals games between the Houston Rockets and Boston Celtics couldn’t be watched until 11:30 p.m. ET.
- The last tape-delayed NBA playoff broadcast was game three of the West finals between the Lakers and Rockets in 1986.
- In 1984, nearly twice as many people watched the Major League Baseball World Series on television as they did the NBA Finals.

## Increase in Attendance

Attendance increases had an enormous influence on the size and scope of the sports and entertainment business industry. Despite seeing nearly a million fewer fans than the previous season, the NHL enjoyed its sixth highest attendance figure in league history during the 2018-19 season with 21,254,753 fans visiting NHL arenas (click [here](#) for an individual breakdown of team attendance figures).

- To put the league's growth into perspective, the NHL's attendance in 1978-79 was just 7,758,05.<sup>14</sup>

Over 75 percent of movies in the top 50 all-time highest-grossing films (before inflation) were released after the year 2000. Nearly 70 percent of films in the top ten were released in 2015 or later.

- The highest grossing film in the 70s was "Star Wars", at just under \$800 million, and in the 80s was E.T., at roughly \$750 million (click [here](#) for the full list).<sup>15</sup>
- In the summer of 2019, "Avengers: Infinity War" needed just 5 days in theaters to surpass \$1.2 billion in gross sales, setting a new record.
  - The previous record of 11 days was set just one year earlier by the blockbuster "Avengers: Infinity War".
  - The record before that was 12 days, set in 2017, by "Star Wars: The Force Awakens" (so the record was broken three times in three years).



### DISCUSSION TOPICS

This is a good time to gauge your student's familiarity with the concept of inflation (great way to tie in a quick economic lesson)! Ask students if they think twice as many ticket buying patrons attended "Titanic" as they did "Star Wars". Introduce the concept of adjusted box office gross (reflecting inflation). See the discussion topic presented in the PowerPoint slides for more details and an example illustrating this valuable lesson.

### DISCUSSION QUESTIONS

- "Titanic" more than doubled "Star Wars" at the box office in terms of overall global ticket sales, but is that the whole story?
- Do you think twice as many ticket-buying patrons attended "Titanic" than "Star Wars"? Why or why not?

*Although Titanic's box office figures are incredibly impressive, the box office figures do not necessarily tell the whole story. Ticket prices in 1997 were much higher than they were in 1977, the year Star Wars was released, and box office records are not adjusted for inflation.*



### TRIVIA: THE BUSINESS OF ENTERTAINMENT

**QUESTION:** When box office numbers are adjusted for inflation, the domestic top grossing film in American history is NOT "Titanic". It isn't "Avatar" either, nor is it "Avengers: Infinity War" or "Jurassic World." What is it?

**ANSWER:** After adjustment, the top spot goes to "Gone with the Wind." According to [filmsite.org](http://filmsite.org), "Star Wars: Episode IV - A New Hope" is second followed by "The Sound of Music" and "E.T" with "Titanic" taking the fifth spot. Click here to see a list of the Top 100 films at the box office after inflation.

<sup>14</sup> [http://www.hockeyzoneplus.com/attend\\_e-MUSTBEFIXED.htm](http://www.hockeyzoneplus.com/attend_e-MUSTBEFIXED.htm)

<sup>15</sup> <http://www.worldwideboxoffice.com>



## Increase in Media Coverage

**Media coverage** of sports and entertainment has grown significantly in the past half-century, placing athletes and entertainers in the public eye with incredible frequency. Television and radio provide alternative news sources to newspapers while social media provides an even newer alternative to all other forms of media. Profit potential and increased competition among media companies encourage increased competition for top stories. This is why we see the intense, over-the-top coverage of sports and entertainment stories. In addition, the introduction of the Internet made information available “on demand” with increased frequency and accessibility.

### Examples:

- Two years ago, basketball fans were treated to a “Kawhi Watch” following NBA superstar free agent Kawhi Leonard as he mulled his options on which team to sign with as he eventually decided to join the Los Angeles Clippers.
  - Click [here](#) to see more on the media frenzy “Kawhi Watch” stirred up in Toronto, including a helicopter “chase” that followed a SUV thought to be driving front office personnel from the airport to a downtown hotel.
- As news leaked in 2021 that NFL star Aaron Rodgers wanted out of Green Bay, the conversation quickly became national news, with programs like the [Today Show](#) covering the quarterback’s offseason vacation to Hawaii.

'ARNOLD PALMER. CAME ALONG AT THE SAME TIME TELEVISION WAS EXPLODING IN AMERICA. NOW WE'VE GOT GLOBAL INTERNET ACCESS. OUR SPORT WASN'T GLOBAL WHEN I BEGAN PLAYING THE TOUR. NOW IT IS. YOU CAN LOG ON ANYWHERE IN THE WORLD AND SEE WHAT ANY PLAYER DID IN ANY TOURNAMENT OR FOR THE YEAR. WITH THAT INTERNATIONAL BOOM, THAT INTERNATIONAL STREAM OF INFORMATION, GOLF IS GETTING EXPOSED TO PARTS OF THE WORLD THAT IT NEVER EVEN THOUGHT OF GETTING INTO.'

- TIGER WOODS IN THE CHARLES' BARKLEY'S BOOK, 'WHO WHO'S AFRAID OF A LARGE BLACK MAN'



### VIDEO SUGGESTION

The Golf Channel aired a three-part documentary on the life of legendary golfer, Arnold Palmer. Palmer is widely recognized as the first professional athlete to leverage his celebrity and fame to build a business empire. Click [here](#) to read more from Palmer’s website and consider sharing this content again in lesson 1.4 on industry pioneers. As for a video suggestion, the Golf Channel made the documentary available on YouTube for \$1.99 per episode. The documentary features lengthy discussions about the impact Palmer had on the business of sports. Click [here](#) to visit the Golf Channel’s YouTube page for access.

## Increase in International Interest

The international marketplace continues to provide a platform for driving sales of sports and entertainment products and services.

### Athletes

Athletes like the NBA's Luka Dončić (Slovenia), Ben Simmons (Australia), Rui Hachimura (Japan), Nikola Jokic (Serbia) and Giannis Antetokounmpo (Greece), MLS's Javier "Chicharito" Hernandez (Mexico), the NHL's Sidney Crosby (Canada), Alexander Ovechkin and Evgeni Malkin (Russia), the PGA Tour's Rory McIlroy (Ireland), LPGA Tour stars Ko Jin-Young (South Korea) and Nasa Hataoka (Japan), Tennis stars Novak Djokovic (Serbia), Rafael Nadal (Spain) and Roger Federer (Sweden), UFC's Conor McGregor (Ireland) and MLB's Vladimir Guerrero Jr. (Dominican Republic), Yasiel Puig (Cuba), Yu Darvish and Shohei Ohtani (Japan) help their respective teams, leagues and sport to draw fans from all over the world.

#### Major League Baseball (MLB)

- According to a [release](#) from Major League Baseball, 28.3% of players on Major League Baseball's Opening Day rosters in 2021 were born outside of the United States, representing 20 different countries.
- In 2021, Shohei Ohtani burst onto the Major League Baseball scene, quickly becoming one of the most popular players in the sport and the league's most marketable athlete.
- Ohtani was the [most-searched](#) player on MLB Film Room, both in the U.S. and internationally, and he played in all 10 of the highest-viewed MLB regular-season telecasts of the year up until the All-Star break.
- Ohtani already earns more in endorsements than any other Major League Baseball player.

### INTERNATIONAL STARS MAKING AN IMPACT IN U.S. SPORTS LEAGUES

LUKA DONČIĆ (SLOVENIA)  
BEN SIMMONS (AUSTRALIA)  
RUI HACHIMURA (JAPAN)  
NIKOLA JOKIC (SERBIA)  
GIANNIS ANTETOKOUNMPO (GREECE)  
PASCAL SIAKAM (CAMEROON)



ALEXANDER OVECHKIN (RUSSIA)  
EVGENI MALKIN (RUSSIA)  
SIDNEY CROSBY (CANADA)



SHOHEI OHTANI (JAPAN)  
FERNANDO TATÍS JR. (DOMINICAN REPUBLIC)  
RONALD ACUÑA JR (VENEZUELA)  
VLAD GUERRERO JR. (DOMINICAN REPUBLIC)



## GLOBAL STARS

### MOST MARKETABLE MAJOR LEAGUE BASEBALL STARS



WHICH MAJOR LEAGUE BASEBALL PLAYERS EARN THE MOST IN ENDORSEMENT DEALS?



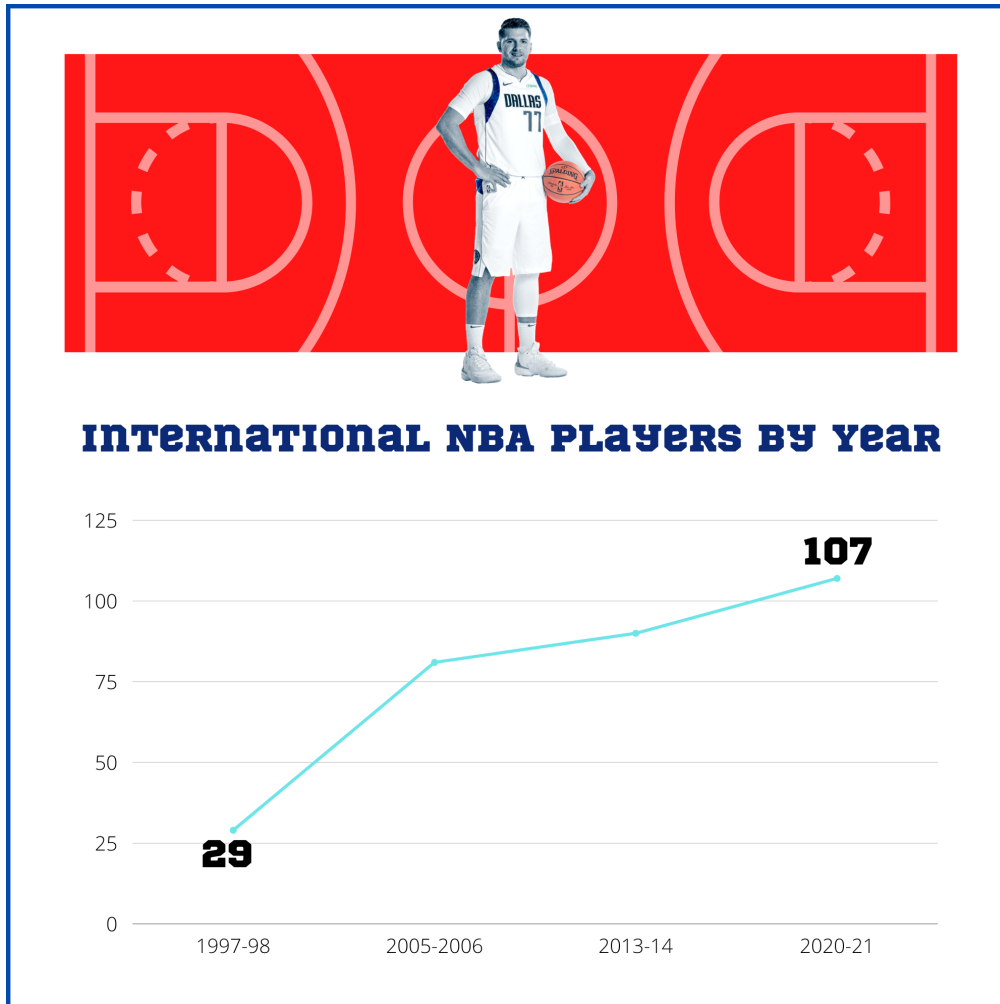
SOURCE: FORBES



## National Basketball Association (NBA)

At the start of the 2020-21 season, and for the seventh year in a row, [NBA rosters](#) included over 100 international players representing 41 different countries and each of the 30 teams had at least one international player.

- There were 14 international players on opening-night rosters who had been NBA All-Stars.
- The Washington Wizards have an NBA-high seven international players. The Dallas Mavericks and Denver Nuggets each have six, while the New Orleans Pelicans, Oklahoma City Thunder and Toronto Raptors each have five.
  - Click [here](#) to read the full press release from the NBA's website for more information and statistics.



## Golf

- There are currently 93 international players from 29 countries and territories outside the United States currently playing on the PGA tour.
- 63% of the Top 100 money leaders on the LPGA tour are from countries outside of the United States.

## Entertainers

- European musicians like the Rolling Stones, Ed Sheeran, U2, Adele and Coldplay, Colombian artist Shakira, Canadian Justin Bieber and Barbados-born Rihanna sell millions of records (and downloads) to consumers all over the globe.
- Actors and actresses such as Margot Robbie, Cate Blanchett, Kate Winslet, Colin Farrell, Emma Watson and Russell Crowe help boost International box office sales for the films in which they have a prominent role.

## Events

- Global events like Wimbledon, the Tour de France, FIFA World Cup, Olympic Games, and Cannes Film Festival attracted world-wide attention, providing an exceptional marketing opportunity for ticket sales, sponsorship sales, licensing and merchandise opportunities while providing a tremendous economic impact for host cities.
  - ESPN, CANAL + Events and Tignes Ski & Snowboard Resort (in France) launched the first Winter X Games to be held outside the United States and X Games Munich 2013 demonstrated the growth in global appeal of the event when 47.5 hours of action were broadcast across [ESPN](#)'s various platforms, including 26.5 hours on live television.
- Brands recognize the opportunities presented by the global audience which is why companies like Gillette invest in the sponsorship of events like EA's FIFA Global Series.
  - According to a story from [mediapost.com](#), Gillette recognizes the reach of a global event, suggesting the Global Series included more than 20 gaming leagues worldwide, including Australia, Austria, Denmark, Norway, Poland, Malta, Ukraine and Saudi Arabia.

## Footwear

The global demand for footwear and sports apparel continues to grow with international brands like China's Li Ning, South Korea's Fila, Japan's Mizuno and Germany's Adidas and Puma fiercely competing with American brands like Nike, New Balance and Under Armour for market share.

- A number of NBA stars have either opted out of relationships with American brands to pursue deals with Chinese sportswear brands or signed contracts to endorse brands, notably former Miami Heat star Dwyane Wade, who left Jordan Brand for [Li-Ning](#), Dwight Howard (formerly the face of adidas basketball, now with Chinese brand "Peak") and Klay Thompson who has his [own signature shoe](#) (the "KT FIRE") with Anta.<sup>16</sup>
  - Click [here](#) for details on Anta's extension with Klay Thompson (for a reported potential \$80 million deal) from USA Today.
  - Click [here](#) to see a pop-up store opened by Li-Ning in Portland, celebrating the release of Trail Blazers' star C.J. McCollum's sneaker release.
  - Click [here](#) for a fascinating, in-depth look at Chinese sportswear brands
- [Reebok](#) has intensified its marketing efforts to reach consumers in India (with its population of more than 1.2 billion people) by signing Indian cricket captain M.S. Dhoni as its ambassador, along with other yet-to-be-revealed "well-known personalities from different walks of life such as musicians, entertainers and professionals" (according to the Economic Times).<sup>17</sup>

## Sports Leagues

Prominent American sport properties are making a push to expand their presence overseas. NBA

At a [press conference](#) In addition to exhibition and pre-season games, the NBA recently began scheduling regular season games to reach more international fans.

<sup>16</sup> <http://business.financialpost.com/tag/vitaminwade>

<sup>17</sup> <http://www.brandchannel.com/home/post/2013/01/29/India-Reebok-012913.aspx>



## National Basketball Association (NBA)

In 2020, the NBA played its first-ever regular season game in [Paris](#) when the Milwaukee Bucks defeated the Charlotte Hornets.



To continue expanding their global brand, the NBA announced plans to launch [Basketball Africa League](#) (BAL), a new professional league featuring 12 club teams from across Africa.

- The league was originally set to debut its inaugural season in 2020, before the COVID-19 pandemic brought the sports world to a standstill, eventually beginning its inaugural season in 2021.
- The league, a partnership between the International Basketball Federation (FIBA) and the NBA, features five former NBA players as investors (Grant Hill, Joakim Noah, Dikembe Mutombo, Luol Deng and Junior Bridgeman).



- NBA commissioner Adam Silver [said](#) the current enterprise value of NBA Africa is “nearly \$1 billion.”
- The league has also [shared](#) its strategy for reaching basketball fans in India with a digital media partnership to provide access to short-form videos featuring on-court storylines, player profiles, and coverage of the league’s history.
  - For the first time ever, India hosted two preseason NBA basketball games to kick off the 2019-20 season when the Indiana Pacers played the Sacramento Kings in Mumbai.
- The NBA [announced](#) plans for a two-game international series in Mexico City launching in 2019-20, when the Dallas Mavericks beat the Detroit Pistons in December (with Mavs’ international star Luka Doncic putting on a show and posting a triple-double), while the San Antonio Spurs defeated the Phoenix Suns in an overtime thriller two days later.

- In addition, the NBA is expanding its reach into Mexico by [announcing](#) that the [Capitanes](#), a Mexico City-based team from the top Mexican professional basketball league Liga Nacional de Baloncesto Profesional, will be joining the NBA G League starting with the 2020-21 season.
- The Capitanes will become the first G League franchise based outside of the United States and Canada.

### National Football League (NFL)

NFL Commissioner [Roger Goodell](#) has been very public with his sentiments that he would like to see a much bigger NFL presence in London, even suggesting the possibility of bringing an expansion franchise to the city.

- In 2019, London played host to four regular season NFL games with every game resulting in a sell out
  - In 2021, after hitting pause on the “London Games” series due to the COVID-19 pandemic, the NFL will return to England with two regular season games on the league schedule
    - Click [here](#) for an in-depth look at the NFL’s strategic plan for growing their presence in London, including the formation of an NFL Academy
- In 2017, the NFL played its first game in Mexico when 77,357 fans attended a regular season game in Mexico City between the Oakland Raiders and New England Patriots
  - According to a [USA Today](#) report, 205,000 fans attended a 2017 fan fest in Mexico City, while 55,000 took part in additional community events related to the NFL game
  - The league has continued to establish a presence in Mexico with a game last year being played between the Super Bowl-winning Kansas City Chiefs and the San Diego Chargers at Mexico City’s Estadio Azteca, drawing a crowd of more than 76,000
  - In 2020, the NFL was scheduled to play four more games in London and another in Mexico City but they have been postponed until 2021 as a result of COVID-19
- According to a NFL [news release](#), the league eventually hopes to schedule regular season games in Germany and has already begun the process of identifying a partner city to host the games
  - The NFL previously staged five preseason games in Germany between 1990 and 1994, and had a professional team presence in Germany between 1991 and 2007, with the Berlin Thunder, Cologne Centurions, Frankfurt Galaxy, Hamburg Sea Devils and Rhein Fire playing at various times in the former World League/NFL Europe League/NFL Europa.

### Major League Baseball (MLB)

Major League Baseball is also eyeing Europe as an opportunity to grow its fan base.

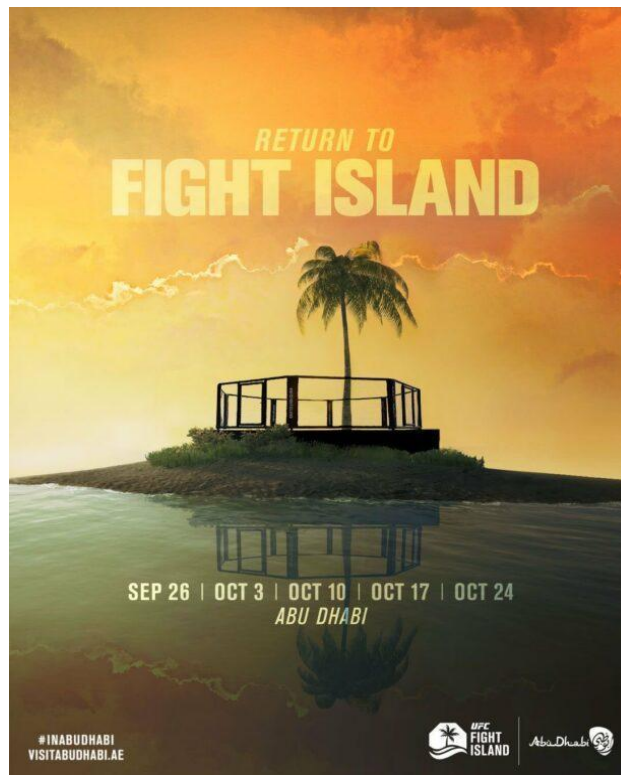
- The league scheduled a regular-season series between the rival New York Yankees and Boston Red Sox in 2019 in London (MLB had staged regular-season games in Australia, Japan, Mexico and Puerto Rico, but never in Europe).
- In 2020, the Minnesota Twins and the Detroit Tigers faced off for a one game series in the Dominican Republic, marking the first game played in the baseball-crazed country in nearly twenty years.
- A series between the San Diego Padres and Arizona Diamondbacks in Mexico City and another between the New York Mets and Miami Marlins in Puerto Rico were canceled due to the Covid-19 pandemic.
- In March of 2021, the World Baseball Classic will feature the best players in the world playing for their home countries and territories.



## Ultimate Fighting Championship (UFC)

The UFC staged a bout (UFC 120 featuring Michael Bisping and Yoshirio Akiyama) at London's O2 arena and the event was attended by 17,133 fans, breaking the European attendance and gate receipts record which was set by the MEN at UFC 105. It was also the biggest box office sporting event in O2 Arena history.<sup>18</sup>

- In 2020, UFC 251 held its first of four "Fight Island" events in Abu Dhabi, United Arab Emirates, averaging 809,000 viewers over the four-hour broadcast.
- The event also racked up approximately 1.3 million buys on pay-per-view, the most-purchased UFC fight without Conor McGregor since 2009, generating \$78 million in revenue.
- In 2021, UFC's "Return to Fight Island" event between Conor McGregor vs Dustin Poirier sold 1.2 million PPVs in the United States alone and another 400,000 internationally for a total of 1.6 million PPV buys (according to [Sports Business Journal](#)), tied for the second highest-selling event in UFC history.



### DISCUSSION TOPICS

Discuss the idea of building a global brand with your students in class. Ask them why leagues like the NBA, MLB, MLS, NFL and NHL all are engaged in efforts to build their brands internationally. Ask them why each league might be targeting specific markets (like NBA in China, India and Africa, MLB in India, Japan or Australia and NFL, MLS & NHL in Europe). To narrow it down, ask students specifically if they think it is a good idea for the NFL to eye expansion efforts in England or Mexico City. What are the advantages? What are the potential drawbacks? The idea here is to build a fundamental understanding of how a global marketplace helps sports and entertainment properties to grow.

<sup>18</sup> [http://en.wikipedia.org/wiki/The\\_O2\\_Arena\\_\(London\)](http://en.wikipedia.org/wiki/The_O2_Arena_(London))



## PROJECT IDEA

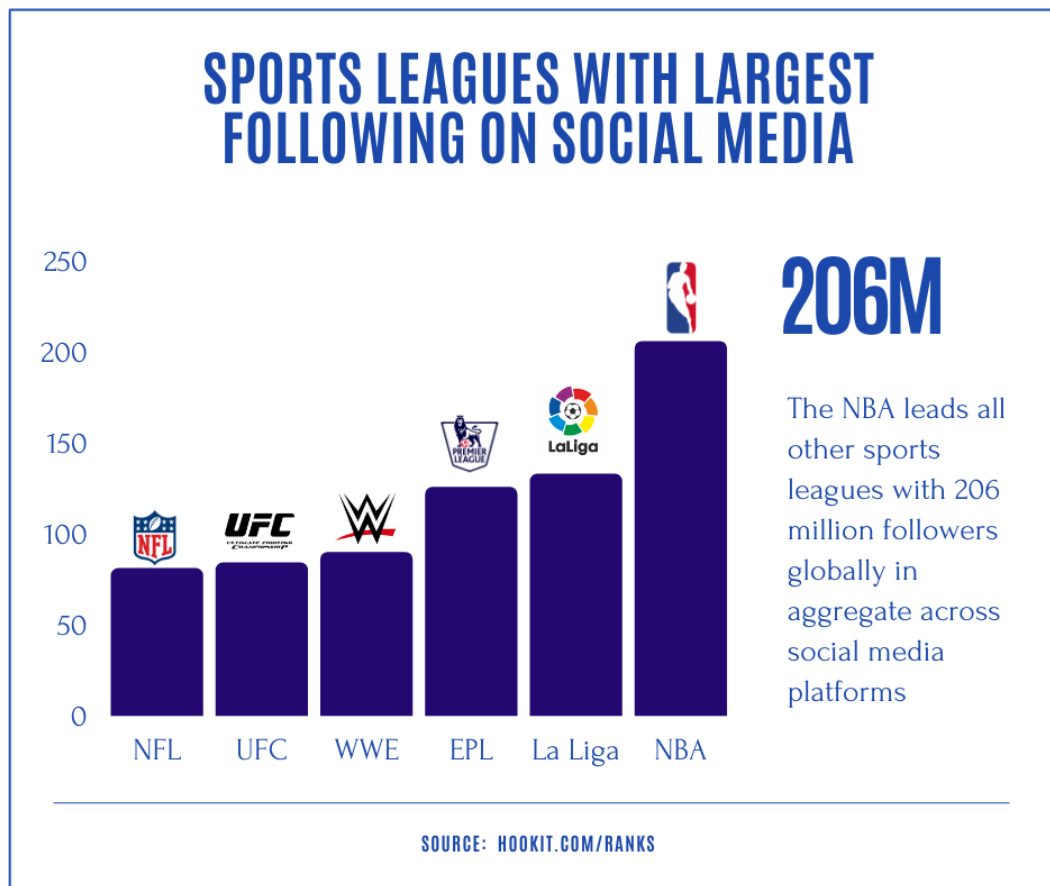
This would be a good time to introduce the “Global Expansion Project” located in the Lesson 1.2 folder. The project casts each group of students as a “consulting firm” and encourages students to develop an expansion strategy for U.S. professional sports leagues into international markets.

## Introduction of the Internet and Social Media

Sports and entertainment consumers are increasingly turning to “second screens”, social media and streaming content to consume major events and binge their favorite programs, breaking content consumption records along the way.

The NBA continues to be a leader in social media. According to a Yahoo! Sports [report](#), the NBA has 56 million Instagram followers, an audience that generated 6.55 billion views last year, giving it twice the following of the NFL, NHL and MLB combined. The league is approaching 9 billion lifetime views on YouTube — again, almost as many as the three other major American sports leagues combined. Nearly 70% of the NBA’s social media followers are outside the U.S.

Based on data from [Hookit](#) (a leading sponsorship agency), the NBA leads all other sports leagues with 206 million followers across all social media platforms. La Liga, an International soccer league, is next at 133 million followers with the English Premier League, another International soccer league, in third at 126 million followers.





## INSTRUCTOR NOTES

Visit the Hookit.com website by clicking here to view social media leaders in sports. They offer a nifty interactive chart which allows users to sort by team, league, individual athlete and more. Users can also sort data based on social media platform, number of engagements and more. You might also consider reviewing Hookit's rankings in Lesson 4.8 in your social media discussions, or Lessons 8.3 and 8.6 when teaching sponsorship and endorsement.

## Industry Growth

Analysts predict a continued increase in overall industry revenues, domestically and internationally. Aided by growth in streaming numbers, social media interaction and consumption of digital content, the industry has more opportunity than ever to continue its growth trajectory.

### Statistics:

- According to a report from [NewZoo](#), the global gaming market is expected to grow from \$137.9 billion in 2018 to more than \$200 billion in 2023.
- According to [Billboard](#), not even the pandemic could slow music industry growth as global music revenue grew for a sixth straight year in 2020, rising nearly 20 percent to nearly \$13.4 billion last year with 443 million people paying for subscriptions to streaming services.
- The global theme park market is projected to reach \$66 billion by 2023, up from an estimated \$52 billion in 2019, according to the [latest figures](#) from the International Association of Amusement Parks and Attractions' Global Theme and Amusement Park Outlook.
- According to Grand View Research, the global athletic footwear market is expected to reach \$95 billion by 2025.<sup>19</sup>
- To illustrate how sports can provide a driver for sales growth, consumer electronics makers like Sony, Samsung, LG and Panasonic reported a whopping 100 percent jump in sales of large-screen and 4K TVs (55-inch and above) in the five days leading up to the 2019 Cricket World Cup.<sup>20</sup>
- In 2019, the Big Ten conference set a collegiate sports record by generating nearly \$760 million in revenue for the fiscal year, a year-over-year revenue increase of 48 percent (according to a [USA Today](#) report).<sup>21</sup>
- Despite the negative publicity surrounding the league the past few seasons and a global pandemic, NFL revenue has increased in all but two years since 2011 and still managed to [generate](#) \$12 billion in national revenue last year with limited stadium attendance.
- Sales of Minor League Baseball merchandise are soaring, breaking a revenue record for the second straight season (pre-pandemic) with reported retail sales of licensed merchandise of \$73.8 million.<sup>22</sup>
- Forbes reports that ESPN is valued at over \$13 billion, making it one of the 50 most valuable brands in the world (more valuable than brands like Ford, Nestle, Sony, UPS and Fox).<sup>23</sup>
- The final season of HBO's 'Game of Thrones' series set several records, including 19.3 million viewers for the show's finale (breaking the record for largest audience for a single episode), along with a gross average of 44.2 million viewers per episode across all platforms (including live audience, streaming, and DVR) for the entire season (a whopping 10 million more viewers than the previous season).
- The 2021 Super Bowl was the most live-streamed Super Bowl ever, with an average of over 5 million viewers per minute (representing a 69% spike over Super Bowl 54 in 2020), despite being plagued by some technical issues with the stream.

<sup>19</sup> <https://www.prnewswire.com/news-releases/the-global-athletic-footwear-market-size-is-expected-to-reach-usd-95-14-billion-by-2025--300634499.html>

<sup>20</sup> <https://www.businesstoday.in/current/corporate/icc-world-cup-2019-large-screen-tv-sales-zoom-100-percent-as-cricket-fever-grips-fans/story/356608.html>

<sup>21</sup> <https://www.usatoday.com/story/sports/2019/05/15/big-ten-revenue-hit-nearly-759-million-fiscal-2018/3686089002/>

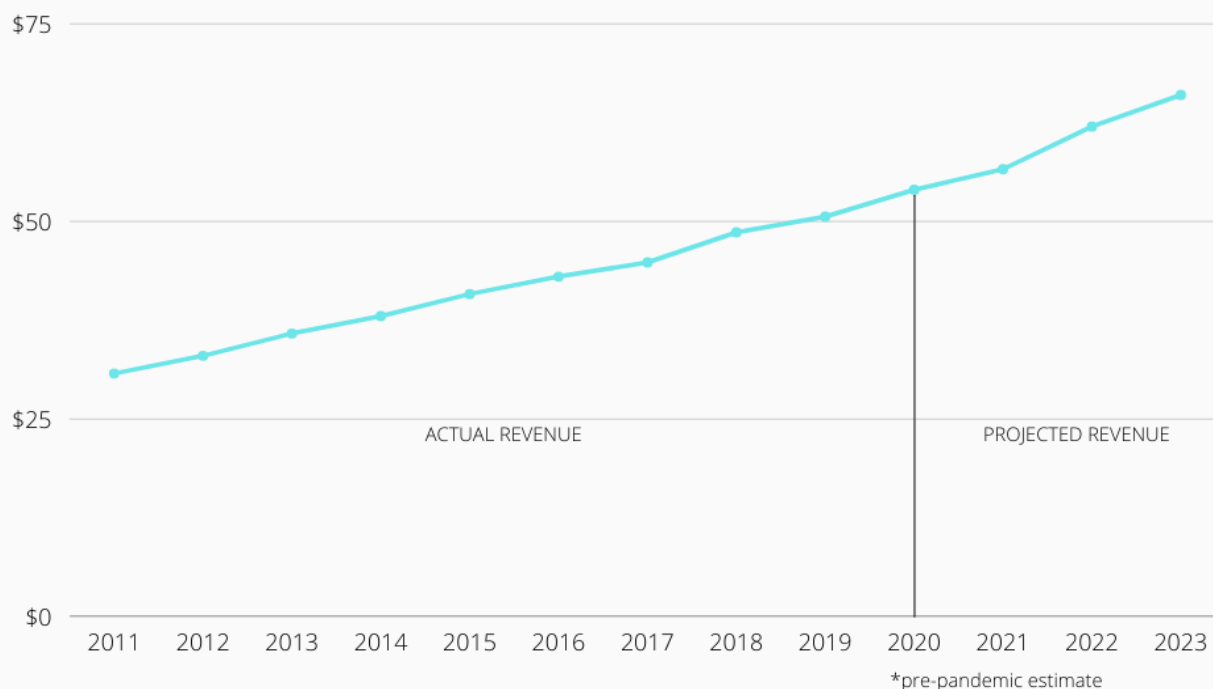
<sup>22</sup> <https://ballparkdigest.com/2019/07/08/mlb-record-73-8m-in-merch-sales-top-25-sellers-announced/>

<sup>23</sup> <https://www.forbes.com/powerful-brands/list/#tab:rank>

- According to deadline.com, Roku, a leader in U.S. streaming providers, said viewing on its platform of the NCAA Men's Basketball Tournament jumped 75% over viewership of 2019 March Madness.
- NCAA March Madness Live also set all-time marks for the NCAA tournament's "First Four" coverage, with significant double-digit increases vs. 2019.

# REVENUE RIDE

GLOBAL THEME PARK MARKET, IN BILLIONS



www.sportscareerconsulting.com

source: IAAPA Global Theme and Amusement Park Outlook reports



## DISCUSSION TOPICS

As the popularity of streaming grows and more social media platforms invest in rights fees, most analysts expect a shift in consumer preferences in terms of how sports and entertainment events are consumed. Forbes posed the question, "Will Facebook Become The Preferred Way Fans Watch Sports" (click [here](#) to read the story).

Ask students which platform they would be most likely to use to stream live sports or entertainment events. Why should sports and entertainment properties be concerned with the preferences of your students? Will a new platform (or even new technology) come along that will displace the way we currently view streaming sports and entertainment events? Ask students what they think the future of streaming live events might look like.



## Value of Professional Sports Teams

Another metric that offers an indicator of overall industry health is the value of professional sports teams which continue to grow at a furious pace. In 1973, the late George Steinbrenner bought the New York Yankees for just under \$9 million. In 2021, Forbes magazine [valued](#) the historic franchise at \$5.25 billion.

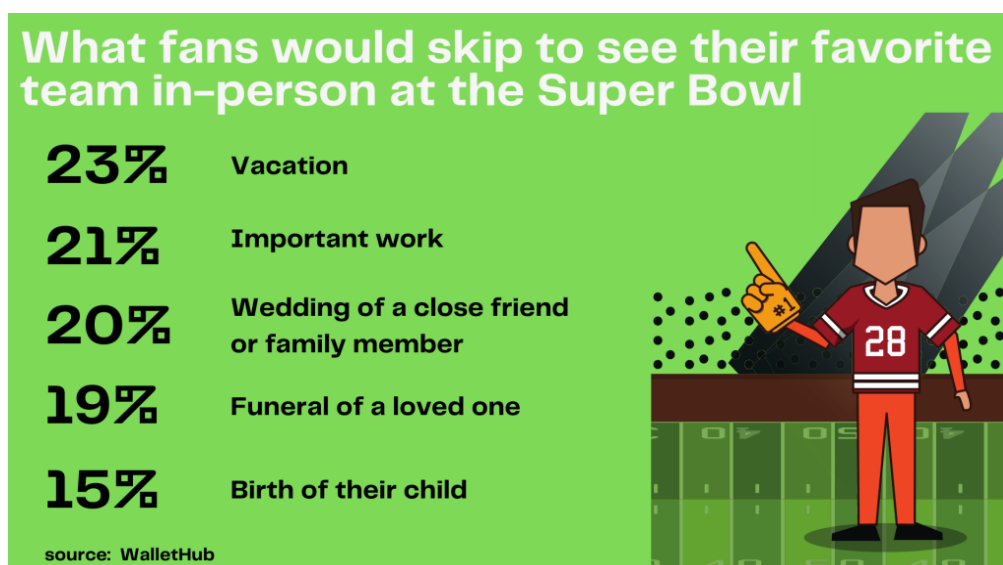
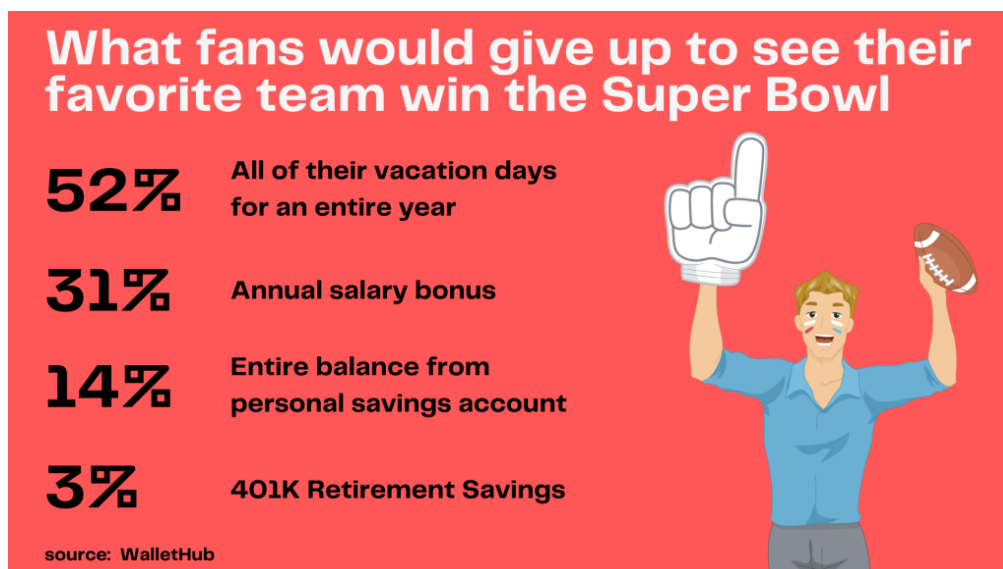
- Despite unprecedented revenue losses as a result of COVID-19, the average value of MLB teams increased by 3% in 2021 to an all-time average high of \$1.9 billion.
  - Click [here](#) to view Forbes' entire list of 2021 MLB franchise valuations.
- In its annual [report](#), Forbes reported that the Dallas Cowboys franchise was the most valuable sports team in the world at a whopping \$5.7 billion (a 43% increase over the last five years).
  - According to the report, the top five most valuable sports teams in the world are:
    1. Dallas Cowboys, \$5.7 billion (NFL)
    2. New York Yankees, \$5.25 billion (MLB)
    3. New York Knicks, \$5 billion (NBA)
    4. Barcelona, \$4.76 billion (La Liga, Soccer)
    5. Real Madrid, \$4.75 billion (La Liga, Soccer)
  - Click [here](#) to view Forbes' complete list of the 50 most valuable sports franchises in the world.
- In 2018, the Houston Rockets were [sold](#) for a NBA league-record \$2.2 billion (the team's previous owner, Leslie Houston's former owner, Leslie Alexander, bought the team in 1993 for \$85 million).
- By comparison, the NBA's Milwaukee Bucks were sold in 2015 for \$550 million – illustrating the impact market size can have on the value of a franchise.
  - Since 2010, the average NBA team value is up nearly six-fold and growing at a much faster rate than the other three major U.S. sports leagues, thanks to strong international growth prospects and blockbuster media deals.
  - The average NBA franchise is now worth more \$2.2 billion, according to Forbes' [annual ranking](#) of the most valuable teams. Ten years ago, not a single NBA franchise was valued at \$1 billion.
    - Click [here](#) to view Forbes' entire list of NBA franchise values.
- In another example of how market size impacts franchise values, the NFL's Rams franchise nearly doubled in value (from \$1.45 billion to \$2.9 billion) as soon as it was announced that they would relocate from St. Louis to Los Angeles (according to [CBS Sports](#)).
- According to [Forbes](#), the average Major League Soccer franchise is now worth \$313 million, an increase of more than 30% in just one year.
  - Atlanta United is now valued at a half billion dollars, the most valuable Major League Soccer franchise, and up from a valuation of \$330 million from the previous year.
  - Even more impressive, the league's year-over-year growth in franchise values outpaces team value increases in all other U.S. professional sports leagues, including the NBA, NFL, MLB and NHL.



## FANDOM

**Fandom** is a term used to refer to a subculture of fans characterized by a feeling of sympathy and camaraderie with others who share a common interest.<sup>35</sup> The level of fandom ranges from group to group and person to person. Some sports teams, for example, have a more rabid following. Others have a less loyal fan base. For example, some individuals would do anything to see their favorite team win the Super Bowl. On the other side of the spectrum, another group of fans will watch the Super Bowl primarily for the commercials or the half-time show. According to a [Forbes](#) report, 22% of last year's Super Bowl viewers said commercials were the most compelling part of the game while 16% said the half-time show was the best part.

Ultimately, fandom is what motivates the sports and entertainment consumer to make purchase decisions relating to available sports and entertainment products.





**The term fandom can be used to describe all types of fan groupings or “subcultures”:**

- Star Wars, Harry Potter or ‘Game of Thrones’ fans
- Fans of Beyoncé, BTS, Jason Aldean or Drake
- Manchester United fans
  - Based on a study commissioned by the popular English soccer club, Manchester United [claims](#) to be the most popular sports franchise in the world, boasting a fan base of 659 million people (nearly one tenth of the world’s population).
- Fans of Broadway musicals
- Fans of Call of Duty video games
- Fans of a particular comic book series
- Fans of athletic shoes (sometimes referred to as “sneakerheads”)

## IMPACT OF FANDOM

**ESPN’s annual “SportsNation Survey” has revealed the following data relating to fandom over the years:**

- A whopping 90% of male respondents claimed to be sports fans on some level.<sup>24</sup>
- Over 50% of respondents claimed to be more of a sports fan than they were five years ago.<sup>25</sup>
- 58% of respondents would prefer to receive free season tickets to their favorite sports team than be promoted at work.
- 80% of home team fans talk about their favorite team every day during the season.<sup>26</sup>

Fans have, on occasion, successfully organized on behalf of a cancelled television series to lobby networks to bring back their favorite show (examples include Chuck in 2010, [Community](#) in 2012 and NBC’s Timeless in 2017 while fan support led to Netflix’s second resurrection of cult hit series Arrested Development in 2018).

**Other examples include:**

- In 2015, fans outraged over the death of key characters in three different shows all launched petitions to have the characters resurrected (Grey’s Anatomy, The Walking Dead and Game of Thrones).
- According to [FanSided.com](#), in 2018, ‘Brooklyn Nine-Nine’ fans managed to save the show from cancellation in just 24 hours.
  - Click [here](#) to see FanSided.com’s ranking of the top 250 “fandoms” in the world.
- Also in 2018, fans managed to save NBC’s ‘Timeless’ for a second time in just two seasons when the network [announced](#) plans for a two-part series finale.

In some instances, fan feedback has resulted in film and tv producers revisiting scripts and character development.

**Examples include:**

- In 2019, angry Sonic the Hedgehog fans caused a delay in the release of a live action “Sonic” movie release so the studio could redesign the character’s look.
  - Having been delayed from November 2019 to February 2020, ‘Sonic the Hedgehog’ raced past \$200 million worldwide at the box office in its first two weeks, setting the record along the way for the biggest opening weekend of all time for a video game movie.
  - Leaning on feedback from passionate fans, the studio’s successful redesign of the character likely played a major part in the film’s box office success.

<sup>24</sup> The Herd on ESPN Radio. By Colin Cowherd. ESPN Radio, Bristol, CT. 15 April 2008.

<sup>25</sup> <http://sports.espn.go.com/espn/page2/story?page=snibbe/090225>

<sup>26</sup> <http://sports.espn.go.com/espn/page2/story?page=snibbe/090225>

Occasionally, streaming services monitor levels of fandom surrounding shows that have been canceled by television networks and may choose to resurrect them on their own platforms.

- When the critically acclaimed hit show “The Expanse” was [canceled](#) by SYFY in 2019, fans quickly launched an effort to save it, using the hashtag #savetheexpanse on social media and petitioning Netflix or Amazon to buy the show’s rights.
- Fans also launched a petition which garnered more than 132,000 signatures, and raised money via GoFundMe to fly a banner with the hashtag around Amazon Studios’ headquarters in Santa Monica
  - Amazon eventually picked up the series, launching a fifth season in 2020 and a sixth and final season streaming in 2021.
- One year after Fox [canceled](#) the show ‘Lucifer’ to the dismay of its fans, Netflix picked up the series and announced plans for a sixth and final season due for release late 2021 or 2022.

## WHY IS FANDOM IMPORTANT?

Quite simply, without fandom, the demand for sports products would be limited. Fandom is what motivates the sports and entertainment consumer to make purchase decisions relating to available sports products. Understanding the concept of fandom is essentially the first step in fundamentally understanding consumer behavior. This helps marketers to identify levels of brand loyalty among their customer base, allowing them to map out strategies to help successfully reach and engage fans.

## LEVELS OF FANDOM

The intensity levels of fandom vary, ranging from a casual sports fan who might take in one game per year to those fans that put the “fan” in “fanatic” (and otherwise engage in behavior that other fans might otherwise find to be irrational).

### Examples of activities that demonstrate the concept of fandom include:

- Waiting in line for hours to score tickets for an upcoming sporting event.
- Fans [proposing](#) at sporting events or hosting a [themed wedding](#) centered on their favorite sports team.
  - Click [here](#) for a story about a Green Bay groom who took his wife’s surname so the couple could be introduced as “The Packers”.
  - Click [here](#) to read about a bride-to-be who gave her future husband a Miami Dolphins helmet to wear on their wedding day.
- Causing destruction in the streets “celebrating” a championship win.
- Hundreds of thousands of fans pouring into downtown areas as part of a championship team’s victory parade.

### Fandom can help drive product sales:

- Fans often wait in lines for game tickets or popular video game releases.
  - On opening night, Activision says that approximately 1.5 million gamers lined up outside 13,000 stores to buy a copy of Modern Warfare 3 at midnight.<sup>27</sup>
  - [USA Today](#) published a story suggesting the number of people calling in sick the day after Call of Duty is released results in a significant increase.

<sup>27</sup> <http://mashable.com/2011/11/09/modern-warfare-3-sales/>

- Diehard Toronto Raptors fans began lining up three days in advance (in less than ideal weather conditions) for a spot in the outdoor fan zone known as Jurassic Park for Game 5 of the 2019 NBA Finals.
  - Click [here](#) to see a video clip of two fans who were rewarded for their fandom with free tickets to Game 5.

**Fans can sometimes engage in fanatical behavior in support of their favorite sports teams, athletes, or celebrities:**

- University of Kentucky fans paid between \$7,500 to \$12,500 for the opportunity to attend a basketball camp (called [John Calipari Basketball Fantasy Experience](#)) and “essentially experience what it’s like to be a Kentucky basketball player”.<sup>28</sup>
- One New York man built a replica of Yankee Stadium using [75,000 matches](#) in honor of his favorite team (the team was so impressed by the effort once they learned of the creation that they put the replica on display at the new Yankee Stadium).
- When the Toronto Raptors squared off against the Milwaukee Bucks in the NBA’s Eastern Conference Finals in 2019, a local Milwaukee radio station banned hip-hop star Drake’s music (Drake is a Raptors superfan), [refusing](#) to play his songs throughout the series.
- The Green Bay Packers have 360,760 “shareholders” who own “stock” that have no value and cannot be traded (not to mention a waiting list of 115,000 more fans waiting for the chance to buy more shares when they become available again).
- When McDonald’s partnered with BTS for a collaboration in 2021, fans bought anything and everything they could find.
  - According to [Promo Magazine](#), McDonald’s and BTS finally launched an official ‘Weverse’ shop online, which featured merchandise like sweatshirts, T-shirts and tote bags, using fast food imagery to create the BTS logo out of things like fries.
  - Fans weren’t just buying merchandise, however, but pretty much anything they could get their hands on.
    - BTS-branded sauce packets were selling for up to \$200 on eBay, while the branded paper bag meals were selling for \$9.95 and a BTS/McDonald’s cup was selling for \$18.99.
    - Even meal receipts, which did not feature any BTS branding whatsoever, were going for hundreds of dollars.

Fandom also results in fans engaging in behavior that many might consider to be irrational in protest of their sports teams, athletes, shows or celebrities.

- Many ‘Game of Thrones’ fans were disappointed in the final season of the show, so much so that nearly two million fans signed an online [petition](#) that called on HBO to remake the show’s final season with a new team of writers.
- In 2019, disgruntled Los Angeles Lakers fans staged a [protest](#) at the Staples Center. According to a USA Today report, the goal was “to garner ESPN Media Coverage. Voicing our displeasure of the front office.” The protest organizer urged protest attendees to emphasize their displeasure with the Lakers’ dysfunction and apparent willingness to waste the twilight years of LeBron James’ career.
  - Click [here](#) to read the thread originally posted on Reddit.

Here is the thing about fandom. Most fan behavior would be considered “normal” by the standards of the average fan. A small percentage of fans might engage in behavior most average fans would consider to be a little crazy or irrational. And on both ends of the spectrum, some behavior provides a boost to the community while some can be counterproductive.

<sup>28</sup> <http://www.coachcal.com/14687/2012/06/coach-cal-announces-inaugural-john-calipari-basketball-fantasy-experience/>



## CASE STUDY FANDOM

Let's look at the "Bills Mafia" (the self-appointed nickname for a group of supporters of the NFL's Buffalo Bills) for a great illustration of the wide range of levels of fandom.

Bills Mafia is represented by a group of fans sporting fierce levels of loyalty; they will travel anywhere to see their beloved franchise play football. Several years ago, a few fans launched a change.org petition to change the team's official social media hashtag from #GoBills to #BillsMafia and the group even applied for a [trademark](#) to the "Bills Mafia" name. The franchise has taken note, even [officially partnering](#) with the group last season.

On the "fanatical" side, Bills' fans have developed a reputation for questionable behavior in the stadium parking lot while tailgating at home games. Antics include the strange ritual of smashing tables and drinking alcohol out of bowling balls. Bills Mafia, deservedly or so, have developed a reputation for being a fan base that can get a bit out of control on game days. Two years ago the franchise took the drastic step of implementing new [tailgating rules](#) on game days to help curb rowdy fan behavior.

On the positive side of the fandom spectrum, Bills Mafia have positioned themselves as one of the most generous groups of fans out there. On numerous occasions, the group has generated hundreds of thousands of dollars in support of player charities. And that is not only in support of Bills' players, but also opposing players. Last year, fans raised over \$1 million in memory of Josh Allen's grandmother in support of a local Children's Hospital. During last year's playoffs, Bills Mafia also donated \$360,000 to one of opposing quarterback Lamar Jackson's favorite charities after the Ravens' star was forced to leave the game due to an injury. And three years ago, Billsfans contributed \$415,000 to the charitable foundation of former Cincinnati Bengals' QB Andy Dalton after he orchestrated a victory against a Buffalo opponent that helped send the Bills into the playoffs.

Then somewhere in the middle, Bills' fans have gone to some pretty wild lengths to show support for the home team. In 2021, the team had one of the most successful seasons in recent memory, advancing to the AFC Championship Game (one game away from the Super Bowl). In the lead up to the team's showdown with the Kansas City Chiefs, a local radio in Buffalo urged area grocers to pull KC Masterpiece brand barbecue sauce from shelves (temporarily). Joe Dash, the CEO and Owner of Buffalo area grocery chain Dash's Markets, quickly heeded the call, removing the condiment from store shelves in support of his favorite team.



Click [here](#) for a brief video from NBC Sports examining the Bills Mafia fandom.

## "SUPERFANS"

Fans who go to extremes to show their loyalty to their favorite team are often referred to as **"superfans"**, and these fans are viewed as celebrities within their own communities.

### Superfans can exist at almost any level of sport:

- Self-proclaimed Clippers superfan "Clipper Darrell" spent \$12,000 customizing his BMW to reflect his love for the Los Angeles Clippers (complete with the license plate "CLIPERD").<sup>29</sup>
  - Clipper Darrell even has his own [website](#) where he shares Clippers news, promotes events and encourages fans to book him for events.
  - Because Clipper Darrell began charging people for public appearances, the Clippers franchise asked that he disassociate himself with the team in 2012. They would later [sort the issue out](#) and Darrell returned to his regular seats.
  - Click [here](#) to see a video about Clipper Darrell's fandom.
- Jets superfan Fireman Ed "[retired](#)" in 2016, then was publicly chastised by other NFL superfans for allegedly "quitting" on his favorite team (the Jets [allegedly](#) reached out to Fireman Ed to persuade him to come back, but he turned them down and encouraged them to find someone else to lead the chants).<sup>30</sup>
  - Click [here](#) to see comments from NY Giants superfan, "License Plate Guy".
  - Click [here](#) to see comments from Miami Dolphins superfan, "Big Papa Pump".
  - Click [here](#) to USA Today's list of "most annoying fans ever", a list which consists primarily of superfans like Fireman Ed.
- Toronto superfan Nav Bhatia has attended every single Raptors home game in the franchise's 23-year history, and has never arrived late to a game or left early.<sup>31</sup>
  - Click [here](#) to read Mr. Bhatia's touching message to Raptors' stars Kawhi Leonard and Danny Green following their decision to leave the team in 2019 via free agency after helping the franchise to win its first ever NBA championship.
- Even college teams enjoy the support of superfans.
  - Northwestern University superfan, Jake Schaefer, dressed as a purple-themed Phantom of the Opera for every Wildcats home basketball game last season.
    - Click [here](#) to see Jake's game day routine.



### DISCUSSION TOPICS

Ask students if they can think of any examples of fandom. What is the craziest thing they can think of that a friend or family member has done in support of their favorite sports team, favorite athlete or celebrity? What is the craziest thing they have ever done?

The existence of fandom is what ultimately fuels today's non-stop, around the clock media coverage of celebrities and sports stars and drives a culture in which athletes and celebrities are often forgiven for behavior that was once a lightning rod for criticism.

- While many media pundits publicly chastised LeBron James' decision to announce which team he would be joining in a one-hour ESPN special, the show (aptly named "The Decision") drew very high ratings as nearly 10 million people tuned in to watch.<sup>32</sup>

<sup>29</sup>[http://sports.yahoo.com/nba/blog/ball\\_dont\\_lie/post/Clipper-Darrell-s-12-000-custom-car-is-just-the?urn=nba,248602](http://sports.yahoo.com/nba/blog/ball_dont_lie/post/Clipper-Darrell-s-12-000-custom-car-is-just-the?urn=nba,248602)

<sup>30</sup><https://www.theglobeandmail.com/sports/article-raptors-game-tonight-part-of-a-larger-plan-for-superfan-nav-bhatia/>

<sup>31</sup> <https://www.theglobeandmail.com/sports/article-raptors-game-tonight-part-of-a-larger-plan-for-superfan-nav-bhatia/>

<sup>32</sup> [http://online.wsj.com/article/NA\\_WSJ\\_PUB:SB10001424052748704258604575361052342767746.html](http://online.wsj.com/article/NA_WSJ_PUB:SB10001424052748704258604575361052342767746.html)

- Alex Rodriguez, former Major League Baseball star turned ESPN analyst, was at one point in his career considered to be not only the most hated athlete in baseball, but all of sports.
  - Retirement from the game and a job in the studio helped to rehab and repair his image. Now many fans find Rodriguez to be extremely likeable.
    - Click [here](#) for a brief video from MSN.com on how A-Rod succeeded in reviving his post-baseball career.
- Despite very public legal issues in the last several years, (he was [sentenced to probation](#) and fined more than \$20 million) and rape allegations (never formally charged but reportedly [settled out of court](#) with his accuser), soccer star Cristiano Ronaldo has more fans around the world than any other athlete, with more than 550,000 people following him on social media.
  - Because he has such a massive fan base, Ronaldo [reportedly](#) earns as much as \$1.6 million per Instagram post from sponsors.

Because of the strong emotional connection fans maintain with their favorite sports teams, wins and losses on the grandest of stages can yield incredible influence on a community at large. It can provide a positive experience when communities tap into fandom to help rally around a common cause.

From relief and recovery from natural disasters to mass shootings and the COVID-19 pandemic, there are dozens of examples of how sports and entertainment have helped to lift communities in a time of need.



#### DISCUSSION TOPICS

Ask students if they can think of any examples of how sports and/or entertainment might have lifted communities during a time of need. Specifically, see if they can think of any examples during the COVID-19 pandemic.

## HURRICANE RECOVERY

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

After another devastating hurricane hit the gulf coast region, Houston area sports teams and athletes played a significant role in helping the area begin the recovery process.

Emotionally, the area got a huge lift when the Houston Astros won the 2017 World Series.

- Click [here](#) to read a USA Today story on how "Astros' World Series run lifts Houston amid Harvey recovery"

Financially, the area got a giant boost from donations and fundraising efforts from local sports figures.

- The Houston Rockets' owner (who recently sold the team) donated \$10 million while James Harden, one of the league's biggest stars, voiced his support and pledged \$1 million to aid in the city's recovery.
- Houston Texans' star JJ Watt set up a fundraising campaign with a goal for raising \$200,000 for disaster relief. In one of the greatest examples of the powerful platform available to athletes and entertainers, the campaign [raised](#) \$37 million, thanks to donations from more than 200,000 people.

# MASS SHOOTINGS

## Sports have played a role in helping communities impacted by mass shootings to heal:

- Click [here](#) for a touching story from abcnews.com discussing how sports helped the Orlando community move past the tragic nightclub shooting that took place in 2016.
  - In addition to providing an “escape” and emotional relief for fans in the community, area sports teams raised money for victims (the Orlando Magic donated \$100,000, and their owners, the DeVos family, gave \$400,000 to the victims, the Orlando City Soccer Club donated \$100,000 and the Tampa Bay Rays raised \$300,000 between ticket sales and donations for the game they dedicated to the city).
- After a mass shooting in Las Vegas in 2018, many media outlets credited the city’s new NHL expansion franchise’s success for helping provide a diversion that helped the community get back on its feet by giving them something to rally around.
  - Click [here](#) to read more from the Las Vegas Review-Journal.
  - Click [here](#) for a brief video from Fox 5 Vegas.
- In 2019, Miami Heat star Dwyane Wade surprised graduates of Marjory Stoneman Douglas High School by appearing at the school’s graduation ceremony, sharing a message of hope and inspiration.
  - Wade and other Heat players visited the school in 2018 to try to lift the spirits of students and faculty after a mass shooting left 17 people dead.

## COVID-19

Because of the powerful emotional connection consumers have with their favorite teams, athletes, events and celebrities, fandom has been credited as a positive influence on how the world began to recover from the COVID-19 pandemic.

- Aside from the emotional attachment consumers have with sports and entertainment, athletes and celebrities have gone above and beyond to lend an assist during the pandemic.
- As the pandemic brought the sports and entertainment industry to a standstill, athletes and celebrities jumped into action, doing their part to support not only the thousands of hourly workers at stadiums and arenas but the frontline workers fighting to slow the spread of COVID-19.
  - For example, NBA players Giannis Antetokounmpo, Kevin Love, Zion Williamson and Blake Griffin were quick to respond by making donations to cover the salaries of many frontline workers.
  - By April, roughly 100 NBA players and the NBA Players Association Foundation had already donated a combined \$5.5 million to nonprofits to assist in pandemic relief.



### DISCUSSION TOPICS

To see how sports teams, brands, athletes and celebrities stepped up to help when the pandemic hit, consider downloading the “COVID-19 Industry Response” lesson plan, located in the “Lesson 1.2” folder online.



## Dangers of Fandom

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

- In 2017, 4 people were killed and 25 injured when thousands of soccer fans stampeded their way into National Stadium in Honduras to watch a championship match between Motagua and Honduras Progreso.<sup>33</sup>
- After missing a critical call in a 2019 NFL playoff game, the officiating crew from the Saints vs. Rams NFC title game was forced to change hotels (escorted with heavy security) from downtown to the suburbs after a series of harassment while two Saints season-ticket holders sued NFL Commissioner Roger Goodell and the league for a range of damages, including mental anguish, emotional trauma, "loss of enjoyment of life" and "distrust of the game which has become the National pastime."<sup>34</sup>
  - One die-hard Saints fan purchased billboards around the Atlanta area, where the Super Bowl was held, to voice his displeasure with the league with messages like "'NFL Bleaux It!' and 'Saints Were Robbed!'"
- Unruly fans sometimes tarnish sports championship celebrations when their revelry results in property damage, vandalism and/or violent activity.
  - Four people were [arrested](#) after four people were shot in downtown Toronto during the Raptors' NBA title celebration in 2019.
  - According to [nbc29.com](#), after the University of Virginia won the 2019 NCAA Men's Basketball Championship, Charlottesville fire and rescue crews responded to a total of 11 calls for service, including—seven furniture and/or bonfires, two medical calls for service, and two fire code enforcement actions for removing persons from the rooftops of two businesses.
  - For perspective, that was considered to be a low-key celebration, even prompting the Chief of the Charlottesville Police Department to tell [nbc29.com](#): "I am proud of the City of Charlottesville in that they responsibly celebrated in this community. Fans did little to take away or detract from a national win or to bring any negative attention to the city."
- After 13 years of being vilified and blamed for ending the Chicago Cubs' championship hopes for interfering with a play in 2003, a fan was given a \$70,000 championship ring when the team won the 2016 World Series.
  - The vitriol directed at the fan warranted police protection and eventually he and his family had to move.
  - The incident was even featured in ESPN's popular "30 for 30" sports documentary series when "Catching Hell" aired in 2011.
  - Upon receiving the gift from the Cubs franchise, the fan's [statement](#) specifically addressed the concept of fandom: "My hope is that we all can learn from my experience to view sports as entertainment and prevent harsh scapegoating, and to challenge the media and opportunistic profiteers to conduct business ethically by respecting personal privacy rights and not exploit any individual to advance their own self-interest or economic gain."



### VIDEO SUGGESTION

ESPN featured the incident with the Cubs' fan in its popular "30 for 30" documentary series when it aired "Catching Hell" in 2011. The film is (for now) available to stream on Netflix and is also available for purchase on Amazon and in the iTunes store.

<sup>33</sup> <https://www.usatoday.com/story/sports/soccer/2017/05/28/stampede-at-stadium-kills-4-fans-unborn-fetus-in-honduras/102280974/>

<sup>34</sup> <https://www.si.com/nfl/2019/01/22/nfc-championship-rams-saints-officials-switched-hotels-threats>



## Fandom Marketing

Because of the high levels of loyalty created by fandom, companies often create marketing strategies that try to connect their brands directly with fans (consumers).

- [Continental Tire](#), recognizing the incredible passion of soccer fans, tapped into fandom by becoming the official sponsor of Major League Soccer.
  - The company once launched a marketing campaign paying tribute to fans with a 10-part video series called “supporters.”
    - Click [here](#) to see one of the “supporters” commercials
- USA Today, recognizing the elevated levels of fandom surrounding shows on the brink of cancellation, created a “Save Our Shows” campaign.
  - Click [here](#) to see which shows garnered the most support in the 2021 campaign, led by NBC’s “Zoey’s Extraordinary Playlist.”
- For the 2019 college basketball season, Dove Men+Care leveraged the intense emotion associated with sports rivalries by [creating](#) limited-edition rivalry jerseys to help fans celebrate March Madness, encouraging fans to post pictures of those jerseys to social media using the hashtag #RepTheRivalry.
- College football rivalry games tend to create an extremely passionate bond between fans (consumers) and their favorite teams so, not surprisingly, some brands have found ways to sponsor these rivalry “trophy” games.
  - Every year, hundreds of these rivalry games are played, and according to [Sports Business Journal](#), 32 of them are sponsored. Corporate involvement ranges from local State Farm insurance agents to global brands like AT&T and Procter & Gamble.
    - Click [here](#) for a comprehensive list of all the college football rivalry trophy games.



# Industry Pioneers



## INSTRUCTORS NOTE

Lesson 1.4 of this unit reviews several industry pioneers. The list is extensive, but by no means is it “all-inclusive”. Challenge your students to create a list of their own pioneers. Make sure they can identify specific areas where the individual has made an impact and how it helped shape the state of the industry. You may also want to reference the Arnold Palmer discussion from lesson 1.2.

Alternatively, consider compiling a list in class PRIOR to discussing lesson 1.4 in class.

A **pioneer** is considered to be someone who develops or is the first to use or apply a new method, area of knowledge, or activity for others to follow in the future. Industries grow through innovation and evolution. The sports and entertainment industry is no exception, and many individuals have offered contributions that have made a significant impact on the way the industry has performed from a business perspective.

In this lesson, we will identify several key figures who have influenced the industry’s growth while highlighting their contributions.

## SPORTS BUSINESS PIONEERS

Many individuals have impacted the emergence of sports as one of the most profitable industries in the world. Below, you will be introduced to a few notable pioneers whose contributions have significantly influenced the industry as we know it today.

### Pierre de Coubertin<sup>35</sup>

- Responsible for the reintroduction of the Olympic Games in the 18<sup>th</sup> century after Emperor Theodosius I had abolished the games existence in 393 A.D.
- Fourteen countries and 245 athletes competed in the Games.

### Bill Veeck

- One of the most imaginative sports entrepreneurs of the past century and the most creative marketer in baseball history.
- Introduced “Bat Day” – the first of many giveaway days featuring premium items which have become commonplace in sports today.

### Mark McCormack

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

### Mildred “Babe” Didrikson Zaharias<sup>36</sup>

- Widely regarded as the greatest female athlete of all time.
- Won Female Athlete of the Year award six times.
- Once entered a team track event as an individual and won the entire meet.
- First female athlete to sign an endorsement contract.
- Co-founder of the Ladies Professional Golf Association (LPGA) in 1950.

<sup>35</sup> The Oregonian, “A Quick Guide to the Games”, Sports E9, 8/9/04

<sup>36</sup> [http://www.childrenslit.com/th\\_tigergolf.html](http://www.childrenslit.com/th_tigergolf.html)

**Roone Arledge**

- Recognized as the visionary for “Monday Night Football”.
- Responsible for the integration of slow motion and the replay into broadcasts.

**Jackie Robinson**

- Broke segregation barrier in pro sports by signing a contract to play for Major League Baseball’s Brooklyn Dodgers.
- Went on to win a batting title and Most Valuable Player award, and become a MLB Hall of Fame player.
- Celebrated by Major League Baseball every season on April 15th, better known as “Jackie Robinson Day”, commemorating the day he made his league debut.

**Muhammad Ali**

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

**William (Bill) H.G. France Sr.**

- Founded the National Association of Stock Car Auto Racing (NASCAR).
- Founded the International Speedway Corporation (ISC), which owns and/or operates such venues as Daytona International Speedway, Phoenix International Raceway, North Carolina Speedway and the Michigan International Speedway.

**Arnold Palmer**

- Became one of the first athletes to focus on a personal brand when he trademarked his name and developed a logo.
- Made more than \$350 million from endorsements over his career (more than 50 times his earnings from golf) and paved the way for athletes to sign more lucrative endorsement deals.
- Known as one of the best golfers of all-time and for having his name attached to the famous summer drink of half lemonade and half iced tea.
  - In partnership with Arizona Iced Tea, sales of “Arnold Palmer” beverages eclipse \$200 million annually.
  - Click [here](#) for the ESPN story that called Arnold Palmer the “father of modern day sports marketing”.

**Michael Jordan**

- Responsible for the emergence of athlete/shoe company partnerships because of successful marketing and sales of Nike sneakers.
- Marketed as “Air Jordan”.
- Helped the National Basketball Association (NBA) gain recognition as a global product because of his worldwide appeal and the marketing efforts of the league.
- In 1998, Fortune Magazine estimated that Jordan alone generated \$9.9 billion for the economy.
- Starred in the movie Space Jam in 1996 with Bugs Bunny.
- Still brings in hundreds of millions in endorsement deals a year - even though he hasn’t set foot on a court in a decade.

### David Stern<sup>37</sup>

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

### Phil Knight

- Founder of Nike, Inc.
- Started by selling running shoes from the trunk of his car.
- Grew Nike to a multi-billion dollar company with effective marketing strategies, primarily by luring top athletes (such as Michael Jordan and Tiger Woods) to endorse Nike products.

## ENTERTAINMENT INDUSTRY PIONEERS

Like sports, there is a long list of individuals who have influenced the business of entertainment. Several notable examples include:

### P.T. Barnum

- Credited as the creator of the circus.
- Branded his shows "The Greatest Show on Earth".
- His museum grossed over \$100,000 in its first three years and he would later become the second richest man in the United States.<sup>38</sup>
- Had a New York newspaper print his obituary before his death as a publicity stunt, only to pass away two weeks later.<sup>39</sup>

### Walt Disney

- Developed the first fully synchronized sound cartoon when Mickey Mouse was featured in Steamboat Willie.
- Went to Hollywood with only \$40 in his pocket, drawing materials and an animated film.
- Produced the first full-length cartoon feature film, Snow White in 1937.
- Invested \$17 million into Disneyland in 1955. By 2019, more than 700 million people had visited the California theme park.<sup>40</sup>
- Opened Magic Kingdom in Walt Disney World in 1971. Since then, four subsequent parks have opened in Paris, Shanghai, Hong Kong and Tokyo, along with a Disney Cruise Line.

### Louis Armstrong

- Revolutionized the musical genre of Jazz, raising its level of popularity to where it is today, influencing many other genres along the way.
- His death on July 6, 1971, was front-page news around the world, and more than 25,000 mourners filed past his coffin as he lay in state at the New York National Guard.
- In 2001, New Orleans International Airport was re-named Louis Armstrong International to honor his legacy and as a tribute to his impact on the city.<sup>41</sup>

<sup>37</sup> [http://www.askmen.com/men/business\\_politics/50c\\_david\\_stern.html](http://www.askmen.com/men/business_politics/50c_david_stern.html)

<sup>38</sup> P.T. Barnum: The Greatest Showman on Earth, Andrew E. Norman<sup>44</sup>) NC Education Center, Objective 1.03

<sup>39</sup> P.T. Barnum: The Greatest Showman on Earth, Andrew E. Norman<sup>44</sup>) NC Education Center, Objective 1.03

<sup>40</sup> <http://www.seeing-stars.com/Landmarks/Disneyland.shtml>

<sup>41</sup> [http://www.mtv.com/news/articles/1445138/20010713/armstrong\\_louis.jhtml](http://www.mtv.com/news/articles/1445138/20010713/armstrong_louis.jhtml)



### Lucille Ball

- Known for her talents as an actor, musician, comedian, model and producer.
- She was TV's first leading lady.
- For four out of its six seasons, I Love Lucy was the No. 1-rated show on television; at its peak, in 1952-53, it averaged an incredible 67.3 rating, meaning that on a typical Monday night, more than two-thirds of all homes with TV sets were tuned to Lucy.<sup>42</sup>

### Jerry Siegel and Joe Schuster

- Creators of "Superman" comic strip, introduced in 1939.
- "Superman" was considered to be the first comic book superhero to gain international fame.
- "Superman" was later adapted in Hollywood in the form of four movies that would gross \$328 million at the box office, making it one of the top 20 highest grossing film series of all-time.<sup>43</sup>
- Paved the way for the future of comic book superheroes, many of which would later become blockbuster Hollywood movies (Batman, Spiderman, X-Men, Wonder Woman, Daredevil and the Incredible Hulk).

### Rodgers and Hammerstein (Richard Rodgers and Oscar Hammerstein).<sup>44</sup>

- Rodgers, a composer, and Hammerstein a librettist, collaborated on nine musicals
- Of the nine, five are considered classics; Oklahoma!, Carousel, South Pacific, The King and I and The Sound of Music.
- The pair also contributed much of the creative work in Walt Disney Studios Cinderella

### The Beatles

- Created the first concept album (songs unified by a common theme).
- The Rock and Roll Hall of Fame proclaims The Beatles "revolutionized the music industry".<sup>45</sup>
- Set a music industry record (that will unlikely be broken) when they occupied all five of the top positions on Billboard's Top Pop Singles chart.<sup>46</sup>

### Hiroshi Yamauchi <sup>47</sup>

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

### Steve Allen, Ed Sullivan, Johnny Carson

- Steve Allen created The Tonight Show, the first of its kind to interview guests and introduce musical and comedy acts.<sup>48</sup>
- Ed Sullivan hosted an immensely successful television show from 1948 to 1971 that featured everything from dancing dogs and jugglers to the Beatles.
- Johnny Carson took The Tonight Show to a new level of popularity, essentially putting the concept of late-night television on the map.

42 <http://www.time.com/time/time100/artists/profile/lucy.html>

43 <http://boxoffice.freesevers.com/series.htm>

44 <http://www.time.com/time/time100/artists/profile/hammerstein.html>

45 <http://www.rockhall.com/hof/inductee.asp?id=228>

46 <http://www.rockhall.com/hof/inductee.asp?id=228>

47 [http://www.nintendoland.com/home2.htm?profiles/h\\_yamahi.htm](http://www.nintendoland.com/home2.htm?profiles/h_yamahi.htm)

48 <http://www.museum.tv/archives/etv/S/htmlS/steveallens/steveallens.htm>



### Jim Henson

- Created the Muppets and Kermit the Frog.
- Had arguably the most profound influence on children of any entertainer of his time.
- Created the characters for Sesame Street (Bert and Ernie, Big Bird, Grover and the crew).
- His characters have entertained hundreds of millions of children worldwide.<sup>49</sup>

### Steven Spielberg

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

### Steve Jobs

- Co-founded Apple Computers in 1972 from his garage with Steve Wozniak.
- Co-founded Pixar, the Academy-Award-winning animation studios in 1986.
- Pixar's five films have earned more than \$2.0 billion at the worldwide box office to date, including Toy Story, Toy Story 2, Monsters, Inc., Finding Nemo and A Bug's Life.
- A leader in the online music distribution revolution by offering the first pay-per-song service to music fans worldwide with Apple's iTunes music store, introduced in 2003
- Served as chairman for Apple at a salary of \$1 per year until his death in 2011.<sup>50</sup>

### Vince McMahon<sup>51</sup>

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

### Michael Jackson<sup>52</sup>

- Known internationally as the "King of Pop".
- 1982 blockbuster album, Thriller, became the biggest-selling album of all time.
- First African American artist to find stardom on MTV, breaking down innumerable boundaries both for his race and for music video as an art form.
- Won a record eight Grammys in one night.
- Earned the largest endorsement deal ever (at the time) when Pepsi paid him \$5 million to be their spokesperson in 1983.
- Jackson's three-song medley during halftime in 1993 led to the extravaganza that currently defines today's Super Bowl performances.
- In the first three weeks after his death, over 9 million digital copies of his songs were sold online, setting a record that's likely to stand for years. Before that, no music act had ever rung up even 1 million digital tracks in a single week. In that same period, fans also bought more than 2.3 million Jackson albums.<sup>53</sup>

49 <http://www.time.com/time/time100/artists/profile/henson2.html>

50 [http://en.wikipedia.org/wiki/Steve\\_Jobs](http://en.wikipedia.org/wiki/Steve_Jobs)

51 <http://www.gerweck.net/vincemcmahon.htm>

52 [http://www.mtv.com/bands/az/jackson\\_michael/bio.jhtml](http://www.mtv.com/bands/az/jackson_michael/bio.jhtml)

53 [http://www.mtv.com/news/articles/1616358/20090716/jackson\\_michael.jhtml](http://www.mtv.com/news/articles/1616358/20090716/jackson_michael.jhtml)

### JK Rowling<sup>54</sup>

- Author of the Harry Potter series of books.
- In a generation where the youth demographic statistically prefers television, film and video games, all seven Harry Potter books have landed in the top 20 best-selling children's books of all-time.
- The final installment in the Harry Potter series became the world's fastest-selling book when it sold nearly 15 million copies worldwide in its first day.
- Nearly a half billion books have been sold and have been translated into 67 languages and the last four books have consecutively set records as the fastest-selling books in history.
- The 2011 release of Harry Potter and the Deathly Hallows, Part 2 took just 17 days to gross \$1 billion in worldwide box office sales.<sup>55</sup>

### Evel Knievel

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

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<sup>54</sup> <http://www.infoplease.com/ipea/A0203049.html>

<sup>55</sup> <http://abcnews.go.com/Entertainment/wireStory?id=14209474>



# Important Milestones in SEM History

## Significant dates in the history of the *sports industry* (as it relates to the business of sports):

- 1869: Cincinnati Red Stockings become the first sports team in history to have each member of the team on salary.
- 1905: First known individual player endorsement deal is struck when baseball player Honus Wagner agrees to endorse Louisville Slugger, a brand of wooden baseball bats.
- 1912: Fenway Park opens, becoming the first major league sports stadium.
- 1928: Coke teams up with the Olympics as an “official sponsor” of an athletic event.
- 1939: A college baseball game between the Columbia Lions and Princeton Tigers is broadcast by NBC, becoming the first televised sporting event in the U.S.
- 1949: The first major female endorsement deal takes place with Wilson Sporting Goods agreeing to sponsor the Ladies Professional Golf Association (LPGA).
- 1954: The St. Louis Cardinals strike a deal with a local brewery (Anheuser-Busch) to rename its stadium from Sportsman’s Park to Busch Stadium, making it the first venue in history to sell its naming rights.
- 1964: Phil Knight and Bill Bowerman form “Blue Ribbon Sports”, later becoming Nike, and change the athletic footwear and the apparel industry forever.
- 1979: An all-sports television network makes its debut on cable television as the world gets its first glimpse of ESPN.
- 1980: Mitsubishi installed the first big screen at Dodger Stadium in 1980, although it wasn’t called the Jumbotron.
  - The team called it “the largest color television in the world”
  - Rival Sony was actually credited with the term Jumbotron, which was introduced in 1985.
- 1984: The Olympics become commercialized, and made profitable for the first time under the leadership of Peter Ueberoth.
- 2010: FIFA (the governing body for soccer internationally) estimates that just over 3 billion people – nearly half of the world’s population – tuned in to watch the 2010 FIFA Men’s World Cup Final held in South Africa.
- 2016: Twitter signs deals with sports properties like Wimbledon the NFL, MLB, NBA and MLB to become the first legitimate social media platform to live-stream major league sports programming.





**Significant dates in the history of the *entertainment industry* (as it relates to the business of entertainment):**

1550-1700: Outdoor entertainment and recreational games are introduced, such as bowling, music, and dancing.

1919: Recording and sound on motion picture film is developed

1920: The first radio stations begin airing regularly scheduled programming

1931: RCA establishes the National Broadcasting Company (NBC)

1951: The first color television sets are offered to consumers

1955: Disneyland opens in Anaheim, California

1961: The first regional theme park, Six Flags, opens in Texas

1980: Turner Cable Network launches the first all-news television network, CNN

1981: IBM makes the first personal computers available for consumers

1981: Music Television (MTV) is launched

1983: The first compact disc is released

1985: Nintendo introduces its home entertainment system for video games

1996: German inventor Fraunhofer Gesellschaft receives a patent for MP3 technology

2003: Apple introduces iTunes, the first commercial online music service

2006: Nintendo launches the Wii platform, revolutionizing the video game industry with the introduction of motion sensor technology

2009: Amazon introduces a digital book “e-reader” device known as the Kindle

2011: Justin.tv spins off its gaming division as Twitch, creating the platform that helped fuel the explosive growth of eSports

2016: Augmented reality goes mainstream with the introduction of Pokémon Go

# Where Are We Now?

## HOW LARGE IS THE INDUSTRY TODAY?

The number of fans following sports and the rate at which they consume content is astounding. According to the Sports Business Journal, 200 million Americans, or 7 of every 8 adults, themselves sports fans. In America, fans spend an average of 8 hours per week consuming sports content. And while the industry has already reached enormous heights, the consistent appetite among consumers for sports and entertainment content offers fertile ground for the industry to continue to grow across all segments.

### Fantasy Sports

- According to Rolling Stone, the fantasy sports industry has an estimated total market impact of \$11 billion dollars annually.<sup>56</sup>
- In 1988, there were an estimated 500,000 people playing fantasy sports of some kind in the US and Canada.
  - Fast forward to today, where nearly 75 million fans plan to play fantasy football in some form in America alone, according to a [study](#) from American Express.
- Fantasy sports have grown to include everything from [Premier League](#) soccer to fantasy [bass fishing](#) leagues and the [World Surf League](#).
- The introduction of “daily” fantasy sports sites that allow fans to play fantasy sports with real money any day of the week, along with the legalization of gambling in some states, has boosted the popularity of fantasy sports to an unprecedented level.
- According to the sports media coverage website [awfulannouncing.com](#), DraftKings and FanDuel (the two largest daily fantasy sports sites) rake in a combined \$3 billion in entry fees annually (more than triple what they grossed four years ago), despite the consistent legal challenges facing both companies.
- Even with COVID-19 shutting down the play of sports teams and leagues around the world, the daily fantasy company DraftKings stock still skyrocketed last year.
  - Click [here](#) to read Barron’s story on why DraftKings stock is soaring.



### DISCUSSION TOPICS

Given the tremendous growth of daily fantasy sports sites, now would be an appropriate time to discuss the industry with students. Do students think these types of sites should be legal? Who should profit from these games? Why are professional leagues and teams partnering with these sites? Do students think the daily sports gaming industry will continue to grow?

For more fantasy football statistics, consider accessing the “Business of Fantasy Sports” lesson plan guide from the “Lesson 1.6” folder. The lesson also explores concepts previously addressed in Unit 1, like fandom and factors that influence industry growth.

<sup>56</sup> <http://www.fantasysportsadnetwork.com/aboutfantasy.htm>



## PROJECT IDEA

For teachers looking to incorporate a fantasy football element, consider joining Sports Career Consulting's annual fantasy football league. The project will feature several "sports marketing challenges" as students navigate the process of launching an expansion professional football franchise. We only accept 40 entries (teams) each year and only one entry per school, but please let us know as soon as possible if you are interested in participating. To see a recap of last season's competition, please visit our blog by clicking [here](#).

Alternatively, you can always administer the project in class without participating in our national competition. The general rules and each of the challenges will be posted online as the season progresses so please keep an eye on the weekly email updates for information on how to access this year's version of the project.

## Sports in the Workplace

Major sporting events now attract so much attention that they can have an adverse impact on worker productivity.

- An estimated 3 million American workers spend one to three hours a day during work watching the NCAA men's basketball championship tournament, according to a study from outplacement firm [Challenger, Gray & Christmas](#).<sup>57</sup>
  - Click [here](#) to see a video discussion of how brackets impact the workplace on the Today Show.
- American companies lose an estimated \$134 million in "lost wages" in the first two days of the tournament alone, according to Challenger, Gray & Christmas (an outplacement & career transitioning firm).
  - Click [here](#) to download the latest Challenger, Gray & Christmas report/press release from the NCAA Men's Basketball Tournament ("March Madness").
- A [study](#) conducted by the European Central Bank suggests that the soccer World Cup (played every four years) significantly slows down activity in the world's stock exchanges.
  - Click [here](#) for a qz.com report on how the World Cup can potentially influence stock prices.
- One Fortune magazine [study](#) suggested that a drop in employee productivity as a result of employees playing fantasy football costs employers \$13.4 billion per season.

## HOW LARGE HAS THE ENTERTAINMENT INDUSTRY BECOME?

### Movies

- Seven of the top ten biggest combined grossing movies in a single weekend at the box office ever were movies released within the last five years (click [here](#) to see the list).<sup>58</sup>
  - Click [here](#) for a slideshow from USA Today featuring the biggest blockbusters of all-time (the 25 movies that made the most money ever).
- Actors and actresses are being paid more now than ever, particularly those with proven "star power" who can give the box office a boost (Dwayne Johnson earned a reported \$89.4 million last year according to Forbes' annual ranking of the highest-paid actors).<sup>59</sup>

<sup>57</sup> [http://www.huffingtonpost.com/2013/03/17/march-madness-at-work\\_n\\_2868016.html](http://www.huffingtonpost.com/2013/03/17/march-madness-at-work_n_2868016.html)

<sup>58</sup> <http://boxofficemojo.com/alltime/weekends/>

<sup>59</sup> <https://www.forbes.com/sites/natalierobehmed/2018/08/22/the-worlds-highest-paid-actors-2018-george-clooney-tops-list-with-239-million/#42183e0b7dfd>



## Streaming Video Services

Streaming services were one of the few segments of the entertainment industry that actually benefited from COVID-19.

- According to the [LA Times](#), Netflix added nearly 37 million subscribers last year as governments around the world imposed lockdowns that led to a surge in streaming subscriptions, the biggest gain in subscribers in company history while generating record revenues.
- Netflix remains the world's largest streaming service with nearly [210 million](#) subscribers worldwide.

Netflix wasn't the only streaming service to see a sales surge during the pandemic.

### Disney+

- By April of 2019, Disney+ had 33 million subscribers.
- By May of 2020, the company announced they had nearly 55 million subscribers.
- By May of 2021, Disney+ reached 103.6 million subscribers.

### Hulu

- Last year, Hulu subscribers increased 30%, to 41.6 million overall.

### ESPN+

- In 2021, ESPN Plus customers increased 75% year over year, to 13.8 million subscribers.

## Music

- Over 25 billion songs have been downloaded from Apple's iTunes store.
  - By contrast, 2006 was the first year to see over 1 billion digital download tracks sold.<sup>60</sup>
- However, as the industry has shifted from vinyl to compact disc and now to digital downloads, streaming music is the fastest-growing segment of the recorded-music industry.
  - In 2015, paid music streaming services generated a record \$2.4 billion and overtook paid digital downloads in sales for the first time ever.
  - In 2019, Apple shut down its iconic iTunes music service, shifting its business entirely to streaming platform Apple Music.
  - According to Nielsen Music and MRC Data's latest Year-End Music [Report](#), Americans streamed a record of nearly 1.15 trillion songs last year, or roughly 3,500 songs for each of the country's 327 million inhabitants and a 29 percent increase from the previous year.
  - Last year, Bad Bunny was the most-streamed artist on [Spotify](#), accounting for 8.3 billion streams from fans around the world.
  - [Goldman Sachs](#) estimated the online music streaming market could grow to capture 1.2 billion users by 2030, almost four times higher than the 2019 level of 341 million streamers.

## Books

- The wild popularity of Author Veronica Roth's Divergent series of books shows the crossover appeal books have with other forms of entertainment, spawning a box office smash and successful soundtrack sales.
- Amazon reported that the final book in the trilogy, Allegiant, surpassed sales of The Hunger Games book three, Mockingjay at a pace of nearly five to one.<sup>61</sup>

<sup>60</sup> [http://en.wikipedia.org/wiki/iTunes\\_Store](http://en.wikipedia.org/wiki/iTunes_Store)

<sup>61</sup> <http://www.hypable.com/2013/10/08/divergent-allegiant-book-sales-vs-hunger-games/>

- Even as bookstores closed due to the Covid-19 pandemic, the “Ballad of Songbirds and Snakes” (The Hunger Games prequel book by Suzanne Collins) [sold](#) 500,000 copies in its first week.
- First-day sales for Allegiant surpassed 455,000 — a company record for publisher HarperCollins.<sup>62</sup>
- Divergent opened with a \$54 million weekend at the box office and took just 14 days to surpass \$100 million in sales.<sup>63</sup>
- The film soundtrack debuted in the top 30 on the Billboard charts in its first week despite being released well before the film hit the theaters.<sup>64</sup>
- Divergent went on to make nearly \$300 million globally.<sup>65</sup>
- “Harry Potter and the Cursed Child,” the script for J.K. Rowling’s new play, became the fastest-selling book this decade in the U.K. when it was released in July of 2016 and was on track for the second biggest single-week sales for a book ever.<sup>66</sup>

## Video Games

- According to guinnessworldrecords.com, sales of the video game Grand Theft Auto V broke six world records, including the highest revenue generated by an entertainment product in 24 hours and the fastest entertainment property to gross \$1 billion.<sup>67</sup>
- In less than six months, Fortnite generated over \$1 billion in revenue, despite being free to play.
- Epic Games, Fortnite’s developer, took an unconventional approach to its revenue generating model by offering a free game with “in-game” sales opportunities like power-ups and character cosmetics.
  - Click [here](#) for a Forbes story describing how the game makes money.
  - Click [here](#) for a USA Today story describing how ‘Fortnite’ made \$318 million in the month of May alone.
- In 2019, Electronic Arts saw 25 million players sign up for its own version of a “battle royale” style video game, “Apex Legends”, in less than one week (including 10 million players in just three days, a [milestone](#) that “Fortnite” took two weeks to reach).
- According to market data, an estimated 65% of U.S. households and over 59% of Americans (that’s over 150 million people) play video games.<sup>68</sup>
- Last year, consumers spent a [reported](#) \$57 billion on video games (according to The NPD Group), a 27% increase over the previous year and the highest sales total of all time.



62 <http://www.usatoday.com/story/life/books/2013/10/31/book-buzz/3324793/>

63 <http://www.forbes.com/sites/scottmendelson/2014/04/04/box-office-milestone-divergent-crosses-100m/>

64 <http://www.billboard.com/biz/articles/news/5944672/chart-moves-divergent-soundtrack-debuts-on-billboard-200-christian-music>

65 <http://www.hollywoodreporter.com/news/q-a-lionsgate-chiefs-divergent-701525>

66 <http://www.bbc.com/news/entertainment-arts-36965066>

67 <http://www.guinnessworldrecords.com/news/2013/10/confirmed-grand-theft-auto-breaks-six-sales-world-records-51900/>

68 <http://www.sporttechie.com/2013/12/05/nearly-460000-ea-sports-fifa-14-games-played-every-90-minutes-infographic/>

- Click [here](#) to see last year's list of the best-selling video games.
- According to a [report](#), the global video game market is expected to reach an estimated \$179.1 billion by 2024.
- As the popularity of eSports continues to explode, many industry analysts expect to see significant growth in video game sales as a result.
- Last year, Microsoft [announced](#) that it had sold over 200 million copies of Minecraft, extending its lead as the best-selling video game of all time, and according to [techspot.com](#), it was the most-watched video game on YouTube last year.
  - Click [here](#) to view Wikipedia's list of all-time selling video games.

## Theatre

- In 2018, "Harry Potter and the Cursed Child" set a new record at the Broadway box office — by a wide margin — for the highest single-week gross reported by a nonmusical in Broadway history when it grossed over \$2 million.<sup>69</sup>
- The 2018-19 Broadway season smashed box office records, generating \$1.8 billion in sales, up 8% from the 2017-18 season.
  - The trend was expected to continue with 2019-20 potentially becoming the first \$2 billion Broadway season in history.<sup>70</sup>
  - However, like so many other segments of the entertainment industry including sporting events, movie theaters and the concert business, Broadway must consider how they can survive in a post-pandemic world.
  - Click [here](#) for one analyst's perspective on how Broadway will strategically push forward after the world re-opens after the COVID-19 health crisis from wtop.com.

## UNIT 1 KEY TERMS DEFINED:

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

**SEM:** Acronym for Sports and Entertainment Marketing

**Superfan:** Fans who go to extremes to show their loyalty to their favorite team, athlete, band, actor or other celebrity

<sup>69</sup> <https://variety.com/2018/legit/news/harry-potter-cursed-child-broadway-sales-record-1202747600/>

<sup>70</sup> <https://www.ticketnews.com/2019/05/broadway-season-box-office-record/>



# Unit 2

## Sports & Entertainment Marketing Fundamentals

### 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 able to define the primary marketing functions and gain an understanding of what industry marketing professionals are trying to achieve. Unit two will also introduce how innovation and advances in technology have changed 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. Define the primary functions of marketing
5. Describe the sports and entertainment product
6. Recognize the difference between tangible and intangible product attributes
7. Explain the concept of perishability
8. Describe competition for the entertainment dollar while recognizing the importance of discretionary income
9. Recognize the impact of technology on the sport and entertainment product
10. Differentiate between event management and event marketing

### KEY TERMS

*Augmented Reality*  
*Cross Promotion*  
*Customer Loyalty*  
*Discretionary Income*  
*Entertainment Marketing*  
*Event Triangle*  
*Fan Engagement*  
*Intangible Product Attributes*  
*Marketing*  
*Perishability*  
*Products*  
*Spectator*  
*Sports Marketing*  
*Tangible*  
*Venue*  
*Virtual Reality*

### LESSONS

- LESSON 2.1** [Sports and Entertainment Marketing Defined](#)
- LESSON 2.2** [Marketing in 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** [Technology in Sports & Entertainment](#)
- LESSON 2.7** [Competition for the Entertainment Dollar](#)
- LESSON 2.8** [Reaching Consumers](#)
- LESSON 2.9** [Introduction to Event Marketing & Management](#)



# Sports and Entertainment Marketing Defined

## SPORTS & ENTERTAINMENT MARKETING

### What is Marketing?

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

### What Are Sports?

**Sports** include anything that offers a source of diversion or physical activity engaged in for exercise or for enjoyment. Sports can be a participatory or spectator activity and represents a form of entertainment.

### The Sports Industry

The **sports industry** is the marketplace in which consumers can purchase any sport related products or services.

### What is Entertainment?

**Entertainment** is whatever people are willing to spend their money and spare time viewing rather than participating.<sup>1</sup> Entertainment can present itself in many forms.

#### Examples of Entertainment:

- Seeing the Houston Symphony perform at Jones Hall in downtown Houston
- Attending a Georgia Bulldogs football game
- Reading one of Suzanne Collins’ novels in The Hunger Games trilogy
- Visiting the Seattle aquarium
- Going to a Zac Brown Band or Dua Lipa concert
- Streaming the latest Khalid song on Spotify
- Watching the Broadway musical “Lion King”
- Seeing a Cirque du Soleil show in Las Vegas
- 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, ‘Star Wars: Galaxy’s Edge’, or ‘Avengers Campus’
  - Click [here](#) to see how the introduction of new rides helped to boost SeaWorld attendance
  - Click [here](#) to see why Disney invested \$500 million on an ‘Avatar’ branded theme park
  - Click [here](#) for a behind-the-scenes look at the creation of Disney’s ‘Star Wars: Galaxy’s Edge’.
    - Click [here](#) to see how the marketing hype helped the new attraction to sell out its reservations within two hours of going on sale.
    - Click [here](#) for actual ride footage of Millennium Falcons: Smugglers Run inside Star Wars: Galaxy’s Edge at Disneyland.
  - Click [here](#) to learn more about the marketing behind Disney’s Marvel-themed attraction, ‘Avengers Campus’, that opened in 2021
- Click [here](#) to see Travel & Leisure’s ranking of the top new theme park attractions for 2021.

<sup>1</sup> Sports & Entertainment Marketing, South-Western Educational Publishing, p. 15

## What Is Leisure Time?

**Leisure time** is the time available to people when they are not working or assuming responsibilities, often referred to as “free time.” 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.

# Marketing in Sports & Entertainment

## WHAT IS SPORTS MARKETING?

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?

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

**There are two forms of sports and entertainment marketing:**

1. Marketing through sports and entertainment
2. Marketing of sports and entertainment

## MARKETING THROUGH SPORTS AND ENTERTAINMENT

When marketing through sports and entertainment, companies use sports and entertainment as a vehicle to gain exposure for their products.

**Examples of marketing through sports and entertainment:**

- Coca-Cola, Samsung, Panasonic, Visa, General Electric are spending millions to [sponsor](#) the 2021 Summer Olympic Games in Tokyo as a tool to brand their product globally on the international stage.
- [Gatorade](#) affiliates its product with athletes like Usain Bolt, Serena Williams, JJ Watt, Cam Newton, Paul George, Abby Wambach and Bryce Harper.
  - In 2020, Gatorade unveiled its “[Goat Camp](#)” campaign featuring Leo Messi, Serena Williams, Usain Bolt and Michael Jordan.
  - 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.
    - Click [here](#) for a great behind-the-scenes look at the campaign’s creation from thedrum.com.
    - Click [here](#) to see the commercial from Gatorade’s YouTube channel.
  - In 2021, the brand launched its “I Can Do Better” campaign.
    - Click [here](#) to see the commercial from Gatorade’s YouTube channel.
- CEOs entertain potential customers at a PGA Event in the hospitality area as a sales tool.
- Acura aligns its brand with some of the biggest entertainment events by sponsoring the Sundance Film Festival and New Orleans Jazz & Heritage Festival.
- Brands like Coca-Cola, Audi and Ben & Jerry’s are prominently featured in the blockbuster film, ‘Avengers: Endgame’.

## MARKETING OF SPORTS AND ENTERTAINMENT

The marketing of sports and entertainment describes the marketing activities used by sports and entertainment organizations to promote their products and services.

### Examples of marketing of sports and entertainment:

- The Potomac Nationals minor league baseball club offers a “holiday” ticket package to fans.
- The IOC branded the 2021 Tokyo Summer Olympic Games with the slogan “[United by Emotion](#)” in hopes of communicating a message that inspires youth and future generations of athletes.
- Marvel Studios spent an estimated \$200 million in marketing on the box office smash ‘Avengers: Endgame’.<sup>2</sup>
  - Compare that to 1980 when the average cost of marketing a studio movie in the U.S. was \$4.3 million.
- HBO Max promoting a new series.
- A country club offering a special rate to increase its membership.
- New Balance advertising the launch of a new sneaker or shoe line.
- Field Turf selling and installing a synthetic grass football field at a high school.

## SPORTS MARKETING VS. SPORTS MANAGEMENT

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

**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.<sup>7</sup> 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. Theoretically, sports marketing could be considered a function of the broader field of study, sports management.

### Sport management activities might include:

- Sport law
- Facility management
- Human Resources
- Sport governance
- Leadership

### Sports marketing activities might include:

- Allstate sponsoring the Sugar Bowl
- An MLS team offering payment plan options for season ticket buyers
- The SEC athletic conference agreeing to a 10-year television contract with ESPN worth a [reported](#) \$3 billion, beginning in 2024
- A corporation’s purchase of a courtside tickets to entertain clients at NBA games
- A sign or banner displaying a company’s logo on the dasher boards at a hockey rink
- Coca-Cola paying for “pour rights” at an event or facility
- A blimp flying over sporting events
  - Click [here](#) to see video of MetLife blimp behind scenes flying over Phoenix Open
- Fans receiving free bobble head dolls at a baseball game
- Foot Locker stores offering special sales or coupons to help increase sales
- A local restaurant sponsoring the local high school soccer team

<sup>2</sup> <https://deadline.com/2019/04/avengers-endgame-mcdonalds-google-coca-cola-ultra-beauty-audi-all-time-record-marketing-campaign-videos-1202595738/>



### SEM PROJECT IDEA

Refer to the “Stadium Project” 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.

## ENTERTAINMENT MARKETING

**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.<sup>3</sup>

Entertainment marketing can be focused on both content and delivery. For example, a studio makes money by producing films (content) and the theater (delivery) makes money showing the “product” (along with concessions).

Much like paying rights fees to sports leagues, broadcast companies also pay for the rights to broadcast major television events. For example, NBC has the rights to broadcast the Golden Globes, (paying an estimated mid-\$20 million per year according to [Deadline](#)) through 2026.



### SEM PROJECT IDEA

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.

<sup>3</sup> Sports & Entertainment Marketing, Glencoe-McGraw Hill, 2nd ed., p. 218

# Sports ARE Entertainment

## FORMS OF ENTERTAINMENT

There are many similarities between sports and other forms of entertainment as each activity is one that entertains or occupies our time.

**Any of the following could represent a form of entertainment:**

- Watching a Broadway show
- Listening to music on your mobile device
- Streaming a movie on your TV
- Watching your favorite football team play at the team's home stadium
- Playing a game of soccer

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 earned more than \$3 billion in worldwide revenue and have been nominated for numerous Academy Awards): *"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 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."*<sup>4</sup>



### DISCUSSION TOPICS

ESPN broadcasts a number of events such as the National Spelling Bee and a hot dog eating contest. Because the event is aired on a channel that typically covers sports, would you define those events as sports or entertainment?

Click [here](#) to see ESPN's intro/promo for the Nathan's Famous Hot Dog eating contest staged annually on July 4<sup>th</sup>, 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. Give them an option to create a cable network or an original streaming network (like Hulu, Amazon or Netflix).

If you would like to take things a step further, consider asking students to explain why they chose the programming they did and what type of advertisers they might attract (potentially tying into a demographic, target audience and/or advertising lesson as well). You might also consider referring to lesson 3.2 on broadcast rights and give them a fictitious budget along with fictitious rights fees.

<sup>4</sup> Who's Afraid of a Large Black Man, Charles Barkley, p.155



### 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 be available for purchase on Amazon.com or the iTunes store or on Netflix. As always, please review the film before sharing in class to make sure it is appropriate for your students.



### DISCUSSION TOPICS

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? eSports. 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 3.2).

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.

## DIFFERENCE BETWEEN SPORTS AND ENTERTAINMENT

While there are some similarities, there are also several key differences between sports and entertainment.

### Sports are:

1. Unscripted
2. Establish emotional attachment
3. Enjoy higher levels of brand loyalty

**Unscripted:** Consumers of sports do not know the outcome of the event in which they are participating

**Emotional attachment:** 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")

### Customer Loyalty

**Customer loyalty** is a customer decision to become a repeat consumer of a particular product or brand. Entertainment consumers are less likely to demonstrate high levels of team or brand loyalty, but rather prefer to satisfy their own entertainment needs. 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.

### Cross Promotion

**Cross promotion** is the convergence of two entertainment properties working together to market products or services. For example, The Weeknd performing virtually at half time of the 2021 Super Bowl represents an example of cross promotion.





### SUPER BOWL TRIVIA

How much do performers like The Weeknd get paid for appearing during the Super Bowl Halftime Show?

The answer? NOTHING. The NFL does not pay the performers anything for appearing. However, the millions of viewers tuning in provide performers' brands and music sales a significant boost, providing at least some compensation for their efforts.

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

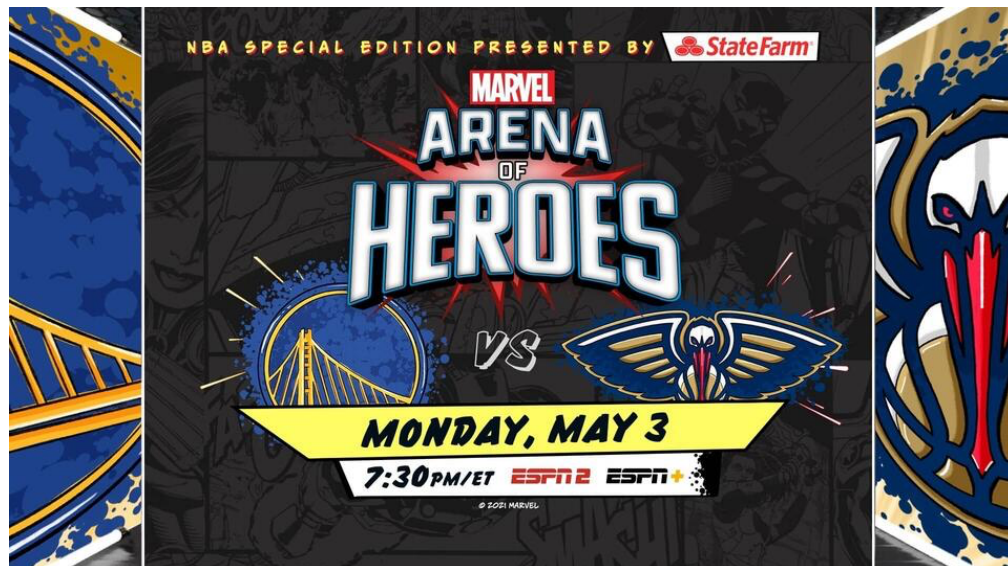
### More Cross Promotion Examples:

- Major League Baseball partnered with HBO to [cross promote](#) with the hit series, 'Game of Thrones'.
- [FOX Sports](#) partnering with The Simpsons for the Daytona 500 to help amplify marketing efforts with the hashtag #DaytonaDay.
  - Click [here](#) to see one of the commercials.
- 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.
- 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.
  - MLB Network also built the "Rink at Studio 42" which appeared on-set during some MLB Network programming.<sup>5</sup>
- In 2021, ESPN (owned by Disney, who also owns Marvel and Star Wars) broadcast an NBA game with a Marvel theme and a MLB game with a Star Wars theme
  - ESPN's [broadcast](#) of the Yankees-Astros game was filled with Star Wars themes and aired on May 4th, otherwise known as "Star Wars Day"
  - The broadcast featured analysts calling the game in Star Wars-themed costumes, including Karl Ravech, dressed as Luke Skywalker, Tim Kurkjian as Yoda and Eduardo Perez as a Jawa
  - The broadcast also included custom on-screen animations.

<sup>5</sup> <https://pophockeyculture.wordpress.com/2016/02/23/nhl-network-and-mlb-network-join-forces-to-promote-colorado-stadium-series-game/>



- For its Marvel-inspired NBA event, ESPN [aired](#) “alternative broadcasts” on ESPN2, ESPN+ and ESPN Deportes
- Those telecasts tied in elements from an original Marvel story and iconic characters including Iron Man, Black Panther, Captain Marvel, Captain America, Black Widow, and Doctor Strange throughout the live game, including 3D virtual characters, custom graphics and animation packages.
  - Click [here](#) to read the storyline at marvel.com.



- Epic Games engaged in a cross promotional campaign that provided gamers playing ‘Fortnite’ with an opportunity to purchase and customize NBA team “skins” representing their favorite NBA teams to help promote the NBA Playoffs.
  - Players could also visit a “NBA Welcome Hub” to take part in [Court Crashers](#), a basketball-inspired activity integrated into game play.
    - A LeBron James character was also [introduced](#), allowing players to purchase several outfits, including one with LeBron decked out in a “Tune Squad” uniform (promoting the film ‘Space Jam 2’) and equipped with the upcoming release of his signature shoe, the Nike LeBron 19.



- Fortnite's cross promotional beginnings can be traced back to 2018.
  - They began by releasing soccer skins to coincide with the FIFA World Cup.
  - Followed the World Cup cross promo with a [collaboration with the NFL](#), allowing game players to purchase skins to outfit their avatars in their favorite football team's gear.
  - Finished the year with a partnership with Marvel to help promote the theatrical release of 'The Avengers' which featured a mode that allowed players to become a character from the film, Thanos.
- Since then, Fortnite has collaborated with a long list of properties, including recent cross promotions with:
  - Star Wars' Mandalorian and Baby Yoda.
  - Popular characters from other video games like God of War's Kratos, Ryu and Chun-Li from [Street Fighter](#), and Halo's [Master Chief](#).
  - The Walking Dead's Daryl Dixon and Michonne.
  - The Predator character from the [Predator](#) film franchise.
  - Soccer kits (uniforms) from [23 different clubs](#) and a new emote based on legendary soccer player Pelé's iconic "air punch" goal celebration



### DISCUSSION TOPIC

Ask students to put themselves in the role of marketing professional at Epic Games (make of the game 'Fortnite') and ask them the following questions:

1. Who might you target as the next Fortnite collaboration?
2. How will Epic Games benefit from the collaboration?
3. How will the partner brand / property in the collaboration benefit?
4. Why might that be important?

Cross promotion can be an effective sales and branding tool for all parties involved. For a cross promotion to be considered a success, however, everyone must benefit.

### Examples include:

- In promotion of the arrival of 'Cars 3' in theaters, Disney/Pixar [teamed up](#) with NASCAR
  - The cross promotion included widespread activations to generate excitement for the race season and other NASCAR programs.

- ‘Cars 3’ had a presence at various NASCAR races and events with physical displays and co-branded merchandise.
  - NASCAR used the ‘Cars 3’ partnership to help promote NASCAR Acceleration Nation, its youth program, as well as the NASCAR Hall of Fame.
  - ‘Cars 3’ incorporated the voices and characters of several young and upcoming NASCAR drivers.
- 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.
  - Said NWHL commissioner Dani Rylan in an interview published on [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

Prior to the pandemic, 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, students 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.

- 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)
  - According to [forbes.com](#), the cross promotion successfully drove “a substantial amount of online engagement to both the NBA and the film”
- 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
  - The company held its largest ever spin class with more than 23,000 people streaming from home
- Travis Scott teamed up with Fortnite for the premiere of a new song in 2020, “Astronomical”
  - Over 12.3 million players participated in the event setting a new record
  - Click [here](#) to watch as Travis Scott comes to life in the game of Fortnite.

### However, not all cross promotions are successful. Examples include:

- 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).
- A badly botched 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.



## CASE STUDY

# NFL CROSS PROMOTIONS

### NFL on Nickelodeon

In 2021, Nickelodeon aired an NFL playoff game via simulcast (live broadcast at the same time the game was hosted on CBS). Targeting a younger demographic, the broadcast featured a slime-filled version of the Bears-Saints, complete with kid-friendly on-screen graphics and a special halftime presentation. The promotion also included guest reporters, original on-field graphics, virtual filters and a sneak preview of a new Spongebob Squarepants spin-off series. The cross promotion was met with rave reviews in the media and through social media.



### Muppets on Monday Night Football

Kermit the Frog, Miss Piggy, and Fozzie Bear, some of the most iconic Muppets characters, were featured in the opening segment of an NFL Monday Night Football Game during the holidays. Muppets integrations were featured throughout the telecast, including a [promotional clip](#) that featured characters singing a football-themed version of the holiday classic, Carol of the Bells.



### Successful Cross Promotion

For cross promotion to be considered a success, all involved parties must see a benefit.

#### NFL on Nickelodeon

The cross promotion was a win from the NFL's perspective because it helps to reach a younger demographic in a highly engaging environment while introducing the product to a new audience. Nickelodeon wins because they have access to millions of viewers, proving a unique platform to promote the Spongebob spinoff 'Kamp Koral', as well as 'The Spongebob Movie: Sponge on the Run', both of which would later be released on the newly rebranded Paramount+ streaming platform, essentially providing Nickelodeon with a three-hour television commercial.

#### ESPN and the Muppets

Disney owns both ESPN and The Muppets. In 2020, a new series called 'Muppets Now' launched on the company's streaming service, Disney+. A cross promotional effort around the holidays helped boost awareness for the series while introducing a family-friendly feel with some holiday spirit to an ESPN broadcast, creating a win-win for Disney.





### ACTIVITY IDEA

Divide the class into groups. Assign each group a sports brand from column “A”, then draw names out of a hat to determine a picking order. The group with the first pick then selects an entertainment brand from column “B” until each group has both a sports brand and entertainment brand. Each group must then come up with an idea for a cross promotion and present their ideas in class. Have students vote on which cross promotion they thought was the best.

#### COLUMN A

MILB  
New Balance  
NHL  
WNBA  
XFL  
New York Yankees  
Under Armour  
World Surf League

#### COLUMN B

Avengers  
Stranger Things  
Star Wars  
Spongebob  
Rick & Morty  
Pirates of the Caribbean  
The Simpsons  
Disney’s ‘Frozen’

# Primary Marketing Functions

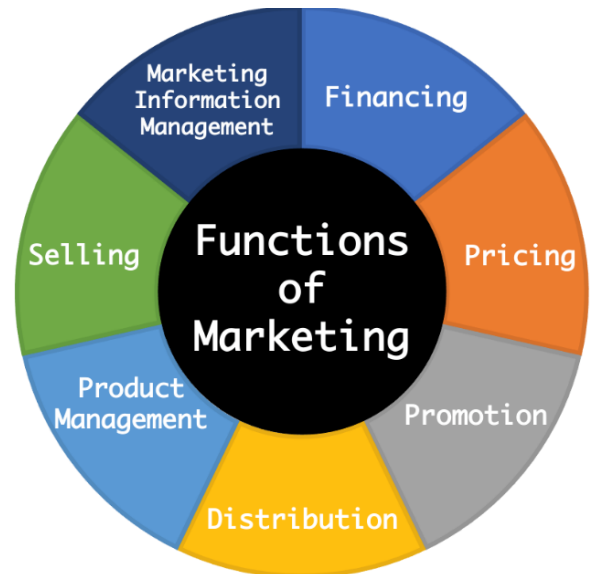
## MARKETING FUNCTIONS

Before we spend the time learning about marketing strategy, it is important to first understand why we engage in marketing in the first place. What is the purpose of marketing?

**To answer this question, we will examine the seven traditional functions of marketing, including:**

1. Pricing
2. Distribution
3. Promotion
4. Financing
5. Selling
6. Marketing Information Management
7. Product Management

No one function of marketing is more important than the other, so it is important for any aspiring sports marketing professional to gain a fundamental understanding of all seven functions.



## Pricing

**Pricing** refers to the process of assigning a value to products and services on the basis of supply and demand.

- 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.
  - Supply and demand not only impacts ticket prices but concessions, parking and merchandise as well.
    - 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](http://ab7news.com)).
    - Just 25,000 fans allowed into Tampa's Raymond James Stadium for Super Bowl 55 in 2021 (7,500 of which were vaccinated healthcare workers who received complimentary game tickets), and concessions prices were lower than the previous year's game, with Reuben sandwiches selling for \$18, burgers and fries for \$14, \$8 for lemonade and \$7 for peanuts (via [usatoday.com](http://usatoday.com)).
- Because of the COVID-19 pandemic, the number of tickets available for the 2021 Final Four were extremely limited
  - As a result, ticket prices were astronomical, selling for as much as \$7,700 each, according to TicketIQ, which monitors ticketing trends on the secondary market. Tickets for the championship game were fetching as much as \$15,000.
  - According to [Fortune](http://Fortune), prices were 145% higher than any previous Final Four in NCAA history and 233% higher than any previous championship game.



**However, when demand drops, prices will likely decline as well.**

**Example:**

- Due to lagging fan attendance, the University of Minnesota decreased ticket prices for men's hockey and basketball games last season.
  - The athletic department announced that season tickets for men's basketball would start at \$340, the lowest price since the 1995-96 season.<sup>6</sup>

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. 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*).

The secondary and broker markets have a large impact on ticket pricing.

- 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.

Supply and demand also have a significant influence on prices in the collectibles and memorabilia market. Baseball card sales boomed during the pandemic, and digital collectibles like NFTs saw enormous price hikes while sports fans were locked down during COVID-19.

- Last year, 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).
  - [ESPN](#) reported, on the 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.
  - Click [here](#) for details on the project and a complete list of cards with artists.
- In 2021, the high demand for sports trading cards resulted in fights at retail stores as consumers swarmed the aisles to purchase products on release days, forcing some stores like Target and Walmart to [stop selling](#) them altogether.

## Distribution

**Distribution** is the process of determining how best to get sports products and services to consumers.

- 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.
- On Demand and streaming services have become prevalent options for consumers in today's marketplace.
  - 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.
    - In 2015, Twitter became the first social media platform to distribute live sports programming when they live-streamed Wimbledon.
- 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.
  - 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

<sup>6</sup> <http://www.startribune.com/gophers-slash-hockey-basketball-season-ticket-prices/508758522/>

behind-the-scenes content), introducing an alternate camera angle view during the second half of live games, focused only on a single player.

- Click [here](#) for more from techcrunch.com.
- 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](#)).
  - In 2020, the company released a Dr. Anthony Fauci baseball card on-demand, commemorating his first pitch on Opening Day.
  - 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.

When COVID-19 disrupted the film industry and theaters were closed, studios were forced to re-think distribution strategies.

- 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.
- 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.
  - Eventually, ‘Tenet’ did make it to theaters, but was a disappointment at the box office, forcing Warner Bros. to adjust its distribution strategy and announce that all of the studio’s films in 2021 would be released in theaters and VOD via HBO Max on the same day, sending [shockwaves](#) throughout the industry.



### 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 it 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.

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.

- Retail chain Sports Authority provided an excellent distribution channel for Under Armour to sell its products.
  - [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 billion<sup>7</sup>
    - Subsequently its stock quickly dropped by almost 4% the next day.
  - However, as consumer shopping habits continue to shift to online distribution channels, brands like Under Armour will likely continue to see robust sales.

<sup>7</sup> <http://www.sfgate.com/business/article/Sports-Authority-woes-take-toll-on-Under-Armour-7957717.php>

- To help expand distribution of its popular 'Sims' franchise, EA and Maxis created a new version of Sims game specifically for mobile devices.
  - 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.

### Exclusive Distribution

Sometimes a retailer or brand will arrange for exclusive distribution of a particular product or brand to drive traffic to



their store or website.

- 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.
  - Despite limiting consumer access through exclusive distribution channels, it took just one week for the album to go platinum.
- [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.
- 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.
- In 2020, Kanye West teamed up with Gap to bring Yeezy brand to new audiences.
  - 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.

- According to the [New York Times](#), Gap hopes its upcoming Yeezy Gap line will generate \$1 billion in annual sales within five years (the company signed a 10-year licensing deal with Kanye in 2020).

However, exclusive distribution does not always guarantee success, as illustrated by the disappointing sales of Sears' "Kardashian Kollection."<sup>8</sup>

## Promotion

Promotion is the process of communicating information about products and services to consumers. Typically, this process involves ongoing advertising and publicity and sales.

### Examples include:

- 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.
  - According to [bizjournals.com](#), LaRosa's gives away an average of \$900,000 worth of pizza as a result of the promotion.<sup>9</sup>
    - 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](#)).
  - In 2020, LaRosa's shifted gears after COVID-19 kept fans from the ballpark.
    - According to the company's [website](#): "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."
  - In 2021, LaRosa's brought the popular promotion back once again as fans returned to the ballpark. However, the promotion relaunched with a new twist. As explained on LaRosa's [website](#): "Now, when Reds pitchers strike out 11 batters in ANY game- home or away- the first 2,000 fans to text "REDS" to 513347 as soon as the game ends win a free small one topping pizza."



Short-term promotions are created in an effort to drive immediate sales. For example, Monster Energy (a NASCAR sponsor) once worked out an arrangement with Pocono Raceway to offer free admission to an event if fans brought an empty Monster can to be recycled at the track.<sup>10</sup>

<sup>8</sup> <http://www.adweek.com/news/advertising-branding/get-real-139908>

<sup>9</sup> <http://www.bizjournals.com/cincinnati/blog/2016/06/why-larosas-wishes-it-was-giving-away-more-pizza.html>

<sup>10</sup> <http://www.poconoraceway.com/monster-energy-pocono-raceway-partner-free-friday.html>

## Financing

Financing involves the creation of a budget and revenue projections to help an organization reach its financial goals.

### Example:

- 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.<sup>11</sup>
  - Budgets and projections/forecasts are never an exact science.
- 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.<sup>12</sup>

An important aspect of the financing function includes analyzing the cost effectiveness of existing or previous marketing efforts.

### Example:

- 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.<sup>13</sup>

The function of financing also explains why sports and entertainment organizations often provide customers with flexibility in purchasing company products or services.

- 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.<sup>14</sup>

## Selling

Selling means communicating with consumers to assess and fill their needs, as well as anticipating future needs. Many professional sports teams utilize a call center to revenue generated by ticket sales. 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. Call centers employ a staff to perform telemarketing activity with the goal of selling ticket packages over the telephone.

### Example:

- 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."<sup>15</sup>
- 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.

<sup>11</sup> <https://www.yahoo.com/lifestyle/nike-track-50-billion-sales-170723823.html>

<sup>12</sup> <https://www.cinemablend.com/news/2487324/the-cats-movie-had-a-brutal-box-office-opening-can-anything-save-it-now>

<sup>13</sup> [http://www.heraldsun.com/view/full\\_story/19269512/article-The-U-S-Army-ending-NASCAR-sponsorship](http://www.heraldsun.com/view/full_story/19269512/article-The-U-S-Army-ending-NASCAR-sponsorship)

<sup>14</sup> [http://www.mlb.com/was/ticketing/season\\_payment\\_plan.jsp](http://www.mlb.com/was/ticketing/season_payment_plan.jsp)

<sup>15</sup> <http://www.mndaily.com/2012/04/17/gophers-athletics-will-outsourcing-ticket-sales>



## Marketing Information Management

Marketing information management is the process of gathering and using information about customers to improve business decision making.<sup>16</sup>

### Examples:

- 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.
- 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.
- After conducting a series of [tests](#) utilizing virtual advertising technology in 2018, German soccer league Bundesliga announced plans to integrate augmented reality features to create more revenue opportunities.

## Product Management

Designing, developing, maintaining, improving, and acquiring products or services so they meet customer needs.<sup>17</sup>

### Example:

- To strengthen their position in the U.S. market and attract top creative talent, Adidas opened a design studio in Brooklyn
  - BrooklynFarm houses elite designers and developers but also encourages collaboration with music, film and technology personnel.<sup>18</sup>

## Product Improvement

Sports business professionals are always working to improve their product.

### Example:

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.

- 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."<sup>19</sup>

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.

- Despite significantly reducing the price of concessions, the team saw a 16% increase in food and beverage sales at Falcons' games the following season.
  - 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.

<sup>16</sup> [http://www.mapnp.org/library/ad\\_prmot/defntion.htm](http://www.mapnp.org/library/ad_prmot/defntion.htm)

<sup>17</sup> Sports & Entertainment Marketing, South-Western Educational Publishing, p. 6

<sup>18</sup> <http://therealdeal.com/2015/06/08/adidas-opening-an-office-in-williamsburg/>

<sup>19</sup> [http://www.nascar.com/en\\_us/news-media/articles/2017/1/23/new-nascar-race-format-2017-announced.html](http://www.nascar.com/en_us/news-media/articles/2017/1/23/new-nascar-race-format-2017-announced.html)



- 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”.
- 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.
- The concept has taken off and become a trend that is being implemented by professional and collegiate sports teams around the country.
  - 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.
  - 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.
  - 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.
  - Included items:
    - Chicken tenders
    - Hot dogs (beef and vegan)
    - Sausages
    - Nachos (regular and loaded)
    - Fries (regular and garlic)
    - Pretzels, Popcorn and Peanuts
    - Candies
    - Pepsi Products
    - Aquafina water
    - Peet’s Coffee and Hot Chocolate





# Understanding The Sports & Entertainment Product

## THE SEM PRODUCT

### Products vs. Services

**Products** are tangible, physical goods but can also be represented by something digital or virtual, a service or an idea that is offered to satisfy a consumer want or need.

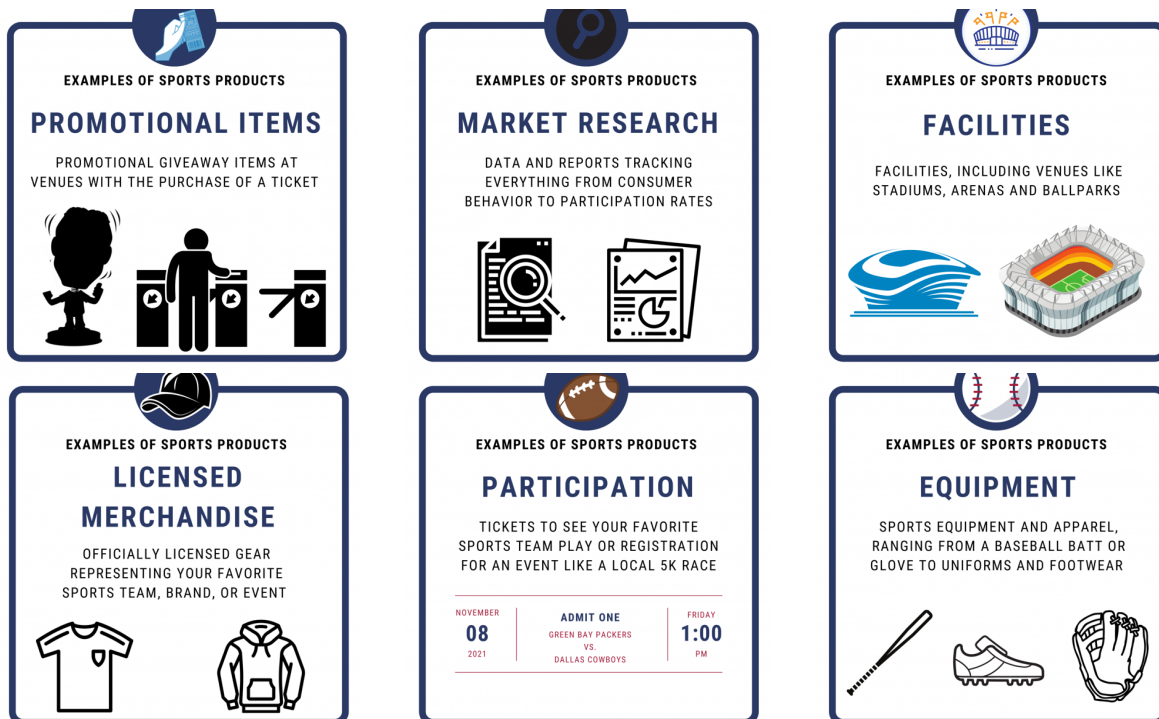
**Services** are intangible and something satisfies an identified need through some form of exchange. Service products are presented in the form of things like restaurants, educational institutions, consulting firms and hotels, which are represented in a variety of ways throughout the sports and entertainment industry.

### Sports Products

Sports products are the goods and services designed to provide benefits to a sports spectator, participant or sponsor.<sup>20</sup>

#### Examples of sports products:

- Licensed merchandise - A Houston Rockets hat
- Participation - Tickets to a Gwinnett Braves baseball game
- Equipment and apparel - Louisville Slugger baseball bat
- Promotional items - A bobblehead giveaway/promotional item
- Sports facilities - The Verizon Center arena in Washington, D.C.
- Marketing research - A report on participation levels of soccer in the United States provided by the American Sports Data research firm
- Marketing / Management services - Services provided by Octagon Consulting Group such as competitive analyses and sponsorship valuations.



<sup>20</sup> [http://www.brandchannel.com/education\\_glossary.asp#T](http://www.brandchannel.com/education_glossary.asp#T)

## ENTERTAINMENT PRODUCTS

**Entertainment products** can be grouped into the following categories:

- Film and cinema
- Television / streaming
- Music (includes recorded music and concerts/shows)
- Radio
- Gaming / eSports
- Theme parks

Sports and entertainment products are unique in that they often share common characteristics of services.

**Services feature two primary characteristics:**

1. Services are perishable
2. Services are intangible

## PERISHABILITY

Many sports and entertainment products are perishable. **Perishability** is the ability or need to store or inventory a product. Once a game or event has already taken place, they no longer carry a value and cannot be sold, which characterizes the product as perishable.

Perishability can also apply to playing careers which impacts product quality. 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."

**"NO MARKETER CAN  
SELL A SEAT TO  
YESTERDAY'S GAME,  
YESTERDAY'S CONCERT  
OR YESTERDAY'S SKI-  
LIFT TICKET"**

**- SPORTS BUSINESS VETERANS BERNIE  
MULLIN, BILL SUTTON & STEPHEN  
HARDY IN "SPORTS MARKETING"**



## TANGIBLE PRODUCTS VS. INTANGIBLE PRODUCTS

Many sports and entertainment products are also often intangible. **Intangible product** attributes are the unobservable characteristics which a physical good possesses, such as style, quality, strength, or beauty.<sup>36</sup> Copyrights, logos, graphics and trademarks would also be considered intangibles. Even tangible items such as a soccer ball or music CDs have less significance than the feeling or emotion that the activity itself reveals.

### Examples of sports activities that would be considered intangible:<sup>21</sup>

- The exhilaration we get from running our best marathon.
- The thrill of winning a competition.
- The satisfaction of scoring well on a challenging golf course.
- The pride we feel when teams we support win.
- The emotional attachment fans invest in their affiliation with a favorite team.
- The connection fans feel with other fans (whether they know them or not) supporting the same players or teams.



## QUALITY PRODUCTS

### Importance of a Quality Product

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.

<sup>21</sup> Issues in Sport Management, PowerPoint Presentation, University of New Orleans



## CASE STUDY XFL

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.

“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.”

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)

Click [here](#) to read more about the XFL announcement

The league announced it would hire Oliver Luck, an industry veteran with a long track record of success, as its commissioner. 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.

Unfortunately, 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. Before the league was forced to shut down because of COVID-19, it had averaged 1.9 million television viewers per game and generated nearly \$20 million in gross revenues in 2020. According to [court filings](#) in bankruptcy court, 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.

In 2020, the XFL was purchased by an investment group led by Dwayne “The Rock” Johnson for \$15 million. 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.”

In 2021, after months of speculation of a potential collaboration or merger between the XFL and the Canadian Football League (CFL), the league announced plans to push its relaunch date to spring of 2023. Ownership felt this would be necessary to ensure the quality of the product would meet fan expectations while exploring the possibility of expanding to International markets.





### 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 the 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.

Sports and entertainment business professionals are always critiquing the product and looking for ways to improve. Things like rule changes, adaptation of technological advances and fan experience upgrades represent ways that the sports and entertainment product can be improved.

#### Examples include:

- 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.<sup>22</sup>
  - Click [here](#) to read the entire letter.
- 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.
  - 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."
  - 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.
- 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.
  - New ideas [include](#) the potential inclusion of a 4-point shot or a half-court shot worth 10 points.
  - 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.
    - Click [here](#) to see a TNT video with the two players discussing their picks.
  - 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](#)).

<sup>22</sup> <http://sportsfans.org/2012/09/packers-shareholder-calls-for-federal-fraud-investigation-into-nfl%E2%80%99s-use-of-replacement-referees/>

- 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.
  - 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.
  - Click [here](#) for additional information on the NBA All-Star Weekend.
- In 2021, although it was competing for viewing time with CBS's explosive Oprah interview featuring the Duke and Duchess of Sussex, TNT's NBA All-Star Sunday suffered a significant drop in ratings, when [less than 6 million fans tuned in](#) (making it the least-watched NBA All-Star game in 31 years).
- 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.
  - 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.
  - In 2021, MLB experimented with several new rule changes in Major League Baseball and Minor League Baseball to help improve the product, including a "less lively" baseball, a 15-Second Pitch Clock, an "Automatic Strike Zone" and better bases to improve player safety and reduce the risk of marquee star players going down with injuries.
    - Click [here](#) to see the complete rundown of potential rule changes at si.com.



### DISCUSSION TOPICS

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 IDEAS

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 IDEAS

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.

When the team sport product improves, typically consumers respond by purchasing more tickets and merchandise while television audiences increase. While there are a variety of ways to improve the team sport product, on-field performance and the presence of recognizable and popular players are the two most effective ways for an organization to boost fan/consumer interest.

## WINNING

One of the most effective ways for improving the sports team product is to build a competitive roster, ideally one that can compete for championships while consistently energizing the fan base. When a team wins, the product sells, and the organization reaps the off-field benefits.

### Examples:

- Pittsburgh Penguins
  - After the Pittsburgh Penguins won the Stanley Cup in 2016 and 2017, the team’s estimated franchise value rose from \$560 million in 2015 to \$650 million in 2018.
- United States Women’s National Soccer Team (USWNT)
  - 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.
  - As a result, the team won the World Cup, shattering merchandise sales and television ratings records throughout the tournament.
    - 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).
    - 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.
    - 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.
- Carolina Hurricanes
  - 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.
  - Once the playoffs began, the franchise set merchandise records every single night.



- 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.
  - However, each of the team's 2019 playoff home games – five altogether -- eclipsed \$200,000 in merchandise sales.<sup>23</sup>
- St. Louis Blues
  - 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.
  - 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.
  - The improved product paid dividends for the franchise from a financial perspective.
    - 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.
    - Consider the following data from [Forbes](#) annual NHL franchise valuations:
- Washington Capitals
  - The Caps won the Stanley Cup in 2018, and promptly saw the estimated value of the franchise climb from \$625 million in 2017 to \$725 million following their championship.
- Phoenix Suns
  - After the Phoenix Suns clinched a spot in the 2021 NBA Finals, the team sold \$300,000 in online merchandise sales at the Suns' team shop overnight and \$700,000 in team-branded gear across the entire Fanatics' online network.
    - The Suns finished the season third in the league in terms of best-selling team merchandise, trailing only the Los Angeles Lakers and Brooklyn Nets in sales
- Milwaukee Bucks
  - During the Milwaukee Bucks championship run in 2021, each of the team's home games during the playoffs [reportedly](#) brought at least \$3 million into the city's economy, not including the impact of events in the Deer District around the stadium thanks to the influx of fans by thousands filling local shops, hotels and restaurants
  - Demand for Bucks jerseys increased [2,530%](#) in the hours after the win over the Phoenix Suns Tuesday, according to estimates from Sidelines (a sports betting website that leverages Google Trends and other search data)
    - Sidelines also suggested jersey sales globally after the win could reach nearly \$1 billion
  - In terms of viewership, more than [41 percent](#) of homes with televisions in use were tuned into the game in the city of Milwaukee, making it the highest Finals rating in any market since Cleveland in Game 7 of the 2016 NBA Finals.

## COLLEGE SPORTS

A “winning” product also leads to off-the-field success for collegiate athletics programs. [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.”<sup>24</sup>

- Click [here](#) to see how Clemson's NCAA football championship helped boost interest in enrollment

<sup>23</sup> <https://www.bloomberg.com/news/articles/2019-05-14/hurricanes-set-merchandise-records-every-night-in-nhl-playoffs>

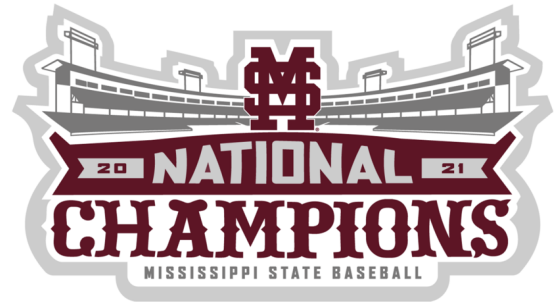
<sup>24</sup> <https://www.bloomberg.com/news/articles/2019-05-14/hurricanes-set-merchandise-records-every-night-in-nhl-playoffs>

A trip to the NCAA Final Four will almost always result in a huge boost in everything from merchandise sales and fundraising to awareness and interest for participating schools.

- 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.
  - 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](#))
- 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.
  - According to [Forbes](#), the Ramblers' athletic department received a 660% increase in athletics donations over the previous year.
  - Click [here](#) for a graphic illustrating the boost Loyola received with its Final Four appearance.

It isn't just football and basketball that sees a boost when the program enjoys the highest levels of success.

- Following Mississippi State baseball's national championship victory, Bulldog fans shattered Fanatics' College World Series [sales records](#), becoming the best-selling College World Series program in just 24 hours.
  - In just four days, sales of 2021 National Championship merchandise were already nine-times larger than the previous College World Series in 2019.



## STAR PLAYERS

Another effective way to improve the product is to add star players, often through free agency or trades, that fans want to see play.

- After the Brooklyn Nets already made a splash by signing Kyrie Irving and Kevin Durant, the franchise traded for former league MVP James Harden during the 2021 season, helping to drive interest in the team into the stratosphere.<sup>25</sup>
  - According to the [Sports Business Journal](#), the acquisition of the superstars amped up “every business metric.”
    - The team's James Harden welcome graphic became the most engaged Instagram post in franchise history and that same post on Twitter drew seven times the number of the team's followers on that social media site.
    - Online revenue at the team's online store nearly doubled from ALL of the previous season...and that was before the NBA All-Star break.
    - In the first two weeks of Harden's time in New York, Nets ratings on YES surpassed Knicks ratings on MSG despite the Knicks break out season, with ratings climbing 69 percent overall since Harden's first game with the team.
- When the NHL's Phoenix Coyotes made a trade for star Phil Kessel, a new sense of excitement surrounded the team.
  - 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.

<sup>25</sup> <https://www.netsdaily.com/2021/2/16/22285423/nets-new-no-2-big-three-has-amped-up-every-business-metric>

- According to an [azcentral.com](https://www.azcentral.com) report, Coyotes' season-ticket sales were up 600% compared to the previous summer, including a 550% increase in all ticket sales.
- The Coyotes reportedly also enjoyed an increase in website traffic, mobile app visits and social media engagement.
- In 2020, Tom Brady departed New England through free agency and became a Tampa Bay Buccaneer.
  - According to [Fanatics](https://www.fanatics.com), Brady instantly became the top-selling player across all sports, and the top-three selling products were Tom Brady jerseys, both men and women.
  - Brady jersey sales spiked by 900 percent while fans scrambled to buy season tickets as soon as the news broke.
    - According to [Sports Illustrated](https://www.sportsillustrated.com), 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."
    - Just over two hours after the reported news, there were still 6,000 people in the queue.
- After Japanese sensation Shohei Ohtani joined the Los Angeles Angels and took Major League Baseball by storm, the franchise enjoyed a significant uptick in business to start the 2021 season.
  - According to data obtained by the [Los Angeles Times](https://www.latimes.com), the club had reached six new sponsorship agreements with Japanese companies.
  - Angels' attendance increased by 11% for each of the five home games in which Ohtani was the starting pitcher (the LA Times estimates the Angels' ticket revenue increased by almost \$600,000 based on average ticket price).

On the contrary, when the sports team product declines, typically consumers respond by purchasing fewer tickets, less merchandise and TV ratings drop.

### Examples:

- 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.
  - According to the [Baltimore Sun](https://www.baltimoresun.com), 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).
  - 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.
    - Click [here](#) to learn more about the Orioles' front office plans to fix their attendance woes from the Baltimore Sun.
- 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.
  - Unfortunately, as the team struggled to win games the last two seasons, attendance has bottomed out. According to the [Hartford Courant](https://www.hartfordcourant.com), 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.
  - 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.
  - According to the [Hartford Courant](https://www.hartfordcourant.com), the UConn women had the second highest season ticket sales in the past 10 years last season while averaging 10,096 fans per game.
- The Vancouver [Whitecaps](https://www.whitecapsfc.com), 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.
  - 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.
  - Said the team's CEO, Mark Pannes, in a [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 a 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."

### **Like sports, a quality product attracts consumers in the entertainment industry.**

- When Disney+ introduced the movie adaptation of 'Hamilton' over the 4<sup>th</sup> of July weekend in 2020, downloads of the app [spiked](#) by 74% in the U.S. and 46.6% globally.
  - 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.
  - Disney continues to develop quality Marvel content, and it paid dividends in 2021 when the release of 'Loki' delivered the biggest premiere in the platform's history. The first episode racked up 731 million minutes of viewing time, significantly higher than the premieres of The Falcon and the Winter Soldier (495 million minutes) and WandaVision (434 million) earlier in the year (all of which are impressive figures).
- 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.
  - 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.
  - 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".
  - In 2020 and 2021 alone, Netflix has released content that [attracted millions](#) of viewers, including surprise hits like 'Sweet Tooth' (65 million views) and 'Lupin' (70 million views)
    - 'Bridgerton', released in 2020, remains the most-watched program in Netflix history, attracting 82 million views by the summer of 2021.



# Technology in Sports & Entertainment

## IMPACT OF TECHNOLOGY

Advancements in technology have led to new product innovations and forced an evolution in the way sports and entertainment marketers work to reach consumers. Fan preferences continue to evolve, requiring properties and venues to adapt to the technological needs of the modern sports and entertainment consumer.

For example, a recent report from Harvard Business School suggests in-venue data consumption is increasing 70-80% depending on the network, with social media activity responsible for 30% of total data use, leading to connectivity issues and impatient fans struggling to load social videos.

- Click [here](#) to read the full “The fan of the future requires venues to be smart” report

### How has technology impacted the business of sports and entertainment?

Advancements in technology have touched nearly every segment of the sports and entertainment industry, from the product or service itself to the way the product or service is marketed to consumers:

- Sales
- Streaming Audio & Video
- Advertising
- Broadcasting
- Gaming
- Footwear and apparel
- Sporting goods, equipment and wearables

## Sales (E-Commerce)

Over time, technology and innovation have influenced the way consumers shop. If a customer wants to try on a pair of shoes or merchandise, they no longer have to ask for help from a clerk at a retail store. 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 or buy it at a website. Augmented reality allows consumers to try clothes on virtually, and interactive shopping experiences allow for purchases directly through social media platforms and apps on a mobile device. Consumer behavior has shifted in a way that online shopping has become a preferred method for purchasing goods and services.

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

### Examples could include:

- Streaming services (music, shows, movies etc)
- Subscriptions to listen to Major League Baseball games live
- Tickets to events
- Online video games and in-game purchases
  - Electronic Arts (EA) reportedly earns \$110 million each year from microtransactions such as acquiring new players in their FIFA soccer game franchise.<sup>26</sup>
- Customized jerseys from NFLshop.com or sneakers from NikeiD.com

26 Del Rey, Jason (@DelRey). “Electronic Arts’ Peter Moore says EA makes \$110 million a year from microtransactions such as acquiring new players in FIFA #Iabalm.” 27 February 12, 8:57 a.m. Tweet

## Interactive “Shopping” Experiences

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.

### Examples:

- 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.<sup>27</sup>
- Nike’s digital push includes an opportunity for consumers to scan QR codes at displays to find out if the sizes and colors of the merchandise they want are in stock, helping boost sales and improve the customer service experience.
  - According to a [USA Today](#) story, by analyzing the data, consumers will be able to help determine which products Nike will stock at retail.

It isn’t just QR codes. Organizations have pushed the envelope to develop truly unique and creative interactive shopping experiences targeting the sports and entertainment consumer.

- Sport Chek, Canada’s largest retailer of sporting goods, apparel and equipment, opened an interactive retail store that featured over 700 motion-activated screens.
  - The interactive shopping experience features holograms, a virtual golf kiosk, specialized treadmills to recommend 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.
- 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)
  - Click [here](#) for a video on the lift and learn technology.
- 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.
- 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.
  - 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.

## “Shoppable” Social Media Applications

### Examples:

- 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.
  - According to [Fast Company](#), the shoes sold out in just 23 minutes.
  - Shoppable posts on [Instagram](#) are becoming a popular venue for “social merchandising” for sports teams, leagues, athletes and entertainers.

<sup>27</sup> <http://sportsandnewmedia.wordpress.com/2010/02/11/qr-codes-the-future-of-sports-marketing/>

- 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.
- 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](#).

## Streaming Audio & Video

Streaming audio and video capabilities have changed the way fans consume the sports and entertainment product.

- Online sports talk “radio” (ESPN Radio)
- Streaming audio (Pandora, Spotify etc.)
- Websites offering TV programming, short films, video clips and movie trailers (Hulu)
- SiriusXM satellite radio
- Streaming live video events
  - 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

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. Live streams could become the most popular way for fans to watch and engage with their favorite sports teams, leagues, events, athletes, and entertainers.

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.”<sup>47</sup>

### Additional examples of streaming events:

- 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](#).
- To help promote its annual ‘Prime Day’ event, Amazon [partnered](#) with Taylor Swift to headline an online concert, exclusively for Prime members.

## Advertising

### Signage and Displays

- 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.<sup>28</sup>
- 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.<sup>29</sup>
  - “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.<sup>30</sup>
- 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

<sup>28</sup> <http://www.bizjournals.com/southflorida/stories/2009/05/25/daily53.html>

<sup>29</sup> <http://www.bizjournals.com/kansascity/stories/2009/04/20/daily44.html>

<sup>30</sup> <http://www.bizjournals.com/kansascity/stories/2009/04/20/daily44.html>



signage around the field perimeter to ads in the restrooms, concessions areas, and concourses. Fans can't help but be exposed to their messages.

- Two years ago, ESPN [launched](#) "Live Connect" to deliver personalized banner ads to fans on ESPN.com.
  - 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.

## Virtual Advertising

- 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.<sup>31</sup>
  - Last season, 17 different NHL teams utilized virtual advertising technology in their arenas according to The Sports Business Journal.
- Sportvision, a U.S. based sports technology company, provides virtual advertising opportunities during broadcasts of NHL and MLB games.
  - 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.
    - Click [here](#) to see more from Sportvision's website.
- 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.
  - Click [here](#) to read more from Fox Business as to how the strategy allows MLB to reach potential advertisers on a global scale.
- 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.
  - As MLS returned to play, the league placed a huge virtual Adidas logo at midfield for all its broadcasts.
    - 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.

## Broadcasting

### High Definition

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!"<sup>57</sup> High definition is not just for television. Today, over 1,000 FM radio stations are now broadcasting in high definition (special HD-ready receivers are required to hear the high-quality signal)<sup>58</sup> and mobile devices now offer stunning visual clarity as technology continues to improve.

### 4K / Ultra HD / 8K

Recently, 4K, or Ultra HD, televisions were deemed the future of the high definition viewing experience. Just four years ago, 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 HD format (4K), along with every Formula 1 race and the world premiere of the Spectre James Bond film. The announcement was hailed as a breakthrough in broadcast

<sup>31</sup> "Are you looking to sell new, digital inventory?" Partnership Activation Newsletter. April 2011. PartnershipActivation.com.

technology. The following year, Fox Sports' [broadcast](#) of the Super Bowl included 4K and 8K cameras, augmented reality, and next-gen graphics and stats.

Now, television manufacturers have already begun producing screens capable of broadcasting content in 8K. In addition to 8K sets, improved broadcast technology could also include curved TVs. Samsung also recently [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.

## Viewing Experience

Technology has also impacted the viewing experience. Through a variety of new broadcast angles and expanded programming, sports fans have unprecedented access to everything from expanded viewing angles to behind-the-scenes information when watching their favorite athletes, teams, and sporting events on live television.

- 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.
- 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.<sup>32</sup>
- 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 Website](#), multiple free apps for both smartphones and tablets, and Golf Channel's on-air coverage that featured over 60 hours of live programming).
  - 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."<sup>33</sup>
- 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."<sup>34</sup>
- In 2021, Wimbledon [partnered](#) with IBM to give at-home viewers insights to player performances during the broadcast, including a player's past match statistics to media commentary to using AI (artificial intelligence) to predict the outcome of the match.

## Virtual Reality

Many believe the future in live sports programming may be through virtual reality.

- 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.
- 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.
- The NBA/TNT and Intel's [True View](#) technology have partnered in hopes of changing the way we watch and broadcast sports.
- Last year, 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.

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.

<sup>32</sup> <http://digitalsportsdaily.com/sports-business/tv/3308-meet-the-red-zone-channel-for-college-football.html>

<sup>33</sup> <http://www.golfchannel.com/news/golftalkcentral/augusta-national-announces-multi-platform-coverage-for-masters/>

<sup>34</sup> <http://www.theverge.com/2014/6/5/5782382/why-cant-you-watch-the-world-cup-in-4k>



### For example:

- Fox filled stadiums during its broadcasts of Major League Baseball games with virtual fans using augmented reality.
  - According to [verge.com](https://www.theverge.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.
    - Click [here](#) for more on how Fox implemented the technology.
- 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.
  - 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.
- 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.”
  - 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.

## Gaming

Many of today’s popular games feature enhanced graphics, creating a more realistic user experience while game players now enjoy greater accessibility and interactive capabilities by playing online.

- The popular ‘Madden’ franchise now offers enhanced features like voice control and a virtual twitter feed.
- Electronic Arts included 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.

Virtual Reality is taking video games to a whole new level.

- According to [geek.com](https://www.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.
- According to a market research [report](#), the global virtual reality gaming market size was \$ 11.56 billion in 2019 and is expected to increase by 30.2% every year from 2020 to 2027.

## Footwear & Apparel

- 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.
  - 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.
- In 2021, Nike introduced its FlyEase technology, offering a product designed for people with disabilities like stroke victims, amputees, or people with movement limitations.
  - The technology features a zipper that extends around the heel of the shoe which essentially allows the consumer to slide in his or her foot, and close and tighten the shoe, all with one hand.
  - Nike is reportedly hoping to continue to advance the technology and eventually develop a completely hands-free athletic shoe product.
  - Click [here](#) to watch a “behind the design” video from Nike on the brand’s YouTube channel.

- 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.<sup>35</sup>
  - To read more about Under Armour and its commitment to innovation and technology, click [here](#).
  - Click [here](#) to read about Under Armour's plans for an interactive running suit
- Nike [released](#) their cutting-edge Hyperforce sunglasses with trainers and baseball players in mind, with features including:
  - A high-performance green-based tint that enhances the ability to track and intercept objects in bright and shifting light.
  - An outer lens that is treated with a reflective mirrored coating that shields the athlete's eyes from opponents.
  - A ventilated frame to prevent fogging and rubber elements for enhanced grip to eliminate slippage caused by sweat.
  - A thin temple tip so the frames can fit on top or underneath a hat.
  - A raised top bar and a subtle nose pad that eliminates obstruction.
  - An auto-adaptive nose bridge and temple arms that adjust to the athlete's unique face shape.
- Under Armour [released](#) Gemini 3 RE "smart shoes"
  - 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.
- Adidas added a "sock-shoe" technology to its lineup of golf shoes, including a version that features its no-lace closure system.
- The jackets team sponsor Ralph Lauren designed for Team USA at the 2020 Summer Games incorporated "RL Cooling" technology, designed to keep athletes comfortable and cool throughout the event as temperatures in Tokyo were expected to reach record highs for the Games.
  - Click [here](#) to learn more about the technology.



<sup>35</sup> <http://www.usatoday.com/money/economy/story/2012-07-09/under-armour-kevin-plank/56065684/1>



### DISCUSSION TOPICS

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 2.6 folder.



### DISCUSSION TOPICS

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 IDEAS

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.

## Sporting Goods, Equipment & Wearables

Innovations in sporting goods, equipment and wearables continue to push new limits, with technology playing a significant role in product development.

- 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.<sup>36</sup>
  - 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.
- [Bloomberg](#) recently 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.

### Technology can also improve production capabilities.

- Adidas [announced](#) plans to open a SpeedFactory in Germany which will produce 500,000 pairs of sneakers annually (versus Adidas’ current production that hovers around 300,000 pairs every year).
  - The SpeedFactory combines robot technology with highly skilled workers to increase production.
- As 3D printing technology improves, athletes will have the ability to customize their equipment
  - Formula 1 racing uses 3D printing technology to produce mechanical parts.
  - In 2018, the world’s fastest marathoner (Kenya’s Eliud Kipchoge) [wore](#) 3-D printed Nikes at the London Marathon, helping reduce the weight of the shoe.

<sup>36</sup> <http://www.theverge.com/2014/6/5/5782382/why-cant-you-watch-the-world-cup-in-4k>

- According to [Forbes](#), a golf putter that relied on 3D printing for manufacturing designed by Cobra sold out in 36 hours, prompting some industry analysts to wonder if 2021 would be the year 3D-printed golf gear would go mainstream.

## FORMS OF TECHNOLOGY

There are a variety of forms of technology leading the way in product innovation and influencing marketing strategies.

- **Interactive technologies**
- **Augmented reality**
- **Virtual reality**
- **Extended reality (XR)**
- **Drone technology**

### Interactive Technologies

- [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.
  - 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.<sup>37</sup>
- 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.<sup>38</sup>
  - Click [here](#) to see similar technology from FanZone in Winnipeg at the MTC Center (home of the NHL's Winnipeg Jets),
- 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),
- 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,
  - This innovative technology has allowed the Mets staff to "wow" their clients with interactive sales elements to increase both sales and retention,
- 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.
  - 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."

<sup>37</sup> <http://www.billboard.biz/bbbiz/industry/digital-and-mobile/shazam-says-super-bowl-audio-tagging-was-1006109752.story#oVrQtdtJjuGtWJwz99>

<sup>38</sup> <http://www.sportsbusinessdaily.com/Journal/Issues/2012/07/16/Events-and-Attractions/MLB-All-Star.aspx?hl=cause&sc=0>



## Augmented Reality

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. 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.

### Notable AR applications in SEM:

- 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.
  - Click [here](#) to see a video of the performance.
- 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 emailed to them so they can share through social media.
- 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.
- 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).
- In 2021, New York Marathon sponsor TCS [developed](#) a new app for the event that included a variety of AR features for both runners and spectators, including mini photo recaps, virtual medals, event-specific soundtracks and sound effects, customizable cheer cards and selfie photo frames.

AR integrations are more popular than ever, with many sports and entertainment brands including the popular technology as part of their marketing campaigns.

Adweek [reports](#) that a recent survey from Swedish telecom company Ericsson's mobile ads platform, Emodo, found nearly three-quarters of consumers would be more likely to pay attention to an ad that incorporated AR elements and about 70% said they would like to see more ads that do so in the future.

- 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](#)).
  - 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.
- 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.
- 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.
  - 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.

AR is also popular with movie promotional campaigns, helping films like 'Spider-Man: Far from Home' and 'Detective Pikachu' achieve success at the box office.



- To promote the 4<sup>th</sup> 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.
- 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.
- 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 4<sup>th</sup> 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.

## Virtual Reality

**Virtual reality (VR)** describes a computerized 3D simulation that enables an individual to interact with an artificial environment. VR applications [immerse](#) the user in a computer-generated environment that simulates reality through the use of interactive devices such as goggles, headsets, gloves, or bodysuits.

Virtual reality is not the same as augmented reality. VR completely takes over the user’s field of vision, giving the impression that they are transported to an entirely different environment. AR superimposes new images over whatever visual the individual is already looking at, like a Snapchat Lens.

Like AR, VR opens a whole new realm of possibilities on how fans consume and experience sports and entertainment and creates opportunities for marketing professionals to develop unique ways to connect with and engage fans.

### NOTABLE VR applications in SEM:

- 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.
  - Click [here](#) to see information from the Vikings website.

Theme parks around the world have taken to virtual reality to enhance attractions as a way to improve existing products and to launch new ones.

- 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.
- 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.
  - 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.
- In 2021, Wimbledon and American Express [used VR](#) to offered fans the chance to create an avatar that they could dress in tennis-themed outfits purchased using their own virtual currency (“Wimblecoins”) and sit virtually on Murray Mound (or Henmill Hill, both terms referring to a grassy area popular with Wimbledon spectators for watching matches)
  - Tennis fans also had opportunities to play virtual games (including one that allowed users to simulate the experience playing on Wimbledon’s Centre Court) or enter other competitions using VR as part of Wimbledon’s overall digital marketing strategy.

## Extended Reality

**Extended reality (XR)** describes a combination of virtual reality and augmented reality, creating an enhanced simulation experience for the user.

### Notable XR applications in SEM:

- In 2021, the Minnesota Twins created a limited time XR experience for fans to visit the team's Virtual Hall of Fame
  - Upon entering the virtual HOF, guests prompted to select an avatar outfitted in a variety of Twins' historical uniforms
  - From there, fans could "walk" the virtual Hall of Fame filled with team memorabilia, photos and more, including opportunities to visit movie theater style rooms to watch some of the most iconic moments in Twins history
  - Using [spatial audio](#), fans heard videos become louder as they approached the screen and become quieter as they left the room. The Twins capitalized further on this sound technology by allowing users to speak freely into their microphones allowing others in the vicinity to hear and communicate with them.
- The Baltimore Ravens incorporate an element of mixed reality into the game day experience with a giant virtual raven "flying" around the stadium
  - Click [here](#) to learn more about the technology and to see a video of the tech in action from the Ravens' official website.



## Drone Technology

Brands ranging from Callaway Golf to the Dallas Cowboys are experimenting with ways drone technology can help improve their product. Drones also provide an excellent means for capturing aerial footage of live sporting events, all in high definition, adding a new opportunity for broadcasting innovation.

As stadiums around the world reopen to the public after the pandemic, they will need to place an emphasis on fan safety. [Drones](#) are being positioned as a valuable tool to the sports and entertainment industry to maintain fan safety. Drones can provide a less costly and efficient way to spray disinfectant throughout the seating bowl, helping to quickly sanitize venues.

[Brandchannel.com](http://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. 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.

**Other notable applications of drone technology in SEM:**

- Intel, as part of their sponsorship of the 2018 Winter Games in Pyeongchang, deployed drones to capture footage of the Games, stealing the show when they lit up the sky during the Games' Opening Ceremonies
  - Click [here](#) to see the video from Good Morning America
- 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.
  - Click [here](#) to see a video glimpse of that broadcast
- As part of the Opening Ceremonies for the 2020 Tokyo Games, 1,824 drones lit up the sky above Olympic Stadium, morphing into a variety of visuals including the Tokyo 2020 logo and spinning globe
  - Click [here](#) to see a video of the drone show from the 2020 Summer Games Opening Ceremony.

# Competition for the Entertainment Dollar

## DISCRETIONARY INCOME

**Discretionary income** is money left to spend after necessary expenses are paid.<sup>69</sup> Consumers have only so much discretionary income available in today's economy, and it fluctuates with changes in economic conditions. For example, competition for the entertainment dollar will increase when the economy is in a recession. Inflation can also impact discretionary spending.

However, 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. With the consistent evolution and innovation of sports and entertainment products, competition for the entertainment dollar continues to rise.

Take for example the many entertainment options available to residents in the Denver Metro Area which require individuals to spend discretionary dollars.

### Sports teams (professional and major colleges) and events:

- Denver Broncos (NFL)
- Denver Nuggets (NBA)
- Colorado Avalanche (NHL)
- Colorado Rockies (MLB)
- Colorado Crush (Arena Football League)
- Colorado Rapids (Major League Soccer)
- Colorado Springs SkySox (Minor League Baseball)
- Colorado Mammoth (National Lacrosse League)
- University of Colorado Buffaloes (NCAA)
- Colorado State University Rams (NCAA)
- University of Denver Pioneers (NCAA)
- Air Force Falcons (NCAA)
- The International Golf Tournament (PGA Tour)
- Bandimere Speedway (National Hot Rod Association Championship Drag Racing)
- Grand Prix of Denver (Auto racing)

**In addition to sports products, Denver also offers a wide variety of outdoor activities (most of which require spending discretionary income on passes, travel, and equipment):**

- Mountain climbing
- Hiking
- Camping
- Fishing
- Hunting
- Skiing

**There are also hundreds of entertainment options available to consumers throughout the metro area:**

- Theme and entertainment parks
  - Six Flags
  - Water World
  - Lakeside Amusement Park
- Movies
  - Movie theaters
  - Redbox
  - Drive-in theaters
- Live Music
  - House of Blues
  - Red Rocks
- Entertainment Venues
  - Pepsi Center
  - Invesco Field
  - Coors Field
- Performing Arts/Theatre
  - Boulder's Dinner Theatre
  - Colorado Ballet
  - Colorado Children's Chorale
  - Comedy Works, Inc.
  - Denver Center for the Performing Arts
- Festivals
  - The Denver Mariachi Festival
  - Colorado Music Festival
  - Bravo! Vail Valley Music Festival
  - Cherry Creek Arts Festival
  - Colorado Renaissance Festival
- Museums/Art/Culture
  - Astor House Museum
  - Black American West Museum & Heritage Center
  - Buffalo Bill's Museum & Grave
  - Cherokee Ranch and Castle
  - Children's Museum of Denver
  - Colorado Sports Hall of Fame
- Zoos/Aquariums/Gardens
  - Downtown Aquarium
  - The Denver Zoo
  - Butterfly Pavilion and Insect Center
  - Denver Botanic Gardens
- Specialty Tours/Attractions
  - Cave of The Winds
  - Cripple Creek & Victor Narrow Gauge Railroad
  - Dinosaur Ridge
  - United States Mint

With hundreds of options, consumers can only afford to attend a finite number of sports and entertainment events. By engaging in effective marketing strategy, sports and entertainment business professionals can successfully connect with consumers and encourage discretionary spending.

### What types of entertainment are offered in your area?

- Sporting events
- Live music and entertainment
- Video games
- Theatre
- Festivals and events
- Movie rentals
- Theme parks
- Movie theaters
- Excursions (hiking, rafting, etc.)



#### DISCUSSION TOPICS

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 2.7 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?

# Reaching Consumers

## THE ELUSIVE FAN

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. Reaching consumers in today’s crowded sports and entertainment environment has become more challenging than ever while competition for the entertainment dollar has never been higher.

**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 Websites with fantasy games, insider information and gamecasts; and a wide variety of increasingly realistic sports video games.”<sup>39</sup>*

The primary challenge for today’s sports/entertainment business professional is capturing consumer interest and building loyalty once that connection has been made.

Why is loyalty important? Most marketers follow the widely accepted “20/80 rule”: 20% of customers account for 80% of company sales.

### Consider the following:

- 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.”
- Because NASCAR fans are among the most brand loyal in all of sports, more Fortune 500 companies invest in NASCAR marketing programs than any other major sports property <sup>72</sup>
  - 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.”
- [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.

Have you ever seen a rewards or loyalty program being offered by your favorite brand or at places you shop? Because loyalty is so important, many sports and entertainment organizations implement “loyalty programs” to reward core customers.

<sup>39</sup> The Elusive Fan: Reinventing Sports in a Crowded Marketplace, Rein, Kotler, Shields, McGraw Hill, p. 6



### Examples:

- 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% off.<sup>40</sup>
- According to 500Friends, an agency specializing in loyalty programs, the practice of rewarding loyal fans is increasing in popularity among sports leagues.
  - 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 loyalty.<sup>41</sup>
  - 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.
    - Click [here](#) to visit the Jags Rewards website.
  - NHL teams like the Montreal Canadiens, Buffalo Sabres, Winnipeg Jets and Minnesota Wild have recently launched fan loyalty programs.
    - Click [here](#) for a recap of each team's program features from hockeywriters.com.

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](#)). 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.

## MORE SPORTS AND ENTERTAINMENT THAN EVER

New and emerging sports and entertainment offerings keep the marketplace in a constant state of competition as the industry continues to grow at a rapid pace. Dennis Deninger, a former ESPN production executive who now teaches sports communications at Syracuse University, perfectly explained in an interview with the [Los Angeles Times](#): “Every year, there are more entertainment options for people to fill their leisure time.”

### Consider the wide variety of emerging sports experiencing explosive growth both globally and in the United States:

- eSports
- Cricket
- Rugby
- X Games
- MMA
- Curling
- Darts

### eSports

The rapid growth of eSports has taken the entertainment industry by storm, and it shows no signs of slowing down.

- 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.<sup>42</sup>
- 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.

<sup>40</sup> <http://www.blazersedge.com/2014/2/19/5424404/digest-blazers-president-chris-mcgowan-talks-ticket-prices-business>

<sup>41</sup> <http://www.500friends.com/blog/2016/11/02/The-Growing-Role-of-Loyalty-in-Sports-Franchises>

<sup>42</sup> <https://venturebeat.com/2020/02/25/newzoo-global-esports-will-top-1-billion-in-2020-with-china-as-the-top-market/>

- 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.
  - 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).
  - 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.
  - In 2020, Epic Games cancelled plans for the 2020 Fortnite World Cup in response to the COVID-19 global health crisis.



### DISCUSSION TOPICS

To further illustrate the incredible growth of esports (and more facts and figures relating to the 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 2.8 folder.

## Cricket

Many industry analysts are beginning to ponder the growth potential of cricket, not just globally, but also as the sport gains a foothold in the U.S.

- 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.<sup>43</sup>
  - 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."<sup>44</sup>
    - Click [here](#) to read an interview posted on joefavorito.com the sports business impact cricket's growth could have in the U.S.
    - 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.
  - 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.
    - 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.

<sup>43</sup> <http://www.forbes.com/sites/jasonbelzer/2016/01/22/why-australias-big-bash-league-is-changing-the-professional-sports-paradigm/#27198f01693c>

<sup>44</sup> <http://joefavorito.com/2011/04/12/cricket-getting-louder>

- Mr. Pandya's ambitious plans make this the biggest new-sport initiative in the U.S. since the launch of Major League Soccer.
- 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.
- According to sports business website [JohnWallStreet.com](http://JohnWallStreet.com), the Indian Premier League (IPL) generates more sponsorship revenue annually than Major League Baseball, despite its season being just 47 days long.
- 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).
- 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.
- 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
- 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.
  - The tournament was slated to begin on August 1st and was played online due to the ongoing coronavirus pandemic

## Rugby

Rugby is another sport poised for explosive growth in the U.S. It is currently the second most popular sport in the world. It is currently played in 121 different countries across the globe. According to the National Rugby Football League [website](#), the number of rugby participants in the U.S. has increased by 350%, making it the fastest growing participation sport in the country. Over 1.2 million people are now playing the sport in the United States.

- Two years ago, NBC televised a match between the United States rugby team and the top ranked team in the world, the New Zealand All Blacks. The event drew 62,000 spectators at Chicago's Soldier Field and NBC's ratings were higher than any Major League Soccer game in the network's broadcast history.
- In 2016, rugby was a competitive event at the Summer Games in Rio for the first time since the 1924 Olympic Games (the Rio event was a Rugby "Sevens", a 7-on-7 version of the sport).
  - [Nielsen](#) predicted that, by the 2021 Summer Games in Tokyo where Rugby Sevens was scheduled to make its second appearance as an official Olympic competition, the sport will have gained more than 30 million new fans.
- In the spring of 2022, the [National Rugby Football League](#) is scheduled to launch in the United States with the high hopes of growing the game to new levels domestically.
- Click [here](#) for a story from ESPN on how Rugby plans to take the sport mainstream in America.

## X Games

ESPN's action sports X Games franchise's consumer products and licensing business does more than \$120 million in retail sales each year.<sup>45</sup>

- According to an ESPN [press release](#), X Games Aspen 2021 enjoyed significant growth in TV viewership, and across all digital and social media channels
- Across the three days of the event, TikTok live streamed five of X Games Aspen's non-linear broadcasts, which resulted in 2.1 million live views. In addition, TikTok placed the #XGamesMode banner on the discover page which resulted in growth of 407 million views, and a total currently surpassing one billion views

<sup>45</sup> <http://www.sportsbusinessjournal.com/article/63061>

- X Games Aspen 2021 delivered more than 105 million video views across its TikTok, Instagram, YouTube, Facebook, Twitter and Snapchat (an increase of 483% from the previous year)
- Total TikTok video views: 63.3M (+4,421% YOY)
- Total TikTok followers: 403,507 (+1,097% YOY)
- Total Instagram video views: 23.8M (+166% YOY)
- Total Instagram impressions: 107.1M (+194% YOY)
- Instagram stories garnered another six million impressions, with 46K average story views (+31% YOY)
- Total Instagram followers: 2.9M (+113% YOY for event week)
- YouTube: 4.1M video views (+11% YOY)
- YouTube: 42.1M minutes watched (+7% YOY)
- Twitter: 11.4M impressions (+75% YOY)
- Facebook: 578K total engagements (+319% YOY)
- XGames.com also saw triple-digit growth the week of the event, with a +692% YOY increase in average daily unique visitors, a +736% YOY increase in page views and a +835% YOY increase in total minutes spent on the website.
- Globally, X Games Aspen was syndicated in 192 countries and territories and to more than 500 million homes.

## MMA

In a sport once publicly denounced by Senator and former Presidential Candidate John McCain, Mixed Martial Arts (MMA) eventually gained mainstream appeal. The sport is now sanctioned in every state with an athletic commission.

- 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.
- 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.<sup>46</sup>
- 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.
  - 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).<sup>47</sup>

## Curling

According to the [Edmonton Journal](#), curling is capturing the attention of fans throughout Canada, particularly on television and thanks to Team U.S.A. capturing gold in the 2018 Winter Olympic Games, curling is developing a fervent following in the United States.

- 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.
  - 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.
  - Click [here](#) to read more from edmontonjournal.com on how curling has exploded in Canada.

## Darts

One of the fastest growing spectator sports in England is darts, a traditional bar/pub game. 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.

<sup>46</sup> <http://www.heavy.com/mma/ufc/2011/02/ufc-soon-to-be-available-in-a-billion-homes>

<sup>47</sup> <http://www.wsj.com/articles/ufc-sells-for-approximately-4-billion-to-talent-agency-wme-img-1468238282>

- 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.
  - 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.
  - According to one [estimate](#), the top professional dart player in the world has a net worth of over \$6.5 Million.
  - 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](#).



### SEM PROJECT IDEA

Refer to the “Fringe Sport Research Project” 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.



### DISCUSSION TOPICS

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.

## EXAMINING THE ELUSIVE FAN

While many factors impact a consumer’s decision to participate in sports and entertainment, the primary influencers are money and time. Other factors can include personal issues like spending time with family, camaraderie among friends and relaxation. Innovation, enhancement of the overall fan (consumer) experience and careful market research become essential components of marketing plans and strategies.

**According to the book, an elusive fan is defined by seven major characteristics:** <sup>48</sup>

1. Pressurized competitive environment
2. Higher fan expectations
3. Paradox of commercialism
4. New technology
5. Individualism
6. Change in family structure/behavior
7. Time pressure

### 1. Pressurized Competitive Environment

As we previously examined, the sports marketplace is extremely crowded. With new sports being introduced every year and emerging sports gaining popularity, the industry is experiencing a pressurized competitive environment. For example, 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. All the while, the NHL must also compete for the attention of fans on television and maintain a grassroots presence by continuing to develop interest in the sport of hockey at the youth level.

<sup>48</sup> The Elusive Fan: Reinventing Sports in a Crowded Marketplace, Rein, Kotler, Shields, McGraw Hill, p. 6

## 2. Higher Fan Expectations

Fans demand a higher consumer experience than ever before with more menu options, newer facilities and advances in broadcast technologies. Fans also demand more access to athletes and entertainers as well as “behind-the-scenes” experiences.

- 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.
- 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).
- 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.

## 3. Paradox Of Commercialism

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. Fans can be turned off to a product when they feel they are seeing too much advertising and that their favorite sports team or league is becoming too commercialized. Meanwhile, for teams or leagues to offer fans the best product possible, they must invest in athletes, meaning they need to generate more revenue as player salaries continue to escalate. Sports teams, leagues and events operate as businesses with a goal of generating a profit which can lead to a paradox of commercialism.

Take for example the Indianapolis Motor Speedway which featured signage on the racing surface for the Indy 500 for the first time in its history in 2012. 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.”*<sup>49</sup>

Sports and entertainment brands must consider the paradox of commercialism when evaluating their marketing strategies.

- 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.”

Sports teams and leagues often face backlash and criticism from fans when a perception exists that the games or sport become too commercialized.

- In 2021, a bombshell story surfaced describing a plan hatched by twelve of Europe’s leading soccer teams to leave their current leagues to create the “European Super League” as an opportunity to generate even higher profits for the clubs
  - According to some reports, the twelve founding clubs each stood to gain an estimated \$400 in revenue by establishing the new league format
  - The plan was met with immediate and universal [backlash](#) among fans, other soccer leagues and players (both past and present)
  - As criticism mounted, the league scrapped its plans just three days after the initial news broke, and the proposed European Super League [announced](#) that it was suspending its current plans (at that point, many of the founding clubs began to back out, including all six Premier League clubs)

<sup>49</sup> <http://nysportsjournalism.squarespace.com/qa-indy-500-revs-up-marketing/?SSScrollPosition=188>

- Click [here](#) to read a story from the New Yorker entitled “The Audacity and Greed of The Super League”

The fine line between commercialism and marketing can be on display when teams or leagues introduce new uniform designs, logos, or stadium naming rights partners. Because sports and entertainment businesses have such passionate consumers, decisions about an organization’s brand can be met with resistance from consumers.

- When the Milwaukee Brewers announced 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.
  - 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.
- Click [here](#) to see a recap of the reaction from USA Today.

As a result, many sports marketing executives wrestle with the decisions that could be perceived as over commercialization of the brand, such as whether to place advertisements on jerseys and uniforms.

- 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’ numbers.<sup>50</sup>
  - 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.
    - Verizon’s corporate logo was placed on jersey fronts directly below the players’ numbers.
    - 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.
    - 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.
- 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.<sup>51</sup>
  - A 2016 report from [International Business Times](#) suggests Major League Soccer rakes in more than \$6 million annually from league jersey sponsorship sales.

While the debate continues, sports teams who choose NOT to sell jersey advertising are passing up the potential for extremely lucrative sponsorship deals.

- 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.
- Internationally, jersey deals generate huge sums in sponsorship revenue
  - As of 2021, here are the [top five](#) uniform advertising deals (shirt sponsorships) with international soccer clubs (sponsor name in parenthesis):
    - Real Madrid (Emirates - United Arab Emirates airline) – \$413 million
    - Tottenham Hotspur (AIA - Hong Kong insurance and financial corporation) – \$400 million
    - Manchester United (TeamViewer - German software company) – \$325 million
    - Barcelona (Rakuten - Japanese electronics company) – \$324 million
    - Bayern Munich (Deutsche Telekom - German telecommunications company) – \$283 million
- Two years ago, 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.<sup>52</sup>

<sup>50</sup> [http://www.mediabistro.com/sportsnewser/wnba-to-put-ads-on-10-of-12-team-unis\\_b13294](http://www.mediabistro.com/sportsnewser/wnba-to-put-ads-on-10-of-12-team-unis_b13294)

<sup>51</sup> <http://www.brotherlygame.com/2011/1/17/1938619/current-jersey-sponsors-in-the-mls>

<sup>52</sup> <https://sports.yahoo.com/mlb-ad-patches-uniforms-nba-revenue-221957163.html>



- One league executive suggested in a 2019 interview with [Sports Business Journal](#) that some type of advertising on MLB uniforms is “inevitable”
- Five years ago, the NBA began allowing its teams to sell jersey sponsorships
  - 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.
  - 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 sizable 31% increase over the previous season).
  - 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).
- 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.
  - 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.”
    - 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).
    - For example, they charge just \$1.50 for an egg salad sandwich and \$1.00 for chips, peanuts or popcorn.
    - Compare that to concessions prices at Super Bowl 51 where peanuts cost \$7 and popcorn was \$15).
    - In 2017, Callaway Golf sent a tweet from the tournament displaying concessions prices. Click [here](#) to view the tweet.
  - Rather than open a bidding war for broadcast rights, Augusta National sells the rights every year to CBS on a one-year contract with rights positioned that neither CBS nor Augusta makes money on the deal.
    - 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.
  - 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.
    - 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.)
      - Click [here](#) to read more from Golf Digest.



### 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 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 a good fit? You might also wait on this activity until lesson 8.3 when we explore sponsorship decisions.



## CASE STUDY NHL SPONSORSHIP

### NHL Position on Sponsorship

To illustrate the challenge sports teams and leagues and events have when balancing sport, tradition and commercialism, let's explore the NHL's position on sponsorship.

In 2017, NHL commissioner Gary Bettman reaffirmed his position that the NHL would not be following the NBA's decision to allow advertising on jerseys.

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."



Fast forward to 2021 when the league and its teams suffered significant revenue losses as a result of the COVID-19 pandemic. The NHL shifted its position, and [announced](#) it would allow teams to sell advertising on helmets for the season. Jersey advertising was also reportedly discussed, but it was determined that helmet decals were less intrusive.

One team, the St. Louis Blues, wasted no time finding a helmet sponsor. Shortly after the league made the decision to allow helmet advertising, the Blues partnered with two companies, allowing them to maximize the revenue opportunity by selling decals for both home and away games. The team [announced](#) that an Enterprise Car Rental decal would appear on the Blues' white road helmets, and a Stifel (an investment banking firm) decal on the team's blue home helmets.

Initially, the league had planned to only allow the helmet ads for one season, but discussions have been ongoing as to whether they would be allowed in the future.

The league also faced some sponsorship related decisions when planning one of its popular Outdoor Series game events. In 2021, the league's first choice for the location of its outdoor game was Lake Louise. When the prospective host city balked at the league's demands to place advertisements on the ice, the NHL turned their attention to Lake Tahoe where the event would eventually be held.

In an interview with [USA Today Sports](#), the NHL's chief content officer Steve Mayer said "It really does come down to showing a Bridgestone logo or a Honda logo. We wouldn't have been able to do that at all at Lake Louise ... but it was the impetus to say, 'OK, it doesn't work here, but it will work somewhere else."

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 in a way that most certainly illustrates the concept of commercialism.

**Examples include:**

- Several years ago, 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).<sup>53</sup>
- 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.<sup>54</sup>
- 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.
  - According to [sponsorship.com](http://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.
- 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.
  - 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.
  - According to [bizjournals.com](http://bizjournals.com), the biggest opportunity could be with sports media and sponsorship.
    - 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.
- ESPN [reports](#) the three-year deal was worth an estimated \$25 million.
- Click [here](#) for more details on the partnership between the NBA and MGM.
  - 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.
  - Several collegiate athletic programs around the country are relaxing their ban on alcohol sales at sporting events as a way to generate additional revenue.
    - 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.
- 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.
  - 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.

After COVID-19 kept fans at home and leagues shut down, sports teams were forced to find ways to make up for massive amounts of lost revenue, leading to a shift in allowing more aggressive forms of advertising and for products that the public would view as controversial.

- 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.

<sup>53</sup> <http://www.sportsbusinessdaily.com/Journal/Issues/2011/07/25/Facilities/Panthers.aspx>

<sup>54</sup> [http://articles.baltimoresun.com/2012-04-16/news/bs-bz-nfl-casino-advertisement-20120416\\_1\\_casino-at-ocean-downs-maryland-live-casino-casino-industry](http://articles.baltimoresun.com/2012-04-16/news/bs-bz-nfl-casino-advertisement-20120416_1_casino-at-ocean-downs-maryland-live-casino-casino-industry)

- 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."
- "Tarp" advertising
  - 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](#)).
- 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.
- 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.

COVID-19 also saw the introduction of cardboard cutouts as broadcasters, teams and leagues attempted to fill the stadium with fans in unique ways once games resumed. Many teams chose to sell the cardboard cutouts that would eventually be placed in arenas and could be seen during game broadcasts as a way to generate additional revenue.

- 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.
- Several Major League Baseball teams also featured fan cutouts at stadiums during the pandemic-shortened season.
  - 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.
    - At a price of \$49 per cutout, (fans submitted their own pictures), the team generated \$55,000 (the team donated the money to charity).
  - The Oakland A's enjoyed similar success with their "Coliseum Cutouts" program, selling 1,000 cutouts in just 24-hours according to [CNBC](#).
    - 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.
    - 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.

To help offset those potential losses, SBJ reports that the NBA is 'opening lucrative new revenue streams' for its teams to bring in crucial commercial income should games have to be played in front of limited crowds or in empty arenas.



### DISCUSSION TOPICS

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 ebook 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.

## 4. New Technology

Never before have consumers had so much information or access to sports and entertainment products at their fingertips with the proliferation of media channels. The fan experience is being consistently upgraded as a direct result of new technologies and advances in social media as consumers can absorb the sports experience from almost anywhere. 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).

Whether they're using smartphones, laptops or tablets, sports fans are active sharers who use game time for both watching and connecting on second screens. Shorter attention spans and multi-tasking consumers create new challenges for sports and entertainment business professionals.

## 5. Individualism

Society as a whole has become less focused on group interaction and developed more specialized interests. Individualism has slowly resulted in the deterioration of the popularity of team sports, a trend that became even more pronounced as a result of the pandemic when consumers were unable to participate in group sports and some public health experts advised spending more time outdoors. Today, the fastest growing participation sports in America and internationally are individual sports.

- 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.<sup>55</sup>
  - 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.
  - The Sports & Fitness Industry Association estimates about 1.3 million people were playing the sport in 2016, and then it just about doubled the following year to 2.5 million. That number ballooned to an [estimated](#) 4.2 million players last year.
  - Despite its stereotype of appealing mostly to older athletes, 44% of the core and casual pickleball players aged 34 or younger
- Cornhole, the beloved backyard game and tailgating activity, has grown into a professional sport with live telecast.
  - 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.
- According to the Outdoor Foundation, slightly over 1 million Americans participated in stand-up paddling, also called SUP, ten years ago. By last year, however, the number of SUP participants in the U.S. nearly quadrupled to 3.7 million.<sup>56</sup>

<sup>55</sup> <http://www.foxnews.com/sports/2011/07/11/caught-in-pickleball-seniors-new-favorite-sport/>

<sup>56</sup> <https://www.statista.com/statistics/763907/stand-up-paddling-participants-us/>



# GROWTH OF SUP



2010

**1M**

In 2010, there were roughly one million Americans participating in stand-up paddling, according to the Outdoor Foundation.

2020

**3.7M**

By 2020, the number of people in the U.S. participating in SUP had swelled to 3.68 million, according to data from Statista.

The fastest-growing participation sports in America and internationally are individual sports. This individualism makes it harder for sports marketing professionals to reach and engage fans.

## THE BUSINESS OF SPORTS AND ENTERTAINMENT

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## 6. Change In Family Structure/Behavior

The family dynamic has shifted in the last several decades. Today, more than half of all U.S. families are divorced, single parent or diverse groups of unrelated people.<sup>57</sup> In addition, the added pressure of school schedules and extracurricular activities leaves families with less leisure time. As a result, the decision-making process for sports and entertainment participation becomes more complicated.

## 7. Time Pressure

The time demands Americans face today offer fewer hours for the consumption of sport in any capacity, be it as a spectator or participant. It is not simply the activity itself that poses challenges for consumers. 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.

To alleviate some of that pressure, some teams have started to adjust by moving up the start time for home games to accommodate fans. According to the [News & Observer](#), the Carolina Hurricanes moved Friday night home games to 7:30 instead of 7:00 in an effort to cater to the needs of fans with busy schedules.

<sup>57</sup> The Elusive Fan: Reinventing Sports in a Crowded Marketplace, Rein, Kotler, Shields, McGraw Hill, p. 5

# CONNECTING WITH THE ELUSIVE FAN

## Fan Engagement

**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. To elevate levels of fandom, it is important for sports and entertainment business professionals to develop strategies that keep fans engaged. Sports teams develop fan engagement strategies to encourage fans to interact with the franchise.

### Tools for increasing levels of fan engagement:

- Content marketing (unique and original branded programming)
- Social media marketing
- Digital marketing
  - Apps, podcasts, augmented and virtual reality etc.
- Interactive experiences
- Live streams, events etc.
- Behind-the-scenes access
  - 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.



# Introduction to Event Marketing & Management

## EVENT MARKETING

**Event marketing** refers to the actual marketing and management of an event by its organizers or marketing an organization's products and services using an event as the platform. Event marketing is not the same thing as event management. **Event management** describes the process of planning, organizing and conducting the event.

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.<sup>58</sup>

- Visit [bizzabo.com](https://bizzabo.com) for more statistics and data relating to the future of event marketing

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. In fact, event marketing can consume 25% of a company's marketing budget, according to data from Event Farm.<sup>59</sup>

In addition to the expense associated with marketing an event, significant costs are associated with hosting events. Major, large-scale sporting events, also referred to as **mega events** (like the Olympic Games, the World Cup, Super Bowl and March Madness), can cost the host city or country billions. Russia has 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](#)).

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

Many mega events actually run over budget. 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 \$28 billion (almost four times the original estimate) for the 2020 Tokyo Games. In a [report](#) published just prior to the beginning of the event in 2021, it was suggested that the postponement of the Summer Olympics would cost the Japanese economy \$3 billion, and another \$800 million after the decision was made to ban spectators.

Meanwhile, the cost of construction or renovation of the 12 venues being used for the 2022 FIFA Men's World Cup in Qatar is [estimated](#) to be between \$3 and \$4 billion – and that's just the stadium costs and several [estimates](#) published last year suggest Qatar will spend more than \$200 billion overall to host the event.

**For sports and entertainment events, event marketing can involve many different marketing activities:**

- Marketing the event to athletes or entertainers/celebrities to recruit and secure their participation to elevate the attractiveness of the event as a whole.
- Creating a publicity strategy incorporating a plan to utilize the media to increase coverage of the event.
- Promoting the event to the general public to increase attendance or follow the event through the media.
- Marketing the event to corporations to urge sponsorship and general event support.
- Working with government officials to provide public support.
- Marketing to private vendors that can provide services for the event.

<sup>58</sup> <https://blog.bizzabo.com/event-marketing-statistics>

<sup>59</sup> <http://blog.eventfarm.com/blog/35-statistics-that-every-event-marketer-should-know>

For an event to be successful, they must find ways to generate corporate support. The role of corporate support in event marketing has increased significantly in the past few decades as organizers can no longer rely on ticket sales to generate enough revenue to support the event.

**In fact, without sponsorships and corporate support, many events would not only fail to generate a profit, but some would also cease to exist.**

**For example:**

- 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.<sup>60</sup>
- 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.

**However, when the corporate support is there for an event, the amount of revenue being generated can be substantial.**

**For example:**

- 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 place.<sup>61</sup>
- 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.
  - 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](#).
- According to [estimates](#), 47 major sponsors were lined up to spend \$3 billion in sponsorship of the Tokyo Games, despite the controversy surrounding the Summer Olympics and whether the event should even take place as the city declared a state of emergency in response to the continued spread of COVID-19 just weeks before the games were scheduled to begin.
  - New sponsor Airbnb will [reportedly](#) spend \$500 million alone through the 2028 Olympics for the right to be the games' official housing partner.
- Many college football bowl games rely almost entirely on corporate support.
  - When the International Bowl in Toronto failed to secure a title sponsor, the event was forced to go out of business.
  - The Poinsettia 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.

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 partner.

## The 5 P's of Event Marketing<sup>62</sup>

1. Participation
2. Product/brand experience
3. Promotion
4. Probe
5. Prospect

<sup>60</sup> <http://www.dailycommercial.com/sports/story/718lpga>

<sup>61</sup> <http://www.reuters.com/article/2010/02/27/us-olympics-sochi-sb-idUSTRE61Q0CQ20100227>

<sup>62</sup> <http://www.sportstravelmagazine.com/InsidersClub/9908BIZ.html>

## Participation

Participation involves getting consumers to attend the event and interact with the company, whether visually, verbally or interactively.

## Product/Brand Experience

Product/brand experience refers to the activity of distributing samples or having the consumer try on or try out your product at the event.

## Promotion

Promotion 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.

## Probe

Probing refers to the process of conducting research before, during and after the event to make sure that you are effectively reaching the event's target audience.

## Prospect

Prospecting implies that companies should approach event marketing as a long-term commitment. Involvement with an event can require several years to establish before a company will reap the reward on their investment.

# 5 P'S OF EVENT MARKETING

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 partner.



# EVENT MANAGEMENT

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.

## Event planning

- Factors sports and entertainment marketers consider when planning an event
- Working with vendors
- Facility selection
  - Click [here](#) for an infographic illustrating how the organizing committee for the 2016 Summer Olympic Games planned the venues for the competitions.
- Staffing and volunteers
- Traffic and parking
- Transportation
- Security
- Concessions
- Ticketing and admissions
- Sponsorship
- Awards (including award ceremonies)
- Special accommodations
- Weather
- Hotels and lodging
  - Click [here](#) for an infographic illustrating how the organizing committee for the 2016 Summer Olympic Games developed a lodging plan for participating athletes.

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.

- 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.<sup>63</sup> The event was also successfully marketed as over 6,000 spectators showed up to watch the competition.<sup>64</sup>

Mega events require significant advance planning for the event to be a success, and organizers often have to find creative

- 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
- It has been reported that Beijing will need to make almost ALL of the snow to be used for the 2022 Winter Olympic Games.
  - Click [here](#) to read how they plan to do so.

<sup>63</sup> [http://blog.oregonlive.com/breakingnews/2008/05/downtown\\_portland\\_gets\\_snow\\_an.html](http://blog.oregonlive.com/breakingnews/2008/05/downtown_portland_gets_snow_an.html)

<sup>64</sup> <http://www.pdpxpipeline.com/2011/05/26/ford-campus-rail-jam-pioneer-courthouse-square>



# EVENT TRIANGLE

The **event triangle** is a basic model that describes the relationship between each of the event's primary stakeholders: participants, spectators, and sponsors. At the center of the triangle is the event itself while the three sides of the triangle represent the exchanges between stakeholders.

The four key components of the triangle include:

1. Event
2. Participant
3. Sponsor
4. Spectator

## 1. Event

At the center of the triangle is its most important component: **the event**. The event represents a function that will draw participants, spectators, and sponsors. Events can include both amateur or professional competitors, and traditionally offers some exposure for sponsors. The event function ranges from live sports to shows, exhibitions and concerts.

**Event examples:**

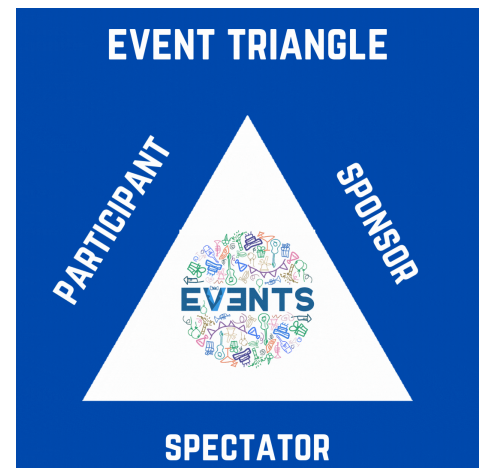
- Tour de France
- Weddings
- Competitive Eating Events
- Cannes International Film Festival
- US Air Guitar Championships
- America's Cup
- ESPY Awards
- The annual Consumer Electronics Show (CES) in Las Vegas
- Local 5K "Fun Run"
- High school air band competition

## Venue

An event **venue** describes the space used for the hosting of the event. Venues can be indoor or outdoor and can be found almost anywhere. Traditionally in sports and entertainment, events are held in stadiums, arenas, racetracks, ballparks, and conference centers, or outdoor venues for concerts and festivals.

With so many events being offered, event organizers often find creative new venues to host events in an effort to generate public interest.

- Red Bull launched its "[King of the Rock](https://www.redbullusa.com/kingoftherock)" 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).<sup>65</sup>
- As part of a cross promotion with Rugby World Cup Sevens, 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.<sup>66</sup>
  - Click [here](https://sfgiants.mlbblogs.com/giants-host-inaugural-rugby-night-fee8b9e21d68) for more on the Giants' creative event activation
- 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.



<sup>65</sup> [www.redbullusa.com/kingoftherock](https://www.redbullusa.com/kingoftherock)

<sup>66</sup> <https://sfgiants.mlbblogs.com/giants-host-inaugural-rugby-night-fee8b9e21d68>

- The New York Yankees played the Chicago White Sox for a regular season game at the Field of Dreams in 2021.
  - Click [here](#) to see a story detailing how the stadium will be constructed.
- 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.
  - 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.
  - In 2010, Tough Mudder generated \$10 million in revenue. By 2015, [Business Insider](#) reported the event was generating over \$100 million annually.
    - In 2010, Tough Mudder held three events. Two years later, in 2012, it had organized 35 around the world and by 2017, the event had a presence in 10 different countries which host more than 100 events each year..
    - Tough Mudder now has a partnership with British sports media giant BBC for a televised series featuring coverage of its competitions.
    - More than 3 million people have participated in Tough Mudder events, according to [USA Today](#).
    - 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.
  - 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.
    - The brand also enjoys more than 5 million followers on social media and has its own popular NBC television series.
    - 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.
    - Some events have also participated in charitable commitments.
  - 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)
  - 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.

## 2. Participant

At a sporting event, participants are represented by the athletes involved in the competition. In other events, participants could be represented by a band, singer, entertainer etc. Participants are the stakeholders for which spectators are coming to see perform.

## 3. Sponsors

Companies support events through sponsorship. They utilize event sponsorship as a vehicle for marketing products or services and use it as a tool to advance future business opportunities. We explore the concept of sponsorship in Unit 8.

## 4. Spectators

Spectators are the individuals attending an event as a source of entertainment. Often, spectators must pay to attend the event. While attending, spectators are exposed to event sponsors and associated promotion on-site at the event.



### SEM PROJECT IDEA

Refer to the "Event Marketing Group Project" 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.

## UNIT 2 KEY TERMS DEFINED:

**Augmented Reality (AR):** Augmented reality is essentially the practice of taking the same graphics used on television screens or computer displays and integrating them into real-world environments

**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

**Spectator:** The individuals attending an event as a source of entertainment.

**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

**Venue:** Describes the space used for the hosting of the event. Venues can be indoor or outdoor and can be found almost anywhere.

**Virtual Reality (VR):** Virtual reality describes a computerized 3D simulation that enables an individual to interact with an artificial environment.



# Unit 3

## Sports & Entertainment Business Fundamentals

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### OVERVIEW

Unit three offers an introduction to the basic business fundamentals that drive the sports and entertainment industry. Students will explore various industry segments while gaining an understanding of how sports and entertainment organizations generate revenue with the goal of achieving profitability.

### OBJECTIVES

1. Define and provide examples of sports and entertainment industry segments
2. Describe the concept of revenue and recognize its importance to a sports and entertainment organization
3. Explain how sports and entertainment organizations generate revenue
4. Describe the concepts of broadcast rights
5. Explain the concept of ratings
6. Define ancillary products
7. Define and understand the importance of product placement
8. Describe industry trends
9. Explain the concept of economic impact

### KEY TERMS

*Ancillary Products*

*Broadcast Rights*

*Economic Impact*

*Gamification*

*Industry Segment*

*Pop-up Store*

*Product Placement*

*Ratings*

*Revenue Stream*

### LESSONS

[LESSON 3.1](#) [Industry Segments](#)

[LESSON 3.2](#) [Sports Business Fundamentals](#)

[LESSON 3.3](#) [Entertainment Business Fundamentals](#)

[LESSON 3.4](#) [Industry Trends](#)

[LESSON 3.5](#) [Industry Economics](#)

# Industry Segments

## THE ORIGINS OF SPORTS AND ENTERTAINMENT MARKETING (SEM)

### What is an Industry Segment?

Industry segments refer to a grouping of similar types of products or services offered to consumers by businesses within the same industry. It is important to distinguish between segments because various segments offer a wide range of products and services. The primary revenue streams for a sport organization could vary from segment to segment.

Examples of segments in the sport industry could include:

- Sports tourism
- Sporting goods
- Sports apparel
- Amateur and Olympic sports
- High school athletics
- Collegiate athletics
- Professional sports
- Motor
- Recreation
- Outdoor sports
- Health clubs and fitness facilities
- Sports marketing firms
- Event management
- Sports-governing organizations
- Venue and facility management
- Extreme or “action” sports

Examples of segments in the sport industry could include:

- Filmed entertainment
- Television networks (broadcast and cable)
- Television distribution (station, cable and satellite)
- Recorded music
- Video games
- Radio services
- Internet
- Publishing sector (newspapers, books, magazines)
- Digital media services
- Broadcasting-satellite services
- Theatre
- Casinos and gaming
- Fine arts
- Theme parks and amusement parks





## INSTRUCTOR NOTES

Ask students to, either individually or as a class discussion, identify a specific product for each of the segments listed above.



## DISCUSSION TOPICS

Prior to beginning lessons 3.2 and 3.3, engage students in an active discussion surrounding the ever-important concept of revenue.

## DISCUSSION QUESTIONS

1. How do you think sports teams generate revenue? Do you think most professional sports teams are profitable? Why or why not?

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

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

- Ticket sales
- Sponsorship
- Licensing & Merchandise
- Concessions
- Parking
- Fan clubs / Kids clubs / Special events
- Luxury suites
- Premium / club seating
- TV contracts
- Other media contracts (satellite, radio, internet)
- Fundraising (amateur and collegiate athletics)

2. Can you think of an instance where a pro sports team has threatened to move the franchise if it didn't receive funding for a new stadium or arena? Why would a franchise do that?

Even if students cannot think of a specific example, they should consider WHY a team might have an interest in securing funding for a new venue. New stadiums and arenas typically provide new, added revenue streams (such as club seating and luxury suites among other amenities) that help a team maintain its financial viability. These strategies cater to the corporate consumer who plays a major role in helping a sports organization to maximize profits.

# Sports Business Fundamentals



## INSTRUCTOR NOTES

To listen to a Freakonomics podcast discussing the topic of the business of March Madness, click [here](#). The podcast discusses a number of concepts that tie in with Unit 3's core objectives.

## WHAT IS REVENUE?

Revenue, also known as gross sales, is the income generated from an organization's business operation. The term revenue stream refers to the different means for an organization's cash inflow, typically as a result of the sale of company products or services.

### Why is revenue important to any sport organization, regardless of segment?

Whether a billion-dollar enterprise or a local non-profit raising money for a charitable cause, an organization quite simply cannot function without revenue.

### How much revenue do sports organizations generate?

Sport has grown into a multi-billion-dollar industry. Footwear and apparel brands have become some of the most valuable businesses in the world while professional sports teams generate millions of dollars annually. According to a [Forbes](#) report, the Dallas Cowboys alone generated \$980 million in revenue last season.

### How do sports organizations generate revenue?

A professional sports team might generate sales through a variety of revenue streams, including:

- Broadcast rights
- Ticket sales
- Luxury suite sales
- Premium seating
- Sponsorship
- Concessions and parking
- Merchandise sales

A collegiate athletics department or high school sports program might generate additional revenue through fundraising, donations and/or registration fees. Programs can also create cash inflow through ancillary revenue streams like kid's clubs, loyalty programs, camps/clinics and appearance fees while other sports leagues like UFC rely on pay-per-view as a significant revenue stream.

## BROADCAST RIGHTS

*Broadcast rights* are fees paid by broadcast companies to sports or entertainment properties for the opportunity to provide live coverage of the property's games and events on television, the radio or streaming rights.

Some rights deals provide exclusive coverage rights, such as the NFL's deal with DirecTV (owned by AT&T) which allows DirecTV to broadcast out-of-market games in their respective geographic markets. In other words, if you are a Green

Bay Packers fan living in Virginia, you would need to order DirecTV for the opportunity to watch Packers games at your home each week.

### Examples of exclusive coverage rights:

- In 2014, DirecTV renewed their deal with the NFL through 2022 at a [reported](#) average of \$1.5 billion per year.
  - However, the league has the option to opt-out of that deal this season, leading many to speculate the possibility of a non-exclusive NFL Sunday Ticket package opportunity for fans.
    - Among those considered to be interested include non-traditional sports media companies like [Apple](#) and [DAZN](#).
- Fifteen years after Comcast Sports Northwest (a cable television provider who also owns a regional sports network) partnered with the Portland Trail Blazers for exclusive TV distribution rights, nearly 50% of fans in the Portland area still cannot watch Blazers games if they are DirecTV or Dish subscribers.
  - With the Comcast deal expiring at the end of the 2015-16 season, many fans hoped the franchise would find a broadcast partner that would expand its distribution.
    - After months of negotiations with other prospective partners and exploring other distribution options (like live-streaming via Twitter), the Blazers determined that Comcast Sports still offered the best option for reaching the most fans and [extended their deal](#) through the 2020-21 NBA season, a decision that disappointed many fans.
    - In 2021, the Blazers [announced](#) that ROOT Sports Northwest (a RSN in the Pacific Northwest) had acquired the broadcast rights for the team's games through the 2024-25 season.
      - ROOT Sports Northwest is also home to several other Pacific Northwest sports teams, including the Portland Timbers, Seattle Seahawks, Seattle Kraken (expansion NHL franchise) Seattle Seawolves (Major League Rugby), Gonzaga University Bulldogs and the Big Sky Conference.
      - <https://twitter.com/trailblazers/status/1402671082574811139>

Rights deals (both local and national) provide big money for franchises in the game of sports business, now accounting for a major portion of a team's overall annual revenue. The head of digital media at Tennis Channel summed it up in an interview with the [LA Times](#): "Live sports is the most valuable content on the planet."

To illustrate the growth in broadcast rights deals, look no further than the National Basketball Association. In 1973, the NBA signed a contract with CBS, yielding \$27 million in revenue over 3 years. In the last two years, the league has signed extensions with ABC/ESPN and TNT through 2024-25 for a reported \$2.66 billion annually.<sup>1</sup>

## National TV Broadcast Rights

For most major league professional sports teams and big-time collegiate athletics programs, television money is now a primary source of revenue, now even more lucrative than ticket sales which had always been the financial backbone for most franchises. According to PWC's annual sports outlook [report](#), media rights officially surpassed gate revenue (ticket sales) in 2019 as the industry's largest revenue generator for the first time in industry history.

### Examples:

- According to [Forbes](#), the biggest collegiate athletic conferences (known as the "power five") make the bulk of their revenue from three primary sources: conference specific TV deals, college bowl games and the NCAA Tournament.<sup>2</sup>
  - Thanks to massive TV deals with ESPN and Fox Sports, the Big Ten conference generated nearly \$760 million in revenue last year, distributing \$54 million to each of its member schools while the SEC generated \$627 million in revenue, distributing an average of \$43.1 million per school (via [NBC Sports](#)).

<sup>1</sup> <http://deadspin.com/what-the-nbas-insane-new-tv-deal-means-for-the-league-a-1642926274>

<sup>2</sup> <http://www.cheatsheet.com/sports/the-5-most-valuable-conferences-in-college-sports.html/?a=viewall>



## Regional Sports Networks

It isn't just the national television deals that are generating an influx of revenue for some teams; local television deals can be extremely lucrative as well. Regional Sports Networks, or RSNs, invest in deals with local teams for the rights to broadcast games in a specific market or area. Regional Sports Networks can be extremely valuable media properties.

### RSN Examples:

- Local Major League Baseball deals [reportedly](#) average more than \$60 million in annual revenue per team.
- Three years ago, the Dallas Mavericks signed a contract extension with Fox Sports Southwest in a deal that the [Dallas Business Journal](#) estimated to be worth \$50 million per year.
- Time Warner Cable paid a reported \$3 billion for exclusive rights to [broadcast Los Angeles Lakers](#) games in the L.A. market through the 2032-33 season.
- In 2019, the Walt Disney Company sold 21 RSNs to Sinclair Broadcast Group Inc. for a [reported](#) \$9.6 billion, including channels like Fox Sports Detroit and Fox Sports Florida.

Even in smaller markets, regional rights deals can be extremely lucrative. In 2018, the Milwaukee Bucks agreed to a new seven-year local TV deal with Fox Sports Wisconsin that was worth a [reported](#) \$200 million.

## Rights Fees Continue to Grow

Rights fees have skyrocketed in recent years. At the low end, a Major League Baseball might command \$20 million per year for broadcast rights with a Regional Sports Network. At the high end, MLB teams [can](#) fetch as much as \$200 million per year. As competition for the rights deals to live sports programming increases, fees will likely continue to escalate at a rapid pace.

### Consider the growth trajectory of recent broadcast rights contracts:

- Big Ten Conference: In 2016, ESPN [signed](#) a six-year deal with the Big Ten conference worth an estimated \$2.64 billion, three times the value of the previous deal.
- NFL: Despite evidence of a declining audience size, it was [reported](#) that the NFL signed over \$100 billion in rights fees with media networks in 2021, representing a 40% to 80% increase for NFL rights.
  - To put that in perspective, the NFL earned \$2.4 million in broadcast rights in 1960 (adjusted for inflation, that's \$19.4 million today).
- NCAA: Media rights fees for the Rose Bowl (per year) were \$2 million in 1974, \$30 million in 2012, and reached \$80 million annually when ESPN inked an 11-year deal in 2015.<sup>3</sup>
- MLB: Major League Baseball's new media rights deal with Turner Sports, signed in 2020, is worth over \$3 billion.
  - The deal will pay the league \$470 million per year, up from the \$325 million per season in revenue generated by the previous deal according to [CNBC](#).

## Upping the Ante With Streaming Deals

National broadcast and local rights deals already generate billions for sports properties, and now leagues have the potential to tap into a new, very lucrative opportunity by selling broadcast rights to streaming partners. Recently, companies like Twitter, Hulu, Facebook, Apple, and Amazon have begun to express interest in making a play for live sports.

In 2021, the NFL [announced](#) an all-digital rights package that will make Amazon the exclusive home of Thursday Night Football. Amazon will reportedly pay \$1.2 billion per year for the rights.

Meanwhile, Apple, Amazon and Disney were all [reportedly](#) in conversation with the league with regards to securing rights to stream the NFL Sunday Ticket package when the current deal was set to expire after the 2022 season.

<sup>3</sup> <http://espnmediazone.com/us/espn-inc-fact-sheet/>

## Why are broadcast rights important to sports and entertainment properties?

In a word, revenue. Major professional sports leagues generate billions through the sale of broadcast rights, helping to boost the bottom line for each individual franchise.

### Example:

- NASCAR will generate a reported \$4.4 billion in media rights for television broadcasts from NBC over a 10-year period through 2025, up from the \$2.4 billion earned over 8 years in the previous deal with ESPN (via [SportsBusiness Daily](#))

## Why do broadcast companies invest in rights fees?

Quite simply, because more people tune in to watch live sports than any other type of programming on television. Factor in the ability to reach an attentive audience (consumers are less likely to record or DVR live sports compared to other programming), and the value of live sports goes through the roof. ESPN might spend billions on the rights for NFL, NBA, MLB, NHL, NCAA and MLS games, but that investment helps them to generate billions in revenue through advertising, sponsorship and subscriptions to the company's ESPN+ streaming service. Live sports programming has helped propel ESPN to becoming one of the most valuable brands in the world.

## How many fans watch live sports?

- Super Bowl LV, played in 2021 between the Tampa Bay Buccaneers and Kansas City Chiefs, was watched by 96.4 million people, the smallest Super Bowl audience in fifteen years, according to data from Nielsen.
  - For perspective, that still [ranks](#) as the 18th largest television audience in American history.
  - The game was also the [most live-streamed](#) Super Bowl in history, averaging 5.7 million viewers per minute, up 69% from the previous record, set just one year earlier.
  - In 2015, the Super Bowl set a record for American television viewing when Nielsen estimated 114.4 million people tuned in to see the New England Patriots' 28-24 thrilling victory over the Seattle Seahawks.
- More than 3.5 billion fans tuned in to watch the 2018 World Cup in Russia – that's half the total world population.<sup>4</sup>
- According to [FIFA](#), the 2019 Women's World Cup attracted more than one billion viewers globally throughout the tournament.



### DISCUSSION TOPICS: TRIVIA

Of the top 30 most-watched television programs in American history, only one was not a Super Bowl. That was the final season of the popular series M\*A\*S\*H, which ranks as the 9th all-time largest TV audience.

<sup>4</sup> <http://www.bloomberg.com/news/2011-05-16/music-tourism-in-u-k-contributes-1-4-billion-a-year-to-economy.html>



## Advertising Sales

Once a broadcast company like Turner or CBS has the rights to the live sports programming, they can then sell advertising during their broadcasts. Advertising sales can result in a company netting millions of dollars.

### Examples:

- According to the research firm Kantar Media, advertisers have spent \$4.55B during CBS' coverage of the men's NCAA basketball tournament over the past decade.<sup>5</sup>
- NBC invested in the rights to the 2018 Super Bowl and 2018 Winter Olympic Games
  - According to [AdWeek](#), the broadcast company was rewarded by generating a whopping \$1.4 billion in advertising sales in just a 22-day period as a result
    - Click [here](#) for a short video clip from AdWeek's website, entitled "How to Make \$1.4 Billion in 22 Days".



<sup>5</sup> <http://www.clubandresortbusiness.com/2012/02/13/florida-to-show-its-love-for-golf-and-wealth-from-it-on-valentines-day/>

## WHAT ARE RATINGS?

Television broadcast companies measure their effectiveness and reach through ratings, which are expressed as a percentage of the potential TV audience viewing at any given time. Basically, a rating refers to the number of households or people tuned into a particular radio or television program at a specific time which provide an indication of audience size.

According to Nielsen (a company who measures ratings): *"Ratings are used like currency in the marketplace of advertiser-supported TV. When advertisers want a commercial to reach an audience, they need to place it in TV programs which deliver an audience. The larger an audience a program delivers, the more the commercial time is worth to advertisers."*<sup>6</sup>

Live sports generate big ratings numbers, meaning more people are watching those events than other programming, allowing broadcast companies to charge more for advertisements. The Super Bowl is the most-watched show on television every year (typically around 100 million viewers), which explains why a thirty second commercial in last year's Big Game [reportedly](#) cost advertisers around \$5.5 million. Because the NFL, and football in general, drives ratings, rights holders are able to command a premium for advertising time.

### Domestic (U.S.) examples:

- NBC's telecast of the 146<sup>th</sup> Preakness Stakes in 2021 drew the best ratings for the network's coverage of the race since Triple Crown-winner Justify's victory in 2018 (and nearly triple the previous year's audience), attracting an average of 7 million viewers (according to data from [Nielsen](#)).
- Nielsen can identify peak hours in which the most people are tuned in to watch or listen
  - For example, viewership of the race peaked at 8.6 million viewers from 6:45-7 p.m. ET as Rombauer ran to victory.
  - Nielsen can also [identify](#) specific markets in which ratings are the highest; Baltimore led all markets for the telecast, followed by Ft. Myers, Louisville, West Palm Beach and Buffalo.

### International example:

- Spain's top domestic soccer league, La Liga, saw a massive increase of viewership upon resuming play in June of 2020 after COVID-19 forced a postponement.
  - Based on data from a [SportsPro Media](#) story, Nielsen Sports reported a growth of 210% in South Africa.
  - Viewership also saw a 73% increase in Africa and a 72% jump in Asia and India where games are broadcast on Facebook.
  - Europe experienced an increase of 56% with a 130% jump in Belgium, 46% in Denmark and 12% in Spain.

Without ratings, broadcast companies would have a difficult time selling advertising and sports/entertainment programs would not be able to command million-dollar rights fees. Ratings will fluctuate from year to year, but a ratings increase or decrease will have an impact on the sports property and broadcast company.

### Example:

- When NBC renewed its hockey deal (at a cost nearly triple the previous rights deal), the decision was heavily influenced by the fact that overall NHL television ratings in the United States had increased by 84 percent over the last four years.<sup>7</sup>
- After another year of record ratings, ESPN extended the deal Major League Eating (parent company of the Fourth of July International Hot Dog Eating Contest) in 2014 for ten years, guaranteeing the rights to broadcast the annual event on its various platforms through 2024.<sup>8</sup>

<sup>6</sup> Rovell, Darren (@darrenrovell), "My hotel room in Augusta normally costs \$73.32. Tonight, during Masters week, \$401.02!" 4 April 2012, 3:43 p.m. Tweet.

<sup>7</sup> [http://www.cleveland.com/avengers/index.ssf/2011/08/the\\_avengers\\_playing\\_big\\_part.html](http://www.cleveland.com/avengers/index.ssf/2011/08/the_avengers_playing_big_part.html)

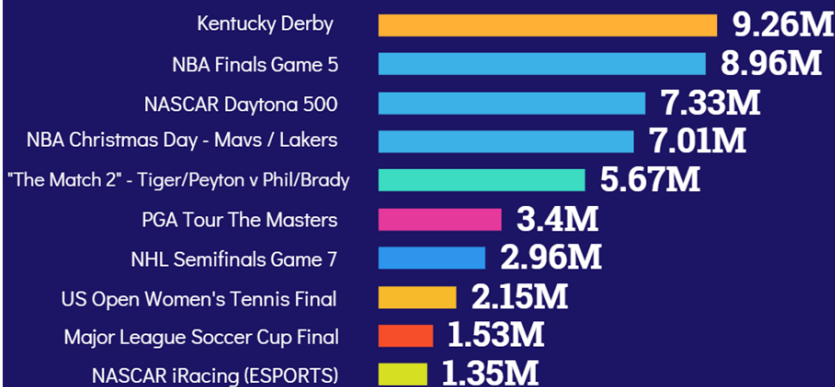
<sup>8</sup> <http://www.myfoxtwincities.com/dpp/money/local-businesses-fear-nfl-lockout-mar-3-2011>

### Top 10 most-watched sports telecasts of 2020



source: <https://www.sportsmediawatch.com/2020/12/most-watched-sporting-events-2020-list-nfl-nba-mlb-viewership>

### Notable sports TV audiences in 2020



source: <https://www.sportsmediawatch.com/2020/12/most-watched-sporting-events-2020-list-nfl-nba-mlb-viewership>

### Top 10 most-watched non-NFL sports telecasts of 2020



source: <https://www.sportsmediawatch.com/2020/12/most-watched-sporting-events-2020-list-nfl-nba-mlb-viewership>



## DISCUSSION TOPICS

This would be a good time to discuss how media rights deals between broadcast companies and sports properties impact consumers. The huge sums being paid for broadcast rights are ultimately passed down to the consumer. Cable providers like Dish and Comcast pay a monthly “carriage” fee for each channel provided in their bundled packages. Sports programming through networks like ESPN and TNT are the channels that cost the most.

As these networks continue to spend billions on rights fees, the monthly bill that the provider charges its customers will continue to rise. Right now, live sports is more valuable than ever because it is the one segment of programming keeping many loyal sports fans from “cutting the cord” (dropping cable subscriptions in favor of less expensive options, like Netflix or other streaming options).

Ask students what they think the future holds. How will cable companies evolve and adapt? Can networks afford to continue paying billions for broadcast rights to sporting events? How will any changes in the future impact consumers?

## LUXURY SUITE SALES

Luxury suite revenue is one of the most robust business lines for sports teams.

- According to [CNBC](#), in the NBA, NHL and MLB, luxury suites represent up to 20% of a team’s overall revenue.
- Yankees Stadium has 68 suites while AT&T stadium, home to the Dallas Cowboys, has 300 suites
  - These suites sell for anywhere between \$224,000 and \$900,000 per year and are typically sold out every season.
- One of the primary reasons the Milwaukee Bucks had lobbied for a new stadium was the opportunity to increase revenue through luxury suite and premium seating sales.
  - According to the [Milwaukee Journal-Sentinel](#), the franchise sold out of their luxury suite inventory (32 suites) before the arena was open to the public.
- According to data from [USA Today](#), the move from San Diego to LA will help the NFL’s Chargers generate significantly more revenue through suite sales and other premium inventory.
  - In San Diego, the team had 113 luxury suites, but in their new Inglewood stadium there are more than 275 (where each suite generates \$2,700 in food and beverage sales every game).
    - That’s \$742,500 in total for each game if the suites are full.
    - Over the course of a year, suite sales for the Chargers are expected to generate more than \$56 million.
- According to a [Newsday](#) report, the NY Mets generated \$148.7 million in premium ticket sales, luxury suites, concessions, advertising and parking sales last year.
  - The team has averaged annual ballpark-related revenue earnings of \$143.8 million since Citi Field opened in 2009, and this figure does not include revenue from non-premium seats and national/local TV and radio contracts.
- Similarly, the New York Yankees generated \$336.2 million in ticket and suite sales last season, averaging \$323.4 million since Yankee Stadium opened in 2009. The Yankees’ filings do not include revenue from the sale of concessions, advertising and national and local TV and radio contracts.

## PREMIUM AND CLUB SEATING SALES

- Sometimes, the lack of suites or premium seating options within a venue or facility will prompt a sports franchise to lobby for a new stadium (or facility expansion and renovations).

- Since 1990, 125 of the 140 MLB, MLS, NBA, NFL and NHL teams have built or rebuilt arenas, at a cost of \$33.8 billion -- and the public has picked up 54 percent of that tab, according to research by Robert Baade and Victor Matheson, economists at Holy Cross.<sup>9</sup>
  - Tom Chuckas, president of the Maryland Jockey Club, said in an interview with The Associated Press: "I believe there's an opportunity for the Preakness to generate additional income, which in turn would flow through the rest of the year and improve the condition of the Maryland Jockey Club. To do that, there has to be additional amenities at Pimlico. Churchill Downs has 65 skyboxes that they sell to corporate partners and corporate sponsors. At Pimlico, I don't have any amenities like that."<sup>10</sup>
  - In 2017, Anthony Precourt, owner of Major League Soccer's Columbus Crew, threatened to move the franchise to a new city if a new, state-of-the-art facility wasn't built in the area.
  - The Crew's current home, Mapfre Stadium, was built in 1999 and was MLS's first soccer-specific stadium.
  - In 2018, Precourt released renderings of a new stadium in Austin, Texas after months of publicly communicating his intentions to move the franchise after his plea for a new stadium in Columbus were ignored.
    - According to a story in the [Columbus Dispatch](#), area lawmakers filed suit against Precourt in an attempt to keep the franchise in Columbus.
    - Click [here](#) to read details relating to the proposed Austin stadium site.
- In 2019, Phoenix Suns' ownership [allegedly](#) threatened to move the team to Seattle or Las Vegas without a new arena deal.
  - The city agreed to an arrangement that would pump \$150 million in renovations into Talking Stick Arena (with several million dollars [earmarked](#) specifically for improvements to VIP and premium spaces and club seating upgrades).
- Major League Soccer's FC Cincinnati, who had been sold out of their premium seating at the team's stadium since their inaugural season, announced plans two years ago to build a new soccer-specific stadium that would hold fewer fans but offer [more](#) premium seating options.
  - Despite the uncertainty surrounding the landscape of sporting events in the United States due to the pandemic, and an economic downturn, more than 2,000 fans plunked down deposits to reserve seats in the premium seating areas.

Teams today strive to create value wherever possible and the addition of premium seating options provides a lucrative revenue stream.

- In 2015, the Staples Center in Los Angeles (host to the Lakers, Clippers, Kings and a variety of concerts and events) generated over \$100 million in premium seating revenue alone, the first time in the building's 15-year history.
  - The Staples Center's premium seating options include 150 private suites, 2,400 Premier Seats, 18 Premier Lounges, 25 Premier Tables and the San Manuel Club for additional dining selections.<sup>11</sup>
    - Click [here](#) for a detailed breakdown from hollywoodreporter.com.
  - When the Atlanta Braves moved to SunTrust Park in 2017, their premium seating inventory increased from 340 to over 4,000.
  - Dennette Thornton, Senior Manager, Groups and Premium Membership for the Braves tells [SEAT Magazine](#): "Moving from Turner Field to SunTrust Park, we definitely put an emphasis on premium."
    - Various levels of premium seating included:
      - Champions Level: 12 suites at \$500,000 per year.
      - SunTrust Club: 160 seats at \$450/ticket.
      - Delta Sky360 Club: 1,500 seats at \$225/ticket.
      - Infiniti Club: 24 suites at \$250,000 per year and 1,200 seats at \$92/ticket.

<sup>9</sup> [http://insider.espn.go.com/espn/story/\\_/id/7878575/relative-sports-teams-values-athletes-underpaid-espn-magazine](http://insider.espn.go.com/espn/story/_/id/7878575/relative-sports-teams-values-athletes-underpaid-espn-magazine)

<sup>10</sup> <http://www.tbd.com/articles/2011/05/preakness-2011-pimlico-wants-to-upgrade-to-keep-preakness-around-61095.html>

<sup>11</sup> <http://www.usatoday.com/story/sports/mlb/cubs/2013/05/08/chicago-cubs-want-to-renovate-99-year-old-wrigley-field/2145735/>



Many teams are now taking seating areas that had been less desirable in the past and converting them to premium seating areas. Not only can that help to build demand, but also allows for the organization to charge premium prices and generate more revenue.

- Last year, the New England Patriots and Pittsburgh Steelers turned end-zone seating sections into luxurious new “club” seating areas.
  - According to the [Boston Globe](#), the new indoor space behind the south end zone at Gillette Stadium (home of the Patriots) will be a “members-only” club with annual fees of \$1,500 and a requirement to purchase a minimum of two memberships (fees are in addition to the cost of buying season tickets every year).

High levels of fandom help to create revenue streams for some sports and entertainment properties by offering event opportunities on non-game days to further leverage premium spaces at venues.

- For example, the Pittsburgh Steelers renovation of Heinz Field will include an expansion of a “pub” area that will be open on non-game days to help the team.
  - According to the [Pittsburgh Post-Gazette](#), the team hopes to create an opportunity to serve fans (and generate revenue) even when the team is not playing a home game.
- Minor League Baseball’s Reading Fightin’ Phils [invested](#) \$200,000 in the construction of their “Savage61 Dugout Suite”, creating the most upscale seating area in the stadium.
  - Click [here](#) for a video from the Fightin’ Phils introducing the new dugout suite seating option.
- The Sacramento Kings [introduced](#) a unique premium seating option with ten new ‘balcony boxes’ positioned above the stadium’s main entrance.
  - The balcony boxes offer fans a 360-degree view of the court and the city.
  - Each box accommodates four people, comes with all-inclusive food and beverage, premium parking spaces and access to the arena’s suite level clubs.
- Missouri athletics decided to renovate the south end zone area of their football stadium to add more premium seating and club seating areas.
  - By 2019, when the new structure is completed, the Tigers’ new structure (complete with multi-purpose event decks in the stadium’s southeast and southwest corners; a brand-new rooftop video board; capacity for 4,000 fans in general seats, club seats and suites; and a “Bunker Club” inspired by AT&T Stadium in Arlington, Texas) is expected to bring in \$6 million in additional revenue per season, more than four times what the current configuration delivers each year.<sup>12</sup>
- In 2019, the Miami Open was moved to Hard Rock Stadium (home to the Miami Dolphins), where \$72 million was invested in converting the venue into a state-of-the-art tennis facility.
  - According to a [NY Times](#) story, the court featured 4,738 premium seats, many that resemble Barcaloungers, with individual television screens and range in price from \$50,000 to \$70,000 for the two-week tournament.
  - Most premium-seat packages were reportedly sold out two months before the start of the tournament, including private dining rooms.
  - Some suites have seats made out of Ferrari leather and there is a dedicated entrance from a private parking lot for ticket buyers at the highest price point, in which spectators pass through a tent lined with art, including works by Pablo Picasso and Andy Warhol that can be purchased for upward of \$1 million.

## FUNDRAISING AND DONATIONS

Collegiate and amateur athletic programs rely heavily on fundraising and donations, primarily through boosters and alumni, for budget support.

- In 2016, Rutgers University announced a \$100 million fundraising initiative called “R Big Ten Build”.

<sup>12</sup> <http://www.columbiatribune.com/sports/20180616/mu-expects-south-end-zone-to-generate-6-million-annually>

- According to [nj.com](https://www.nj.com), it took the university just a few months to raise over \$50 million, an amount that included 10 donations of \$1 million or more and three of the largest donations the school had ever received.
- People that donate to university sports programs will typically receive preferential treatment from the athletic department – perks can include better seats for games and higher priority to attend in-demand events.
- Fundraising and donations (referred to as “contributions”) have helped Clemson to build one of the most successful football programs in the country.
- Each of the past four years, Clemson has generated at least \$20.5 in its annual fund, which according to a [USA Today](https://www.usatoday.com) report, supplies cash directly to the athletic department.
- Last year, \$38.2 million was raised in its annual fund, \$15.1 million in major gifts, including cash, real estate and securities, \$5.1 million in planned gifts and endowments and \$6.6 million in premium seating and suite sales in the football, basketball and baseball venues.

## PAY-PER-VIEW

Pay-per-view refers to a satellite, streaming or cable television service by which customers can order access to a specific broadcast for a set, one-time fee. Certain sports and entertainment properties rely on a business model where pay-per-view generates a significant amount of revenue. WWE, UFC and boxing generate millions each year by broadcasting some of their biggest events on a pay-per-view basis.

### Notable PPV events:

- Boxing: Over one million boxing fans bought the 2017 fight between Canelo Alvarez vs. Julio Cesar Chavez Jr., making it the [biggest](#) PPV boxing event since Mayweather vs. Pacquiao.
- WWE: WrestleMania XXVIII, the biggest PPV event in wrestling history, generated more than 1.2 million buys when John Cena and The Rock squared off in a historic competition.
- UFC: In 2021, UFC 264 offered fans a third matchup between Dustin Poirier and Conor McGregor, an event that generated [1.8 million PPV buys](#) globally, making it the second-highest selling PPV event in UFC history.
  - The only event with more overall sales was UFC 229 between McGregor and Khabib Nurmagomedov, an event that drew a record 2.4 million PPV buys.
- Exhibition Matches: Floyd Mayweather cashed in again in 2021 in a made-for-PPV boxing match with YouTube star, Logan Paul.
  - The event generated over a million PPV buys, and Mayweather took home more than \$50 million.
  - Golf: “The Match”
    - In 2018, several broadcasters streamed “The Match” via PPV, a one-on-one match between two of the most iconic golfers of all-time (Phil Mickelson and Tiger Woods), an event that attracted more than one million viewers.
    - Unfortunately for the broadcast companies like AT&T and Turner Sports, technical difficulties forced the broadcast company to drop (and/or refund) the \$19.95 PPV fee and stream the event for free on B/R Live.
      - However, AT&T was more than satisfied with the result, with one executive telling the Wall Street Journal in an [interview](#), “This was a huge success. This worked extremely well as a pay-per-view event.”
      - In 2020, The Match II featuring Tiger Woods, Phil Mickelson, Peyton Manning and Tom Brady delivered record-setting cable TV ratings, averaging 5.8 million viewers across [Turner](#) networks and became the most-watched golf event in cable history.
  - While the event broadcast shifted to cable television rather than a pay-per-view format, the exhibition still managed to raise \$20 million for COVID-19 relief.





### FUN FACT

WWE chairman and chief executive officer Vince McMahon is considered by many to be one of the greatest in industry history at maximizing pay-per-view revenue opportunities through promotion. Mr. McMahon owns the domain name [payperview.com](http://payperview.com), which redirects to the WWE Network website.

### INSTRUCTOR NOTE



Sports and entertainment brands like MMA, WWE and the sport of boxing lean on pay-per-view as a method for generating revenue. ESPN's former president, John Skipper, recently [suggested](#) that even the NFL could benefit from exploring a similar business model for the Super Bowl.

To learn more about the history of PPV and to see some of the biggest PPV events in history, review the "History of Pay-Per-View" PPT discussion in your Lesson 3.2 folder.

### INSTRUCTOR NOTE



Fundraising efforts are critical to the financial success of collegiate and amateur athletic programs. Click [here](#) to see several examples of fundraising and donation solicitation efforts from various collegiate athletic programs around the country on Pinterest.

## SPONSORSHIP

Sports teams, leagues and events generate billions in revenue each year through sponsorship.

### Examples:

- According to a story published on [cnbc.com](http://cnbc.com), the NFL generated an estimated \$1.62 billion in sponsorship revenue in 2020, compared with \$1.47 billion in the 2019 season.
  - According to sponsorship research firm IEG, the NFL historically sees an increase in sponsorship revenue of 4 to 6 percent annually.
- It was [reported](#) in 2021 that NBA sponsorship revenue set a new record with \$1.46 billion in sales, despite the impact of COVID-19.
- In 2019, MLB and its teams [generated](#) \$994 million in revenue from sponsorships.

## ADDITIONAL REVENUE STREAMS

Sports and entertainment organizations are always looking for new and creative ways to generate revenue.

### Examples:

- When the Green Bay Packers renovated Lambeau Field, the goal was to open up new revenue streams by building an atrium that could host events (from corporate outings to weddings) year-round. Thanks in large part to the number of events hosted in the atrium, the franchise is enjoying record profits.<sup>13</sup>
  - Thanks in large part to those record profits, the team was able to [invest \\$140 million](#) in atrium expansion and renovations without turning to taxpayers to help with funding the project.
  - The franchise also committed \$65 million to another expansion project that will result in further development of "[Tiletown District](#)", a 10-acre plaza that will host year-round community events.

<sup>13</sup>[http://host.madison.com/sports/football/professional/packers-lambeau-field-atrium-eyed-for-facelift/article\\_983cb678-cf8f-11e1-a76c-001a4bcf887a.html](http://host.madison.com/sports/football/professional/packers-lambeau-field-atrium-eyed-for-facelift/article_983cb678-cf8f-11e1-a76c-001a4bcf887a.html)

- The Titledtown District area features a Green Bay Packers' snow-tubing hill and ice-skating pond that opened to the public in 2018.
- The Boston Red Sox created Fenway Sports Group, a marketing firm that creates businesses that are built on the team's community, firm and business relationships. They use their connections with media, charity, retail and entertainment firms to develop publicity campaigns for such organizations as Boston College, create online ads, manage events and much more. The company also owns equity in other properties like Red Sox Destinations and Roush Fenway Racing. They were profitable in their first year and brought in more than \$200 million.<sup>14</sup>
  - Click [here](#) for an interesting, in-depth analysis of Roush Fenway Racing's business model and financial structure as it relates to the Red Sox organization.
- The Indianapolis Motor Speedway found a creative way to generate more revenue by offering opportunities for fans to live in "tiny houses" at the track in the days leading up to the Indy 500.
  - According to a [USA Today](#) story, 15 different "houses" were available, each with slightly different floor plans, but all included air conditioning, electricity, kitchens and indoor plumbing with showers, a big step up in amenities from the traditional "glamping" that traditionally happens at the track.
  - For \$3,000, fans got to "live" on the track, with as many as four people in a house that included tickets to the race, parking and other amenities.

Another popular revenue generating activity among sports teams is to host viewing parties. Either at their home arenas or within an entertainment "district", fans come to watch away games on a big screen. This helps the organization to drive additional concession, merchandise and parking revenues.

#### Examples:

- The Nashville Predators' popularity surged during their Stanley Cup run during the 2017 NHL playoffs with the team selling out watch parties at Bridgestone Arena for away games.
  - Merchandise sales during the team's Game 5 watch party were "at least double what they were during a regular-season game", according to a story published on [tennessean.com](#).

In some cases, viewing parties create opportunities for the organization to generate goodwill by donating portions of the proceeds to local charities.

#### Examples:

- According to the [National Hockey League](#), the St. Louis Blues (NHL) sold out their arena for a watch party for Game 7 of the 2019 Stanley Cup Final...so the St. Louis Cardinals (MLB) opened up their home (Busch Stadium), selling watch party seats for \$20 each, with proceeds benefiting the team's charitable foundation.
- For NBA playoff games in Milwaukee, the Milwaukee Bucks draw thousands of fans for watch parties both inside the team's arena (Fiserv Forum) and outside in the city's entertainment district (known as the "Deer District").
  - Tickets for the indoor watch party for the 2021 NBA Playoffs [cost \\$10](#) with a portion of the proceeds benefiting the Milwaukee Bucks Foundation (arena capacity is 18,000), while the team consistently drew capacity crowds of more than 15,000 outside in the Deer District.

<sup>14</sup> <http://www.fastcompany.com/magazine/124/the-red-sox-secret-lineup.html>



### Other creative ways organizations can drive revenue include:

- The [Seattle Seahawks](#) allow fans to use the suites at CenturyLink Field as draft central for fantasy football leagues, charging \$85 per “ticket” with a minimum of 8 people.
- Mississippi State [opened](#) residential apartment lofts with views overlooking the Bulldogs’ baseball field.
  - Click [here](#) for a video clip with a virtual rendering of the “Left Field Lofts” at Mississippi State.
  - Click [here](#) to read a story from sportsdaynow.com discussing the potential opportunity that exists by creating residential space at stadiums.
- Because the Jacksonville Jaguars play in one of the smallest NFL markets and lack the corporate support many other teams enjoy, they must get creative to find new ways to generate revenue to maximize franchise profits.
  - For example, in partnership with the city of Jacksonville, the team is building a “flex field” and amphitheater as a new home for its practice facility which will double as an entertainment hub (one that hopes to eventually attract events like the NFL draft).
  - Click [here](#) to read more about the development from Jacksonville.com.
- To make up for revenue lost during the pandemic, Minor League Baseball’s Pensacola Blue Wahoos listed their stadium on Airbnb for \$1500 per night for groups of up to 10 people.
  - Additional “experiences” were also available for purchase to add to the stay, including a fireworks show and a catered dinner from the Blue Wahoos’ team’s chef.
  - According to MiLB’s [website](#), all 33 dates available were booked within 24 hours of the posting.



### ACTIVITY IDEA

Split students into groups or pairs and challenge them to develop a concept for an entertainment district in your community. You could also introduce this activity later in this unit, after you have reviewed lesson 3.5 on economic development. Encourage them to consider how the area will generate revenue and how it could have a positive impact on the local economy.

## WHAT IS AN EXPENSE?

An expense is the cost of operations that an organization incurs to generate revenue. Expenses may also be referred to as costs.

The biggest expense professional sports teams typically incur on an annual basis is player payroll.

Other common expenses could include things like:

- Facility rental/leasing arrangements
- Staff
  - Also includes retirement and health care benefits
- Marketing
- Investment in the customer
- General operating expense
- Stadium/venue/facility financing
- Information management/research
- Team expenses (travel etc.)
- Maintenance and security

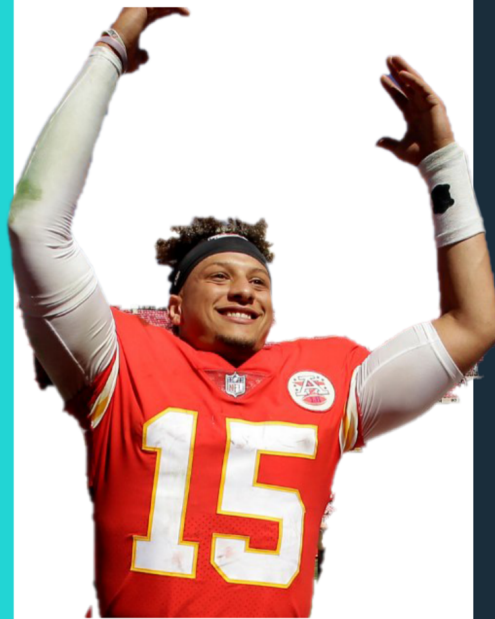
### HIGHEST-PAID ATHLETES IN PROFESSIONAL TEAM SPORTS IN 2021

As professional sports teams continue to enjoy explosive revenue growth, expenses have also been on the rise, particularly when it comes to paying the biggest stars in the game.

#### STEPHEN CURRY \$46M (NBA)

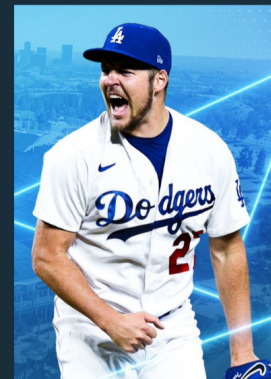


#### PATRICK MAHOMES \$45M (NFL)



The Kansas City Chiefs opened up the checkbook for star quarterback Patrick Mahomes, agreeing to a record 10-year contract worth \$450 million, not including his \$10 million signing bonus. The deal will pay him an average of \$45 million per season.

#### TREVOR BAUER \$40M (MLB)



#### LIONEL MESSI \$97M (SOCCER)



## RECORDING A PROFIT

When an organization's revenue exceeds its expenses, the company records a net profit. However, when expenses exceed revenues, the company has a net loss. This is identified in a company's income statement which is a document that identifies all business revenues received and expenses paid.

## PROFITABILITY IN TEAM SPORTS

It can be difficult for some professional sports teams to achieve financial success and turn a profit year over year due to escalating player salaries.

## LOCKOUTS & STRIKES

In 2012, Forbes reported that more than 50% of NHL franchises suffered financial losses the previous year (18 of the 30 franchises operated at a loss). Because so many franchises were reportedly losing money, the owners chose to lockout the players to create a new financial plan that would create a healthier economic situation for each NHL franchise, ultimately resulting in the league cancelling half of the 2012-13 season.<sup>15</sup>

Lockouts aren't always the decision of the owners. When players don't feel they are getting a fair deal, they may choose to strike. This is the position the NFL players are currently in as they prepare to negotiate a new agreement in 2021 with hopes to secure more financial stability via "guaranteed" contracts (where the player would still get paid even in the event of injuries etc).

According to [USA Today](#), several Major League Baseball players suggested the need for economic reform during the 2019 All-Star weekend, suggesting they were 'united' and prepared to go on strike if changes aren't made before the next collective bargaining agreement expires in 2021.

[Negotiations](#) can take a long time and are often contentious between a sports league and its player union when it comes to agreeing to terms relating to fair compensation for players, often resulting in negative publicity. In 2020, MLB and MLBPA negotiations that resulted in a decision to play a shortened season due to the covid-19 pandemic took nearly 3 months, leading to a lot of unrest among fans.

## MLS

Though soccer's popularity is growing in the U.S., Major League Soccer players' average salary is just \$326,129. Average player salaries for NBA, MLB, NHL and NFL are about \$8 million, \$4.4 million, \$2.9 million and \$2.5 million, respectively. Yet, some reports indicate just half the MLS clubs are currently profitable.<sup>16</sup>

## NBA

Despite selling out every home game and winning the NBA championship (including 13 home sellout playoff games), the Cleveland Cavaliers lost a [reported](#) \$40 million in 2016.<sup>17</sup> After the 2014-15 season, NBA commissioner Adam Silver was quoted as saying a "significant" number of teams were losing money, leading many to speculate the league could have been headed for another lockout when the existing collective bargaining agreement expired in 2017. It was [reported](#) that 14 NBA teams lost money during the 2016-17 NBA season.

According to [Mr. Silver](#): "I don't know the precise number and don't want to get into it, but a significant number of teams are continuing to lose money and they continue to lose money because their expenses exceed their revenue. Teams are

<sup>15</sup> <http://sports.yahoo.com/blogs/nhl-puck-daddy/nhl-teams-lose-money-lockout-isn-t-going-162437118--nhl.html>

<sup>16</sup> <http://www.espn.com/soccer/major-league-soccer/19/blog/post/3112526/major-league-soccer-pumping-money-into-salaries-causes-ripple-effect-throughout-league>

<sup>17</sup> [http://www.cnn.com/id/48047319/Miami\\_Heat\\_Owner\\_Says\\_Team\\_Will\\_Likely\\_Lose\\_Money\\_This\\_Year](http://www.cnn.com/id/48047319/Miami_Heat_Owner_Says_Team_Will_Likely_Lose_Money_This_Year)



spending enormous amounts of money on payroll. Some of the contracts we talked about. They still have enormous expenses in terms of arena costs. Teams are building new practice facilities. The cost of their infrastructure in terms of their sales people, marketing people, the infrastructure of the teams have gone up, and in some cases their local television is much smaller than in other markets."

According to a [Yahoo!](#) report, the NBA salary cap is expected to jump to \$118 million for the 2020-21 season which will push average player salaries close to \$9 million. Thanks in large part to the renewal of massive broadcast deals with ABC, ESPN and TNT that will provide owners and players with substantial revenue increases, the NBA and the National Basketball Players Association extended their collective bargaining agreement through the 2023-24 season.

## MLB

According to data from [Forbes](#), MLB's Miami Marlins are projected to lose \$22 million in 2019 after losing over \$50 million in 2018 (and likely much more in 2020 after all the revenue losses as a result of the pandemic).

## NHL

[Columbus Business First](#) reported that three NHL teams lost money last year, including the Blue Jackets who suffered \$1.7 million in negative income.

## Minor League Sports

The ECHL's South Carolina Stingrays have reportedly been losing between \$400,000 and \$700,000 annually since the team first took the ice in 1993.<sup>5</sup> The team's owners eventually asked for assistance from the city of North Charleston to help cover half of their operating losses.<sup>18</sup> Two years ago, the franchise changed ownership, with the new team owner taking an optimistic approach, telling the [Post and Courier](#): "I think there is an opportunity to grow the fan base and improve and enhance the corporate partnerships, particularly in this community because it's growing tremendously. There are only so many sports venues that give companies the opportunity to broadcast their brands, their services and their names. I think the future is very promising, and with a little more focus, some refinement of strategy, and a little more investing in resources and people, this is a very sustainable economic model."

However, speculation exists that some claims made by the owners of professional sports teams of low levels of profitability (or even losses) could be a negotiation tactic or a public relations ploy. For example, *Forbes*' has reported that Major League Baseball has been exceptionally profitable for many years. However, as MLB was negotiating with the players union on plans for play for a pandemic-shortened season, the owner of the St. Louis Cardinals [said](#) in an interview with a local radio station that "the industry isn't very profitable, to be quite honest."

- The Chicago Cubs owner, Tom Ricketts, told [ESPN](#) that profit margins for a MLB baseball team were low because said most MLB teams' yearly revenue goes right back into the team and that "the league itself does not make a lot of cash."

However, even teams that are profitable (aside from NFL franchises) typically enjoy significantly lower profit margins than other for-profit entities such as banks or publicly traded companies

- Click [here](#) to view a chart comparing the profitability of pro sports leagues compared to broadcast/cable companies, banks and publicly traded companies.
- Click [here](#) to read an in-depth comparison of professional sports and other entities.

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<sup>18</sup> <http://www.postandcourier.com/article/20150121/PC20/150129843>

## WHO WOULD BUY A SPORTS TEAM?

Why would a business owner invest in a sports team if generating a profit is not a sure thing? As reported by the [Charlotte Observer](#), since 2000, the overall value of an average sports franchise has increased 250%. Annual growth is around 9%, which is significantly better than the stock market's 3.2%.

Sports teams are also seen as recession proof as they gain value even when the rest of the economy is struggling, and franchises continue to appreciate in value even when the team fails to perform.

### Example:

- The Miami Marlins have not made the MLB playoffs in almost 15 years (and have only had two winning seasons in that period of time), but that hasn't stopped the franchise's value from increasing an incredible 1,165% since Jeff Loria bought the team in 2002 for \$158.2 million.
  - In 2017, Mr. Loria sold the franchise for \$1.2 billion, or \$1 billion more than what he originally paid for the team.

In addition, most owners of professional sports teams have accumulated massive wealth before purchasing teams. This allows them to take more risk and view the purchase of a sports franchise as a long term investment without the concern of year-over-year net losses. According to [Forbes](#), there were 63 billionaires who owned teams around the world five years ago -- 20 NBA teams were owned by billionaires and the NFL had 19 billionaire owners. That number has since increased.





## CASE STUDY

# INSIDE THE GREEN BAY PACKERS FINANCIALS

To gain a better understanding of the financial structure of sports business, let's review the NFL's Green Bay Packers' financials for their 2020-21 season and how they compare to the team's previous season (recognizing the significant impact COVID-19 had on the team's ability to generate revenue).

## Packers Revenue

Packers' total revenue in the 2020-21 season: \$371 million (\$135.8 million less than the previous year).

### Primary revenue streams:

- National revenue from the NFL: \$309.2 million up from \$296 million a year ago)
- Local revenue: \$61.8 million (71 percent decrease)
  - Includes ticket sales, suite and premium sales, sponsorships, broadcast fees, merchandise sales from the Packers Pro Shop, concessions, atrium-business revenue etc.

### Packers Expenses:

- Green Bay Packers total expenses: \$409.8 million (down \$26.7 million from the previous year).

### Primary Expense (cost):

- Player payroll cost (includes team expenses): \$219.9 million (\$6.6 million less than the previous year).

## Net Income & Profit

**The overall net income: Loss of \$38.8 million**

Because of the economic toll the pandemic will take on the team's finances, the franchise failed to generate in profit for the first time in over twenty years. Lambeau Field was closed from mid-March to the end of May, and revenue typically generated from activities such as stadium tours, events and conventions suffered, while not allowing fans in the stadium on game days had a significant impact on the team's bottom line.

## HOW IS THE VALUE OF A PROFESSIONAL SPORTS TEAM DETERMINED?

Unlike industrial or financial business, which is generally valued on cash flow and assets, sport franchises are valued on their revenues for two reasons:

1. For the long term, the operating expenses within each league are about the same for every team
2. Franchise revenues most closely measure the quality of a team's venue and track athletic performance, ultimately the two most critical elements in the evaluation of team's overall value.<sup>19</sup>

<sup>19</sup> <http://www.thesportjournal.org/2002Journal/Vol5-No3/economic-values.asp>

# HOW VALUABLE ARE TODAY'S PROFESSIONAL SPORTS TEAMS?

Professional sport team values have experienced explosive growth over the last decade, a trend that doesn't show any sign of slowing down.

## Notable examples in the past decade:

- 2012: The Los Angeles Dodgers were sold to an ownership group that included former LA Lakers star Magic Johnson for a whopping \$2 billion. The team last traded hands in 2004 when maligned owner Frank McCourt purchased the club for \$430 million.<sup>20</sup>
- 2013: The San Diego Padres were sold for \$800 million in a deal that ranked as the third largest in the history of Major League Baseball despite having appeared in the postseason just twice since 1999.<sup>21</sup>
- 2014: In 1981, former LA Clippers owner Donald Sterling paid \$12.5 million for the team. After his involvement in a very public racism scandal, the NBA forced him to sell the team. At the time, it was valued by Forbes at \$575 million, yet the sale price for the franchise fetched a whopping \$2 billion (former Microsoft executive Steve Ballmer purchased the team).
- 2015: Bruce Levenson sold the Atlanta Hawks for \$850 million; ten years prior he [acquired](#) the franchise for \$189 million.
  - From 2014 to 2015, the average value of an NBA franchise (according to [Forbes](#)) skyrocketed from \$634 million to \$1.1 billion, a 74% increase in just one year. It is the biggest one-year gain since Forbes began valuing teams in the four major U.S. sports leagues in 1998.
- 2018: Two sports teams were [sold](#) for record prices when the NFL's Carolina Panthers were sold for \$2.3 billion and NBA's Houston Rockets were sold for \$2.2 billion.
- 2019: The Kansas City Royals were [purchased](#) by Kansas City businessman John Sherman for \$1 billion from David Glass. Glass purchased the Royals for \$96 million in 2000, giving the outgoing owner an annualized price appreciation of 13%. Forbes had recently valued the MLB franchise at \$1.03 billion.
  - Also in 2019, a new record was set when the billionaire co-founder of e-commerce giant Alibaba [purchased](#) the NBA's Brooklyn Nets for a reported \$2.35 billion.
- 2020: Major League Baseball approved the sale of the New York Mets to hedge fund billionaire Steve Cohen for [\\$2.4 billion](#), a record price for a baseball team and the majority stake of the NBA's Utah Jazz was purchased by tech billionaire Ryan Smith for \$1.66 billion (the sale also included the Vivint Arena, the Jazz G League affiliate Salt Lake City Stars franchise, and management operations of the Triple-A baseball affiliate Salt Lake Bees, according to an ESPN [report](#)), far more than the \$22 million paid by the previous team owners in 1986.
- 2021: The Minnesota Timberwolves entered the NBA in 1994 as an expansion team at a cost of [\\$32.5 million](#) and purchased by Glen Taylor for \$90 million just five years later. After years of testing the market, Taylor finally [sold](#) the franchise (along with the Minnesota Lynx, a WNBA franchise) to former MLB star Alex Rodriguez and billionaire former Walmart chief executive Marc Lore for \$1.5 billion.

It isn't just major league teams seeing record franchise values. A [USA Today](#) story suggests that minor league baseball's 20 most valuable teams are worth an average of \$37.5 million, up 35% over the last six years. According to the story, the most valuable minor league baseball franchises are the Sacramento River Cats (valued at \$49 million), the Charlotte Knights (\$47.5 million) and El Paso Chihuahuas (\$38.7 million).

<sup>20</sup>[http://espn.go.com/los-angeles/mlb/story/\\_/id/7877983/los-angeles-dodgers-sale-guggenheim-group-finalized](http://espn.go.com/los-angeles/mlb/story/_/id/7877983/los-angeles-dodgers-sale-guggenheim-group-finalized)

<sup>21</sup><http://www.forbes.com/sites/mikeozanian/2012/08/16/padres-sale-for-800-million-approved-by-mlb-owners>



#### INSTRUCTOR NOTE: PODCAST ALERT

Basketball fans in Minnesota were buzzing about the implications of the \$1.5 billion sale of the NBA's Minnesota Timberwolves and WNBA's Minnesota Lynx in 2021. What will the change in ownership mean for the two franchises? Will the team stay in Minnesota or would the franchise explore a relocation option? Will the new owners demand public dollars for a new arena? Why have valuations of NBA teams skyrocketed?

Guest host Chris Farrell, a senior economics contributor at Marketplace and MPR News, sits down with a basketball reporter and a sports economist to explore the potential effects of the sale and the value of sports franchises to regional identity and the economy.

Click [here](#) to download and listen to the podcast episode.



#### INSTRUCTOR NOTE

Click here to see the latest ranking from [Forbes](#) to discuss the most valuable professional sports teams in the world with your students. Prior to reviewing the complete list, see if students can predict which teams might be at the top of the list. Do they think the city or market where the franchise is located has any influence? What about the sport? Which teams might have seen their valuation rise or fall and why?

# Entertainment Business Fundamentals

## REVENUE STREAMS IN THE ENTERTAINMENT INDUSTRY

Entertainment products are similar to sports products in that both can be developed into merchandise, used for promotion, and create profit through sales of ancillary products, licensing, and royalties.<sup>22</sup>

Ancillary products are products related to or created from the core product.<sup>23</sup> Because there are so many different types of entertainment products, the revenue generated by marketing can be very diverse. A single blockbuster Hollywood film can generate a number of ancillary products:

- Videos
- DVDs
- Video games
- Rights can be sold to cable television
- Rights can be sold to pay-per-view television
- Film can be the basis for a video game, TV series, book, or clothing line
- Rights can be sold for licensed merchandise (toys, games, apparel, etc.)

The sale of those ancillary products makes a profit for the film creators in the form of sales, royalties, and licensing fees. Royalties are payments made to the owner of copyrighted work for use of their material.<sup>24</sup>

### Examples:

- Songwriters like Bob Dylan and Paul McCartney receive compensation when other artists “cover” (record or perform their own version) of the original song or when parts of the song are used as “samples” in another artists’ music.
- A Billy Squier tune called “The Stroke”, originally released in 1981, was heavily sampled in Eminem’s “Berzerk”, featured on his hit album Marshall Mathers 2. Eminem’s success (the album debuted at number one on the US Billboard 200, had the second highest album sales in 2013, and the album has sold nearly 5 million [copies](#) overall) will be shared long term with Billy Squier in the form of royalties.
- When artists don’t feel they are being fairly compensated for their work, or if they feel another artist is infringing on their intellectual property (stealing their work), lawsuits are soon to follow.
  - For example, a company that owns partial rights to Marvin Gaye’s 1973 hit song “Let’s Get it On” [sued](#) Ed Sheeran for \$100 million, suggesting the singer-songwriter copied “Let’s Get It On” on his 2014 song “Thinking Out Loud”.

### There is a lot of money at stake for artists in the form of royalty payments.

- Rolling Stone magazine reported that the show Glee paid an average of \$15,000 to \$30,000 per song in licensing fees, with the biggest names getting more.<sup>25</sup>
- Spotify [says](#) it has paid over \$23 billion in royalties to rights holders, including over \$5 billion in 2020, which is up from \$3.3 billion in 2017.
- Spotify has also [claimed](#) its biggest expense was royalty and distribution payments, which they say was equal to 85% of their revenue.

<sup>22</sup> Sports & Entertainment Marketing, Glencoe-McGraw Hill, 2nd ed., p. 32

<sup>23</sup>[http://espn.go.com/los-angeles/mlb/story/\\_/id/7877983/los-angeles-dodgers-sale-guggenheim-group-finalized](http://espn.go.com/los-angeles/mlb/story/_/id/7877983/los-angeles-dodgers-sale-guggenheim-group-finalized)

<sup>24</sup> Sports & Entertainment Marketing, Glencoe-McGraw Hill, 2nd ed., p. 33

<sup>25</sup> <http://www.parade.com/celebrity/personality-parade/2011/06/05/glee-royalties.html>



### INSTRUCTOR NOTE

Ever wonder how artists and songwriters get paid when their music is streamed? This brief [YouTube](#) video from Spotify provides a behind the scenes explanation as to how the popular streaming platform compensates those artists. Consider sharing the video in class, followed by a quick discussion.

A typical Hollywood marketing strategy includes planning the merchandising and product tie-ins before planning the casting and film production schedule. Increasingly, studios plan the merchandising, products, DVD and electronic games and toys they will tie in with their proposed film before the actors and other technical staff are determined. To a studio, movies seen as revenue generators, artistic statement is secondary.

As DVD sales decline and box office sales show signs of slow growth (while films become even more expensive to make), studios are looking to other avenues to boost revenue. Tie-in toys are viewed as the future of movie marketing as they keep fans engaged between film releases. This trend has studios focused on making movies that are “[toy-ready](#)”, of which there were 25 released in 2019, compared to the previous annual average of eight.

#### Examples of “toy-ready” films:

- “Toy Story 4”
- “Scooby Doo”
- “Batwoman”
- “Black Widow”
- “Frozen 2”

Despite the film release delays as the result of the pandemic, toy production and gaming companies tried to remain on schedule, [offering](#) a variety of products tied to major titles from “Black Widow” to “Minions: The Rise of Gru”

- To help maintain a revenue stream, most products were already distributed in retail stores and online, available for purchase months in advance of the film’s theatrical release date.
  - Click [here](#) to read more from wusa9.com.

A product tie-in refers to any marketing or promotional activity that connects one brand or product with another (usually more well-known or publicized) product or event.

However, a tie-in is not the same thing as product placement. For example, through a series of promotional deals, Marvel aligned the blockbuster ‘Avengers: Endgame’ film with dozens of brands (but those brands were not necessarily featured on-screen during the film). Brands that partner with a studio for tie-ins provide valuable promotion to help build excitement for the film’s release.

#### Notable promotional tie-ins for the film included:

- Adidas [launched](#) a “Heroes Among Us” limited-edition sneaker collection inspired by six iconic Marvel characters: Iron Man, Black Panther, Captain Marvel, Captain America, Thor, and Nick Fury.
- Google created a “secret” game that could be unlocked through their popular search engine and also created a [tie-in](#) with the Pixel 3 phone, featuring augmented reality “Playmoji” stickers of the heroes.
- Coca-Cola [created](#) a commercial that featured a teenage girl receiving super powers by drinking a Coke, helping her get to the theater in time for the film’s premiere.

#### Other examples of tie-ins include:

- In 2020, Build-a-Bear [revealed](#) a “Black Widow” themed bear ahead of film’s release, demonstrating the many different ways brands and studios can collaborate on product tie-ins.

- In 2019, the “Spider-Man: Far From Home” promotional media campaign set an industry record with \$288 million in media value, thanks to tie-ins with brands like Doritos, Dr. Pepper, United Airlines and Audi.
  - According to [Deadline](#), the media value of the campaign shattered the previous record, set just months earlier by “Avengers: Endgame” which was estimated to be around \$200 million.<sup>26</sup>
- With movie theaters still closed because of the pandemic, Warner Bros. released the animated feature film [Scoob!](#) directly to home viewers. The film — the first full-length animated Scooby-Doo adventure intended for the big screen — [included](#) promotional tie-ins like a Playmobil Mystery Machine, Scooby-Doo themed Converse sneakers, and free digital copies of comic books to help promote the movie’s DVD release.

## FILM FRANCHISE

If a film can be developed into a franchise (a series of films which will tie together), it can be a huge money maker for the brand / studio, including ample opportunities for tie-ins.

The top five film [franchises](#) in movie history:

1. Marvel Cinematic Universe
2. Star Wars
3. Wizarding World (Harry Potter)
4. James Bond
5. The Fast and the Furious



### ACTIVITY IDEA

Access the PPT discussion in your lesson 3.3 folder marked “Top 10 Film Franchises” and review the biggest movie franchises in box office history in class. Then, encourage students to come up with ideas for tie-ins relating to one of the films.

Alternatively, create a short list of recently released and/or soon to be released movies that are likely to have some box office success. Then, come up with three to five potential tie-ins with each film. Ask students why those tie-ins might benefit the brand as well as how they could benefit the success of the film.

## PRODUCT PLACEMENT

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

Product placement is one of the fastest growing advertising mediums in the entertainment industry. According to PQMedia, the U.S. product placement market grew by 14.5% last year but revenues are expected to fall 0.4% in 2020, thanks to coronavirus-related economic chaos — snapping a growth streak that dates to the Great Recession in 2009.<sup>27</sup> While currently only 2% of U.S. ad budgets is spent on product placement, that is starting to change as dollars drift to digital entertainment from television (according to the [LA Times](#)).

While product placement can provide a lucrative revenue opportunity, it doesn’t come without risk. Like sports, consumers can be sensitive to anything they feel is being over commercialized, particularly if they feel it detracts from the overall product.

<sup>26</sup> <https://deadline.com/2019/07/spider-man-far-from-home-record-promo-campaign-audi-united-airlines-dr-pepper-doritos-1202643198/>

<sup>27</sup> [http://www.insideradio.com/free/pq-media-global-product-placement-spend-up-14-5-last-year/article\\_dea0be76-a636-11ea-b2cf-fba58349746c.html](http://www.insideradio.com/free/pq-media-global-product-placement-spend-up-14-5-last-year/article_dea0be76-a636-11ea-b2cf-fba58349746c.html)

Product placement can be present in a variety of media formats, including theatre, film, television, music, video games and books. The concept has become so prominent that one filmmaker (Morgan Spurlock from Super-Size Me) chose to create an entire film based on the idea of product placement in which the documentary (called The Greatest Movie Ever Sold) follows his efforts to fund the entire movie through corporate product placement deals. According to Adam Kluger, CEO and founder of the Kluger Agency: *“Brands are tripling their revenue (just) because of a mention in a Jay-Z song, so we go after the companies and partner them with the demographic. If you hear an artist talking about his new Fila sneakers, you’re going to think about it when you go shopping.”*<sup>28</sup>

### Examples Of Product Placement In Film:

- “Man of Steel,” the highly anticipated reboot of the Superman franchise, earned \$160 million from product placements from more than 100 brands, shattering the record held by “James Bond Skyfall” which generated a then-record \$45 million in endorsements in 2012.<sup>29</sup>
- Pepsi basically financed an entire feature film when they took the theme from an advertisement that went viral (Pepsi Max’s “Uncle Drew”) and turned it into a box office success story.
  - According to CNN, Pepsi declined to share production costs for the film, but several other brands (including Nike and Wheaties, who, like Pepsi, have natural promotional interests in the “Uncle Drew” character) reportedly helped support the movie financially.<sup>30</sup>
    - Click [here](#) to read more from CNN why Pepsi decided to make “Uncle Drew” into a movie.
    - Click [here](#) to see the original Pepsi Max Uncle Drew commercial (viewed nearly 53 million times on YouTube).

### Examples Of Product Placement In Television:

When Seth Rogen presented an award at the 2017 Oscars wearing a pair of “Back to the Future” themed sneakers, Nike received an estimated \$583,000 in promotional value without spending a dime on advertising (all they had to do was provide Rogen with the shoes).

Click [here](#) for the full story on how Nike was the “unexpected winner at the Oscars” from qz.com.

In celebration of the 25<sup>th</sup> anniversary of the Discovery Channel’s wildly successful “Shark Week” program, Volkswagen created a [“Volkswagen Beetle Shark Observation Cage”](#) to replace the standard shark cage used in prior airings of the show.<sup>31</sup>

<sup>28</sup> <http://www.productplacement.biz/200906043114/News/Music/music-gets-branded.html>

<sup>29</sup> <http://www.bloomberg.com/video/-man-of-steel-most-product-placements-ever-tpqpl2seTLCowVVA4YtjYzA.html>

<sup>30</sup> <https://money.cnn.com/2018/06/29/news/companies/pepsi-uncle-drew-movie/index.html>

<sup>31</sup> <http://content.usatoday.com/communities/driveon/post/2012/07/volkswagen-creates-cage-for-discoverys-shark-week/1>





## CASE STUDY

# NETFLIX'S 'STRANGER THINGS'

Netflix eschewed traditional marketing for season three of its incredibly popular 'Stranger Things' series, partnering with 100 different brands and turning its promotional strategy "upside down". The volume of brand partners did not go unnoticed by fans, some complaining the show had become too commercialized and that the product placements were distracting.

However, a [Netflix spokesperson](#) said the company did not receive payment for any of the product placement or promotional tie-ins. Instead, Netflix allowed the brands to generate their own marketing buzz for their products while helping to promote the third season of one of its most popular shows.<sup>32</sup>

Either way, season three became one of the most-watched shows in Netflix history, and brand partners reaped the benefits of association with a pop culture phenomenon. According to one [report](#), the brand placement in the third season of the show was estimated to be valued at \$15 million. Coca-Cola gained approximately \$1.5 million in ad value from their product placement of "New Coke" and another \$1.2 billion in value from the media impressions generated by its alignment with season three of "Stranger Things".

To help illustrate the topic of promotional tie-ins, consider accessing the "Stranger Things" PPT which features several notable examples of product placement from the show, along with highlights of several creative promotional tie-ins from brands like Coke, Nike and H&M. Use the PPT to revisit (and reinforce) the concept of the paradox of commercialism (lesson 2.8), and introduce product placement and promotional tie-ins.

Additionally, discussing Netflix and their subscription-based business model would also be a worthwhile conversation. The company has publicly stated they have no immediate intention of shifting to an advertising-based model or plans to seek paid product placement with their original programming. Ask students why Netflix might be opposed to advertising or paid product placement, and if they think Netflix will stick to their strategy and keep their original programming ad-free in the long-term. The file is accessible from the Lesson 3.3 folder.

## Examples of Product Placement In Music:

More and more record labels are looking for ways to recoup lost revenue through declining CD sales and product placement provides a new avenue for generating revenue (and padding the pocketbooks of the entertainers themselves).

- After the commercial success of his hit "Gangnam Style", PSY was reportedly paid \$1 million for a three second spot in his follow up video for the song, "[Gentleman](#)", by a video game developer. Several other brands are also featured in the video.
- According to a report published in Rolling Stone, Britney Spears made a half million dollars from the product placement in her music video for "Hold It Against Me," which featured products such as a Sony television, Make Up Forever eye shadow and dating website Plenty of Fish.<sup>33</sup>
- The 9.5-minute music video for Lady Gaga's hit song "telephone" featured product placement for 10 different brands, including Virgin Mobile, Miracle Whip, Diet Coke, HP and Wonderbread (among others) and has been viewed nearly 110 million times on YouTube.

<sup>32</sup> [https://en.wikipedia.org/wiki/Stranger\\_Things\\_\(season\\_3\)#Tie-ins](https://en.wikipedia.org/wiki/Stranger_Things_(season_3)#Tie-ins)

<sup>33</sup> <http://www.rollingstone.com/music/news/britney-spears-made-500-000-from-product-placement-in-hold-it-against-me-video-20110222>

- The video for Ariana Grande’s 2018 song “The Light is Coming” prominently featured the singer wearing Reeboks, while her Instagram post alerted fans to the fact the video would drop exclusively on Reebok’s website (the brand [reportedly](#) paid for the music video).
- Soon after performing at the Super Bowl in 2019, [Vogue](#) revealed that Travis Scott’s video for “Can’t Say” in which he was dressed exclusively in Saint Laurent was financed entirely by the brand, leading the magazine to suggest it represented “an unusually close relationship between brand and artist.”
  - When Travis Scott dropped his “JackBoys” album in 2020, a music video for one of the songs, “Gang Gang” prominently featured numerous products from Elon Musk-founded companies: Tesla’s newly announced Cybertruck and Cyberquad ATV, as well as a Boring Company flamethrower.



#### FUN FACT

Chris Brown’s top-10 hit, “Forever”, was originally financed by the Wrigley’s chewing gum company as a jingle for Doublemint gum.

## Examples Of Product Placement In Gaming:

In-game product placements are quickly becoming one of the most lucrative forms of product placement for video game makers.

- In 2009, spending on in-game product placement was estimated at \$699 million. It reached \$1 billion by 2014 and according to [Forbes](#), grew to \$7.2 billion in 2017, and is expected to grow by another nearly [\\$11 billion](#) through 2024.
- Microsoft partnered with Chevrolet as the first ad partner attached to its Kinect Xbox 360 gaming interface when Chevy’s Volt electric car appeared as a product placement in “Kinect Joy Ride,” one of the first games designed for the popular console).<sup>34</sup>
- With live sports on hold during the pandemic, [Adidas](#) turned to video games for brand exposure.
  - Adidas recreated the canceled European Championship in the FIFA 20 Playstation video game. Each match was filled with Adidas branding, from its logo on both the in-game ball and kits to the players themselves wearing its apparel when they were on the screen.
- Electronic Arts’ popular video game franchise ‘Madden NFL’ and Pizza Hut partnered last year for the first-ever [virtual stadium](#) naming rights deal in esports.
  - In the deal, the virtual in-game stadium experience was referred to as “Pizza Hut Stadium”.

## Examples Of Product Placement In Books:

Even authors and publishing companies engage in product placement. For example, auto brands make heavy appearances in the Twilight books (Volvo is mentioned 16 times in the original book and six times in Eclipse).<sup>35</sup> Gordon Hodge, who follows the comic books business for Thomas Weisel Partners, told the Wall Street Journal that the product placement in comic books “market is worth about \$400 million to \$450 million, with Marvel controlling about 37% and DC capturing around 33%.”<sup>35</sup>

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

<sup>34</sup> <http://paidcontent.org/article/419-play-time-in-game-ad-spending-to-top-1-billion-by-2014/>

<sup>35</sup> <http://www.brandchannel.com/home/post/Product-Placement-Comes-to-Comics.aspx>

- DC Comics, home to characters such as Batman and Aquaman, launched “Rush City,” boasting visible promotional support from General Motors Corp.’s Pontiac. As part of the series, a new hero known as “The Rush” will be prominently featured driving a Pontiac Solstice in the comic book. “The car will be as essential to the character as the Aston Martin was to James Bond,” says David McKillips, vice president of advertising and custom publishing for DC Comics.<sup>37</sup>
  - Click [here](#) to read about Lexus’ recent sponsorship of an entire issue of a Marvel comic called “The Chase”
- A custom “special edition” digital “Guardians of the Galaxy” comic book highlighted several features of Ford’s EcoSport vehicles as part of the brand’s integration with the May 5<sup>th</sup> box office release of ‘Guardians 2’
  - Click here to see some of the other ways Ford connected its brand with the ‘Guardians 2’ film with a Marvel microsite, [marvel.com/ecosport](http://marvel.com/ecosport).

## WHAT’S NEXT FOR PRODUCT PLACEMENT?

The next step in product placement? Even more aggressive strategies like retroactively placing ads in music videos that have already been created. Via [Rolling Stone](#): “As first reported in Financial Times, the deal will integrate brands in music videos in ways unheard of even five years ago. Unlike a traditional product placement deal — in which a brand would work with the record label and artist and insert their product into the video during its production — retroactive product placement (a.k.a. native in-video advertising) functions more like traditional advertising. The ads inserted into each video have a finite lifespan and can be removed or replaced instantly. Companies may also localize ads, meaning a person in New York may see a Pepsi billboard at the same time someone in London sees an ad for McDonald’s.”

Similar technology is also used to retroactively insert products and brands into rerun episodes of popular television shows like “Friends” or DVD releases of films. For example, when Marvel released “The Avengers” on DVD, several deleted scenes from the original film and the new format’s inclusion of an “extended ending” featured prominent placement of Acura vehicles (according to [brandchannel.com](http://brandchannel.com)).

## WHAT IS A PRODUCT PLUG?

Not all product appearances are considered to be a paid product placement. When the featured product does not pay for the exposure, it is referred to as a product plug.

**Examples of product plugs include:**

- FX’s comedy ‘Baskets’ integrated several brands (Costco and Arby’s) into the show’s actual storyline but, despite trying to find partners for product placement within the show, did not gain any financial support from either brand.
  - Click [here](#) for an interesting read about the show ‘Baskets’ and its product placements from adweek.com.
- In 2018, iconic slow-cooker brand Crock-Pot tried to distance themselves from the television show, This Is Us, after an episode revealed that a popular character was killed when a Crock-Pot started a fire in the character’s home.
  - The company said in a [statement](#): “The safety and design of our product renders this type of event nearly impossible. Our Crock-Pot slow cookers are low-current, low-wattage (typically no more than 200 or 300 watts) appliances with self-regulating, heating elements.”
  - The company even posted on Facebook: ““We’re heartbroken over last night’s episode, too! We’re innocent until proven guilty.”
  - Even the show creator felt compelled to jump in and defend the Crock-Pot brand after the backlash, tweeting “Taking a moment to remind everyone that it was a 20-year-old fictional crockpot with an already funky switch? Let’s not just lump all those lovely hardworking crock pots together.”



- In the final season of HBO's hit show 'Game of Thrones', observant fans noticed a Starbucks cup that was erroneously left on set during one of the scenes, leading to millions of mentions and engagements through social media.
  - HBO digitally removed the coffee cup from the scene, but not before Starbucks generated billions in free advertising (one brand marketing company put the [estimated](#) value of the free publicity at \$2.3 billion).

## IS PRODUCT PLACEMENT EFFECTIVE?

Product placement, when implemented strategically, can be a very effective marketing tool.

- According to [CNBC](#), product integrations on Hulu deliver an 89 percent higher purchase intent and 74 percent higher brand awareness over traditional 30-second commercials.
- The decision to feature Reese's Pieces in ET catapulted the product-placement craft into the Hollywood mainstream. Sales of the candy subsequently increased 80%.<sup>36</sup>
- Etch A Sketch, Mr. Potato Head and Slinky were toys in the blockbuster Disney movie Toy Story. Subsequently, Etch A Sketch sales increased 4,500 percent; Mr. Potato Head sales increased 800 percent; Slinky, out of business for 10 years, made a furious comeback after getting over 20,000 orders.<sup>37</sup>
- A Billabong brand jacket featured in the second Twilight film ignited a buying frenzy. The brand quickly sold out of the jacket and it could later be found on eBay going for many times its retail price.<sup>38</sup>
- Thanks to a product placement ad in the popular social network game "Farmville", Microsoft gained over 400,000 Facebook fans on their Bing fan page in just one day.<sup>39</sup>
- [USA Today](#) reported that, when Jaguar automobiles figured prominently in the story line of a 2012 episode of "Mad Men", the brand experienced a 96.27% lift in "content consumption" (how often people were talking about the brand on digital devices), despite the fact that the brand wasn't portrayed in a positive light.

That's not to say product placement isn't a risky endeavor for both the brand and the film producer. Gitesh Pandya, editor of BoxOfficeGuru.com, told [Investors Business Daily](#) that product placement activity "has been going on for so long that most consumers are used to it. The big concern is if they overdo it with too many brand partners." In the case of "Iron Man 3," the product placement for Verizon FiOS is so obvious that it comes off as crass, he says. "Their plug in the film is just shameless," Pandya said. "It's just blatant promotion for the brand and it really has nothing to do with the story."

In another example, U.S. consumers who saw the fourth installment of the Transformers franchise, Age of Extinction complained the product placements were awkward, summed up when a viewer wrote on one movie review site after seeing the film, "It's disgusting to see so many ads in one movie." Chinese companies who paid hundreds of thousands of dollars to have their brands featured in the film complained about the limited exposure their brands received as a result of their placement agreement ([at the time this text was released](#), at least one was taking Paramount Pictures, the studio behind the film, to court).

## REVERSE PRODUCT PLACEMENT

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

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

<sup>36</sup> [http://www.usatoday.com/money/advertising/2009-05-18-network-tv-advertising\\_N.htm](http://www.usatoday.com/money/advertising/2009-05-18-network-tv-advertising_N.htm)

<sup>37</sup> [http://www.usatoday.com/money/advertising/2009-05-18-network-tv-advertising\\_N.htm](http://www.usatoday.com/money/advertising/2009-05-18-network-tv-advertising_N.htm)

<sup>38</sup> <http://www.brandchannel.com/home/post/2010/06/30/Twilight-Product-Placement-Draws-Blood.aspx>

<sup>39</sup> <http://www.allfacebook.com/bing-advertises-on-farmville-acquires-400000-facebook-fans-in-one-day-2010-03>



- Later in 2012, Staples began to carry more Dunder Mifflin branded products while a [statement](#) from the company suggested revenue generated by sales of the original Dunder Mifflin copy paper was “two times what we expected.”
- Brandchannel.com named Willy Wonka the “greatest example of reverse product placement of all time” in commemoration of the film’s 40th anniversary (today, under the Nestlé umbrella, the Wonka candy company still produces a range of candy, from Sweet Tarts to Nerds, Gobstoppers to Laffy Taffy and still makes extensive use of the “golden ticket” for marketing opportunities).<sup>40</sup>
- A deal was announced between Frito-Lay and Wal-Mart in which 1.5 million packages of “Cheesy Poofs”, the snack made famous in Comedy Central’s cartoon show South Park, would be available exclusively at Wal-Mart stores to celebrate the show’s 15<sup>th</sup> season.<sup>41</sup>
- Nickelodeon opened a pop-up restaurant in West Hollywood based on a popular show from the late 1990s, ‘All That’, to promote the network’s 2019 reboot of the show.
- According to a [statement](#) from Nickelodeon, the restaurant promised “Good Burger-themed service experiences, merchandise, games, secret sauce and more”
- Baskin-Robbins’ engaged in a reverse product placement strategy as part of their partnership with Netflix and season three of “Stranger Things” when they re-branded several stores as “Scoops Ahoy” (the name of the ice cream shop featured in the show’s storyline).
  - Over the two-week period in which a Burbank, California location was transformed into a “Scoops Ahoy”, the store enjoyed an increase in sales of 150% (according to [CBS News](#))
- Warner Bros. began selling “butterbeer”, a non-alcoholic, butterscotch-flavored drink made famous in ‘Harry Potter’ and later sold at ‘Wizarding World’ theme parks. In 2021, the studio made the product available for sale to Harry Potter fans online, but [only](#) in the U.K.

<sup>40</sup> <http://www.brandchannel.com/home/post/2011/05/16/At-40-Wonka-Candy-Is-Greatest-Reverse-Product-Placement-Ever.aspx>

<sup>41</sup> <http://www.adweek.com/adfreak/south-park-bringing-cheesy-poofs-walmart-near-you-133484>





## CASE STUDY

# ESPN'S 'THE OCHO'

On August 8th, 2017 (8/8/17), ESPN8 became “ESPN 8: The Ocho” for one day, drawing inspiration from the hit movie “Dodgeball: A True Underdog Story” in a true reverse product placement.

For one day only, the faux network featured a line-up of unconventional, niche sporting events ranging from Disc Golf to Ultimate Trampoline Dodgeball and Firefighters World Challenge playing off the mantra highlighted in the movie: “Bringing you the Finest in Seldom Seen Sports”

- According to MVPIndex, last year’s switch to ESPN8 resulted in 207K engagements and a social value of \$247.6K in just 24 hours.
- In 2019, ESPN’s “The Ocho” broadcasts included coverage of events like the 46th Annual Cherry Pit Spitting Championship, a stone skipping competition, “stupid robot fighting”, the Acrobatic Pizza trials, a sign spinning competition and lawn mower racing.

With all major sports on hold because of the COVID-19 health crisis, ESPN again brought back ‘The Ocho’ in 2020.

- A live world record deadlift attempt by Hafthor Bjornsson averaged a 0.22 rating and 302,000 viewers on ESPN ‘The Ocho’, making it ESPN’s most-watched program of the day according to [sportsmediawatch.com](https://sportsmediawatch.com).
- ESPN also averaged 201,000 for lawn mower racing, 172,000 for robot fighting, 171,000 for sign spinning, 170,000 for cherry pit spitting, 164,000 for stone skipping, 138,000 for dodge juggling and 121,000 for Tetris.
- Based on the ratings the promotion has drawn over the last few years, the reverse product placement has clearly provided ESPN with an effective marketing tool.
- Programming on ‘The Ocho’ in [2021](#) (the fifth year of ESPN’s promotion) featured more events than ever (29 in total with 21 being brand new), including:
- Mullet Championships, World Chase Tag, Air Guitar, “Dodge Juggle”, Putt Putt World Championships and Minecraft



### Activity Idea:

Create your own version of “ESPN 8: The Ocho” programming for a day. What events would you broadcast? How would you promote the event? How would you tie the promotion to the “Dodgeball” film?



### ACTIVITY IDEA

Challenge students to come up with a reverse product placement marketing campaign using one of their favorite sports or entertainment mediums as the source. Have them create a real product based on something from a book, TV show or movie, then create a brief plan for promoting the product. Encourage students to present their product idea in class.

# Industry Trends

## WHAT IS AN INDUSTRY TREND?

Industry trends are patterns that occur within a specific industry. These patterns could relate to pricing, costs, consumer behavior, manufacturing, promotions/sales strategies, distribution channels or any function of marketing. Trends are constantly shifting within the sports and entertainment industry, making it critical for marketers to effectively track them.

Shifts in industry trends could include:

- Customer buying patterns
- Consumer preferences / distastes
- Effective marketing techniques (product placement for example)
- Product and/or service modifications
- New technology
- Efficient communication tools

How do sports and entertainment marketers effectively track industry trends?

- Monitor sports and entertainment news online
- Read trade or business magazines, journals, websites or newsletters
- Consider the marketing efforts involved when attending competitor events
- Attend sports/entertainment business conventions, exhibitions and events
- Obtain research from sports/entertainment marketing firms
- Observe activity of competitors
- Communicate with others within the industry

Marketers evaluate trends that fit their respective marketing plans and implement changes accordingly. In the sports and entertainment industry, the trend toward consuming online content has industry executives focusing on engagement strategies to capture (and keep) fan interest.

## Current Sports And Entertainment Industry Trends:

- Continued growth of augmented/virtual/extended reality
- Pop-up stores
- Theme parks that look like “blockbuster worlds”
- Creative approaches to footwear and apparel
- Targeting the female demographic
- More and improved tech at sports and entertainment venues
- Team sports battle declining attendance
- Promotions celebrating history, heritage, and community in team sports
- Pop culture-themed promotions
- Sneaker brands and celebrity collaborations
- Gamification
- Cryptocurrency & blockchain
- NFTs



## Pop-up Stores

A pop-up refers to the concept of opening a short-term sales space, often launched as a promotional tool to create awareness and build interest for new products. Pop-ups are typically only open from a few days to several months and provide opportunities for consumers to physically interact with a product and provide a less expensive alternative to retail because a business does not commit to a long-term lease. According to the [American Marketing Association](#), the pop-up concept is now estimated to be a \$50 billion industry.

### Pop-up examples:

- In 2020, Nintendo [opened](#) “Switch On The Go pop-up lounges” at several U.S. airports, including Dulles International, Tacoma International & O’Hare. They were open for about six weeks and offered travelers access to charging ports along with playable Switch demos
  - Some of Nintendo’s most popular games were available, including “The Legend of Zelda: Breath of the Wild,” “Mario Kart 8 Deluxe” and “Super Mario Odyssey.”
  - Travelers who visited the lounge were given a free Switch-branded luggage handle wrap and a \$10 coupon to use at Target on a Nintendo purchase of \$75 or more. Visitors were also able to place orders for Switch, Switch Lite and a selection of games and merchandise.
- Nike has launched pop-ups around the world, including a shipping container converted into a Nike “store” in Berlin, a SNKRS-branded (a Nike app) retail experience at the Super Bowl in Atlanta, and dropped an exclusive Air-Max sneaker at a pop-up in France.
  - Nike sold exclusive SNKRS merchandise at its SNKRS pop-up. The pop-up also featured a vending machine that served SNKRS and city of Atlanta-themed swag for free, such as stickers, pins and smartphone cases. To get the freebies, consumers had to scan their “Nike+ Pass”, a QR code in the profile section of the consumers’ SNKRS app.



### ACTIVITY IDEA

To have some fun teaching the concept of industry trends, along with the current “pop-up store” trend, consider accessing the “Industry Trends – Pop-Up Stores” lesson plan bundle, complete with a lesson plan guide, PPT and activity rubric.

## More Theme Parks That Look Like “Blockbuster Worlds”

After the success of Harry Potter’s “Wizarding World” at Universal, expect more park operators to introduce attractions that feature themes from your favorite film franchises.

- A “Frozen” themed world depicting Arendelle opened at Tokyo DisneySea, Pandora (“Avatar”) at Disney’s Animal Kingdom and Star Wars Land at Disneyland and Hollywood Studios.
- In 2019, Disneyland opened its highly anticipated Star Wars: Galaxy’s Edge, selling out its reservations in just two hours.
  - It took the park just one month to [announce](#) that 1 million riders had already ridden the Millennium Falcon: Smugglers Run ride since Star Wars: Galaxy’s Edge debuted.
- Also, in 2019, popular film franchises “Hunger Games” and “Twilight” were brought to life when the Lionsgate (the studio behind the films) opened a “vertical theme park” (the park is a futuristic building that is ten stories high) in China.
  - According to the [New York Post](#), “Lionsgate Entertainment World” will offer several attractions based on popular film franchises, including:
    - A virtual reality motorcycle ride with a pack of wolves, simulating an experience from “Twilight”.

- A 3D experience called The Hunger Games: Mockingjay Flight Rebel Escape, starting on the streets before riders board a vehicle that gets picked up by a hovercraft that flies through a scene depicting “The Capitol” from the films.
- A virtual reality roller coaster based on the “Gods of Egypt” film where riders don headsets and soar through ancient Egypt during an epic battle between good and evil.
- The theme park will also include attractions based on films such as “Divergent” and “Now You See Me”.

## Creative Approaches To Footwear And Apparel

- “Retro” shoes
  - [Forbes](#) reported that sales of retro shoes, from all major brands, were up over 25% last year.
  - Complex.com [declared](#) in 2019 that “70s Runners” were the best sneaker trend of the summer.
  - According to Matt Powell, a footwear industry analyst at the research firm NPD Group, brands like Fila and Champion have the retro trend to thank for their resurgence, telling [CNBC](#) “The 90’s retro trend is very hot right now and Fila and Champion are at the center of it.”
    - In the last two years, Fila’s sales increased 205% while Champion increased sales last year by \$360 million, according to CNBC.
    - In the last three years, Champion’s Instagram followers have climbed from 200,000 to about 6 million and a recent survey from Piper Jaffray suggests male teens consider it a top-15 brand, ranking alongside such names as Gucci and Tommy Hilfiger, according to [Time Magazine](#).
- “Themed” designs and collaborations
  - Last year, adidas released a special edition Dragon Ball Z collaboration.
  - Nike also once released shoes themed around “Chicken and Waffle”, Krispy Kreme and Starbucks.
  - Vans’ latest line of themed sneakers were literal works of art when the [partnered](#) with the Van Gogh Museum to feature some of the artists’ work on shoes and apparel.
  - Nike, in tribute to NBA MVP Giannis Antetokounmpo’s favorite movie, [released](#) the film-themed Zoom Freak 1 ‘Coming to America’ sneaker in 2019.
  - Adidas skateboarding honored legendary artists the Beastie Boys with a [collaboration](#) in 2019 celebrating the 25<sup>th</sup> anniversary of one of the band’s most popular albums, ‘Paul’s Boutique’ (on one song from the album, the group raps “More adidas sneakers that a plumber got pliers” and on another, “Rock my adidas never rock Fila”).
  - Converse and its Chuck 70 Sneaker, the world’s most symbolic sneakers, [teamed](#) up with Scooby-Doo’s Mystery Machine and was released (sold-out) in July of 2020.



### ACTIVITY IDEA

If you have not already introduced a sneaker design activity or project, consider having students design a unique “themed” sneaker of their own. Have them choose whichever brand they would like, then customize the shoe with a theme they think will be popular with consumers. Each student should present their design in class (with some reassurance that the goal of this exercise is to demonstrate creativity and an understanding of catering to consumer preferences, not an artistic design competition). As they present their design, students should explain why they decided on each respective theme, why consumers will like the shoe, and how they will get the product in the hands of the consumer. You may also want to refer back to lesson 2.5 and reinforce the concept of the importance of a quality product.

For additional guidance for this activity, consider accessing the “Industry Trends – Themed Sneakers” lesson plan bundle, complete with a lesson plan guide, PPT and activity rubric.

## Continued Increase In Targeting Of The Female Demographic

- Women comprise about 1/3 of ESPN's adult audience for sports programming, nearly 1/2 of the Super Bowl's viewership and purchase 46% of NFL merchandise
- In 2018, Reebok enlisted the help of Ariana Grande, Gal Gadot, Gigi Hadot and many others to amplify the message of their "Be More Human" women's marketing campaign
  - As part of the campaign, Reebok created 10 different limited-edition inspirational shirts with 100 percent of proceeds benefiting The Movement Foundation and The Women's Strength Coalition.<sup>42</sup>
    - Click [here](#) to view the commercials on Reebok's YouTube playlist.
- The WWE is placing more emphasis on reaching female fans.
  - According to [USA Today](#): "WWE's TV audience continues to increase in the percentage of females, nearing 38%, according to Nielsen figures, while merchandise sales depicting female performers continue to grow."
    - Click [here](#) to read more on the WWE's strategy to focus on its women's division from forbes.com.

## More And More Tech In Stadiums And Arenas

- According to [contracostatimes.com](#), when Levi's Stadium (home of the San Francisco 49ers) opened, it featured an unprecedented network that included about 680 Wi-Fi access points -- one for every 100 seats in the stadium, a superfast Internet connection (allegedly 10,000 times faster than what federal regulators classify as broadband), and about 1,700 high-tech "beacons" (technology that connects a fan's phone to a wireless headset, used to pinpoint consumers' locations inside the venue to provide them directions).
- According to [wired.com](#), when NBA's Sacramento Kings opened their new "Golden 1 Center", they suggested the arena was the most technologically advanced arena ever built.
  - The building is powered strictly by solar energy, enables wi-fi usage in every nook-and-cranny while allowing fans to control the temperature in their seating section by voting through an app, and boasts a scoreboard that is higher-resolution than the famous Dallas Cowboy jumbotron (32 million pixels vs 25 million).
- The Golden State Warriors are also due to open their new technology-savvy arena, the Chase Center, in 2018.
  - According to [cnet.com](#), the new facility will include floor tiles that generate electricity when people walk on them, streetlamps that transmit data to those nearby and several virtual reality possibilities.
- MLS's Columbus Crew teamed up with IBM to enhance the tech at their new stadium.

## Declining Attendance

Sports teams will continue exploring alternative packaging strategies to battle declining attendance.

- As the team prepared for season ticket renewals down the stretch of the last year's MLB season, the Oakland A's announced plans to re-imagine the traditional season ticket sales model.
  - According to the [San Francisco Gate](#), the "A's Access" program would provide "members" with general-admission access to every game, a reserved-seat plan and additional benefits including half-price concessions, 25 percent off merchandise and upgrade credits for games not included in a reserved-ticket plan.
  - [USA Today](#) reports one trend fans can expect to see in Major League Baseball is smaller stadiums as teams try to find ways to create more demand for tickets.
    - For example, both the Atlanta Braves and Texas Rangers opted to downsize when moving to new stadiums.
      - The Braves are in their third season at SunTrust Park (capacity, 41,000, replacing Turner Field's 53,000).

<sup>42</sup> <https://www.adweek.com/brand-marketing/ariana-grande-gal-gadot-and-more-join-reeboks-campaign-to-inspire-and-empower-women/>

- The Rangers will begin play next year at Globe Life Field, a retractable-roof facility that will seat 40,000 compared to its current stadium's 49,000-seat capacity.
- The challenges of drawing fans to stadiums are not limited to Major League sports, a precipitous drop in attendance has impacted college football for several seasons.
  - According to The Athletic, college football attendance last season dipped to its lowest mark in 22 years.
  - In 2018, the SEC, a conference with fans as loyal as you'll find in sports, posted its lowest average attendance since 2004, a drop of 1.4 percent from the previous season.
  - This has sports marketing professionals in collegiate athletics searching for answers. The Athletic reports that those who have studied attendance at college football games suggest there are a number of reasons for the general drop in attendance:
    - Costs associated with attending games
    - Uncertainty over kickoff times
    - Bleacher seats that are too uncomfortable
    - Concession areas that are too claustrophobic
    - Lack of handrails that make it easier to get around
    - Some fans prefer to watch at home, so they can watch more games
    - Quality of opponent

## Promotions Celebrating Franchise History And Community

A popular promotions trend the past few seasons features teams paying tribute to the community at large and/or the franchise's historic roots.

- The Lancaster JetHawks offered fans "throwback" prices on tickets as well as t-shirt giveaways to celebrate their 20<sup>th</sup> season. To recognize their 30<sup>th</sup> season milestone, the Harrisburg Senators introduced life sized bobbleheads and brought back former players to help the team celebrate.
- The Chicago White Sox celebrated the 100<sup>th</sup> anniversary of their World Series winning season by wearing replica jerseys for a July home game.
  - In addition to the team donning throwback uniforms, the game featured old-time music and entertainment.
  - Replica jerseys were given out to the first 20,000 fans in attendance while "1917 discounts" were available on food and merchandise (popcorn and White Sox programs were sold for 25 cents).
- The Green Bay Packers launched a [microsite](#) dedicated to the team's celebration of their 100<sup>th</sup> season, featuring one moment highlighted each day for the 100 days leading up to the regular-season opener.
  - The team ramped up merchandising efforts as part of the celebration, offering everything from bobbleheads and coffee mugs to hoodies and iPhone cases.
- The Charlotte Hornets' organized numerous promotional activities surrounding the franchises' 30<sup>th</sup> anniversary, including a new court featuring the team's original logos and colors.
  - The franchise connected the celebration with a sponsor, selling "title sponsorship" rights to Spectrum.
  - Click [here](#) to read more about the promotions that will coincide with the Hornets celebration of 30 years as a NBA franchise.
- In 2019, nearly a dozen MiLB teams honored anniversaries with local communities, including the Pawtucket Red Sox 50-year tribute with "Celebrate Rhode Island" by thanking fans for "50 years together".
  - Promotions included (via the team's [website](#)):
    - "Kids Free" Monday-Friday Nights in April & May
    - "Swing into Summer" where all students in the state who successfully advance to the next grade level at the end of the school year receive a free ticket to a choice of summertime games
    - "PawSox Rhode Shows" and 50 "Acts of Kindness" throughout the state
    - "Commitment to the Community" long-term, including philanthropy and the PawSox Mentoring Program



- Sharing of any 2019 profits (if any are generated) with the City of Pawtucket on an equal, 50/50 basis
- Another popular trend where minor league teams celebrate community is the creation of promotions where the team undergoes a name change for one game.
- While Minor League Baseball has a history of food-themed marketing stunts, the practice really took off in 2016 when teams like the Lehigh Valley IronPigs (Bacon), Toledo Mud Hens (Eggs) and Fresno Grizzlies (Tacos) took the promotions to another level, donning themed uniforms along with other promotional activities.
  - Click [here](#) for a great recap of the history behind some of the best food-themed promos in Minor League Baseball.
- To pay tribute to Maryland's "most hallowed pastime of picking steamed crabs", the Aberdeen IronBirds changed their team name to the "Steamed Crabs" for a game last season.
  - The franchise promoted the event through social media, on its website and also launched a microsite at [www.aberdeensteamedcrabs.com](http://www.aberdeensteamedcrabs.com).
  - For one game, MiLB's Albuquerque Isotopes became the Green Chile Cheeseburgers. Taking the food theme even further, Albuquerque's opponent of the evening was the Fresno Grizzlies, who became the Fresno Tacos for the game.
    - Green chiles are an iconic food in the Albuquerque (and New Mexico) area so the team wanted to pay tribute with a special promotion that the community could rally behind.
    - Green chiles were roasted around the concourse and the team's ballpark (often referred to as "The Lab") was renamed "The Grill" for the evening.
    - To further engage fans, the team launched a microsite at [www.BringingTheHeatABQ.com](http://www.BringingTheHeatABQ.com) encouraging fans to vote for their favorite style of green chile (hot or mild) by tagging posts on social media with the hashtags #HOTABQ or #MILDABQ.
    - Click [here](#) to view a promo for the game on YouTube.
    - Click [here](#) to see some examples of the merchandise the team offered in conjunction with the promotion.
  - MiLB's Charlotte Knights chose to pay homage to their home state's culinary claim to fame (barbeque) by becoming the Charlotte Pitmasters for one game.
    - The team's General Manager explains why the franchise decided to jump on the name-change trend in an interview with [Charlotte Magazine](#): "Seeing the success fellow teams had with rebranding their teams for a day around food items famous in their regions, we thought, Why not us? From there, our VP of entertainment, David Ruckman, thought that barbecue was the most fitting for Charlotte and the Carolinas and he developed a terrific brand and promotional theme night. The Charlotte Pitmasters are born."
  - Among those who jumped on the trend in 2019:
    - The Maine Sea Dogs [became](#) the "Whoopie Pies", in partnership with Wicked Whoopies and the Maine Whoopie Pie Festival, in a nod to the state's official dessert with themed jerseys and hats.
    - The Syracuse Mets, in partnership with the New York State Fair, took the field as the "Butter Sculptures" for a game in July, which are ([according](#) to MiLB reporter Benjamin Hill) a nod to "the state fair's massive butter sculptures, which are meticulously crafted by dairy artisans and displayed publicly to the joy and amazement of all" (the promotion included themed-jerseys and a bobblehead giveaway of butter sculpture mascot, 'Scooch').
  - It isn't just food themes; some teams will find other "quirks" to celebrate, like the Staten Island Yankees' name-change last season to become the "[Pizza Rats](#)" for five games, a nod to a viral video that captivated the country in which a New York City rat attempts to carry an entire slice of pizza down the subway stairs.
    - Click [here](#) to see the "pizza rat" video (it has been viewed over 10 million times on YouTube).
    - Click [here](#) to see the team's microsite celebrating the promo.

## Why are community tributes a hot trend? Because these promotions work!

- According to [espn.com](https://www.espn.com), when the Fresno Grizzlies announced a “Taco Throwdown” promotion where team would change its name to the Tacos for the game and wear taco-themed jerseys and hats.
- In the first 50 hours after the announcement, the team’s website sold nearly 900 hats bearing the taco logo. Compare that to the 16 Fresno Grizzlies hats the team sold in the first three weeks of July.
- Last year, when the San Antonio Missions of Minor League Baseball [introduced](#) a “Flying Chancas” promotion as part of their tribute to Hispanic heritage event, it took just 22 games to surpass the in-park merchandise sales from the entire previous season.

## Pop Culture Themed Promotions

One of the hottest trends in sports right now are promotions that tie-in with pop culture references.

- Many teams now offer “Star Wars” theme nights (teams ranging from the Phoenix Suns, St. Louis Blues and Philadelphia Phillies to the Memphis Redbirds, Fort Wayne TinCaps and Buffalo Bisons have all hosted Star Wars theme nights).
  - The Buffalo Bisons donned “[Jedi Robe](#)” themed jerseys for their event.
  - The Lehigh Valley [IronPigs](#) wore jerseys depicting Hans Solo frozen in carbonite.
  - The Potomac Nationals put [Lando Calrissian](#) on their Star Wars jerseys.
  - Star Wars theme nights were so popular with MLB teams last season that the Star Wars website featured a “[MLB Feels the Force](#)” page communicating the dates each MLB team would be hosting their “Star Wars Night” promotions.
    - The website also featured a few of the unique Star Wars-themed giveaways at the ballpark, including stormtrooper bobbleheads and jedi baseballs.
    - Click [here](#) for more from starwars.com.
- Game of Thrones took MLB by storm in 2019, with 20 of the league’s 30 teams [offering](#) GoT themed promotions as baseball clubs celebrated the show’s final season.
  - Popular giveaways included bobbleheads and t-shirts, like the Atlanta Braves’ “Throne of Jones” T-shirts featuring former star Chipper Jones and the Kansas City Royals “Ice Dragon” bobblehead giveaway.
- “Superhero” themed promos have gained a lot of momentum as another means for teams to connect their brand to pop culture and attract more fans to the ballpark or stadium
  - The Cedar Rapids Kernels hosted a [Mommy-Son Superhero Night](#) that included a cookie & punch party and photos with Batman, Superman and Spiderman.
- The Durham Bulls hosted a [PokemonGO](#) promotion to help raise funds for a local pet adoption agency.
- The Toledo Mud Hens celebrated an iconic rock band by hosting a “Beatles Night” with jerseys inspired by the “Sgt. Pepper’s Lonely Hearts Club Band” album.
  - The team sent a tweet with a “first look” at the uniforms that quickly generated a huge fan response, garnering more than 600 retweets and 1,000 likes (typically the team’s tweets get just a few likes or retweets).
    - The promotion even sparked a Twitter feud with a rival minor league team who claimed they had offered the promotion first.
    - Click [here](#) to read about the feud from bensbiz.mlblogs.com.
  - Further evidence of the popularity of pop culture promotions, the Mud Hens’ tweets with the highest levels of engagement were also “uniform reveal” tweets.
    - The Mud Hens’ offered a salute to the original ‘Dream Team’, with jerseys inspired by the 1992 USA Men’s Basketball team (the announcement was liked over 1,000 times and re-tweeted more than 400).
    - The team’s announcement about a ‘Harry Potter Night’ promotion on Twitter gained over 900 likes and nearly 400 re-tweets.





## Sneaker Brands And Celebrity Collaborations

Sneaker and apparel brands have enjoyed a lot of success by collaborating with non-athlete celebrities to help drive awareness and move product.

- Nike with Kevin Hart
- Adidas with Kanye West, Beyoncé and Jonah Hill
  - Click [here](#) to learn more about Jonah Hill's partnership with adidas
- Puma with J. Cole, Kylie Jenner and Rihanna
- Under Armour with Gisele Bündchen
- Converse with Millie Bobby Brown
- Reebok with Ariana Grande and Gal Gadot
- Champion with Chance the Rapper
- New Balance with Jaden Smith

## Gamification

**Gamification** is a marketing strategy that encourages consumer engagement with brands through game play or similar activities. Marketers believe that if you're able to successfully tap into the natural human instinct of competition, it will result in higher levels of engagement relative to whatever it is they are promoting.

- The Jacksonville Jaguars, as an extension of their fan loyalty program, offer several team-branded games on their website as a way to add value for loyalty program members.
  - Click [here](#) to see more from the Jags' website.
- As a way to get more fans excited about beach volleyball, the Association of Volleyball Professionals (AVP) launched a branded video game called "AVP Beach Volley: Copa" for play on mobile devices.
- The Chicago Bulls launched a "Mascot Dash" game on the team website, complete with a leaderboard to encourage competition and activity from fans through social media channels with the hashtag #BullsMascotDash.
  - In addition to driving fan engagement with the Bulls brand, the team's gamification strategy paid dividends by collecting consumer data and driving revenue by connecting the game with a sponsorship opportunity (AT&T).
  - Click [here](#) to see the game on the team's website.
- Under Armour [launched](#) a gamification strategy in time for the 2018 NBA Playoffs when they introduced a game show app with real-time trivia features.
- In 2019, Circle K [partnered](#) with the San Antonio Stock Show & Rodeo to launch an interactive, in-arena game called "Guess the Score" where rodeo attendees could try to guess the rider's score before the judges issued it for a chance to win prizes from Circle K Texas.
- To engage fans around the 2021 NFL Draft, the Indianapolis Colts launched the "[Colts Arcade](#)" on the team's mobile app, offering a variety of team-branded digital games including:
  - "Guess the Home Opener" game where fans were encouraged to guess the team's opponent, date and time for the Colts' home opener for a chance to win four tickets and \$100 in concession credits, along with a \$100 Pro Shop gift card.





- “Colts Draft Bingo” where fans were encouraged to fill out their cards as they followed along with the picks made by the Colts throughout the draft.
- “Colts Draft Trivia game with a variety of questions tied to the franchise’s draft history

## Cryptocurrency / Blockchain

Cryptocurrency is a digital currency that can be used as a form of payment for goods and services. Some businesses issue their own cryptocurrencies, usually referred to as “tokens”, and these can be traded specifically for the good or service that the company provides. To obtain the cryptocurrency (digital currency or tokens), consumers exchange real currency.

According to [nerdwallet.com](https://nerdwallet.com), cryptocurrencies work using a technology called blockchain. Blockchain is a decentralized technology spread across many computers that manages and records transactions. Part of the appeal of this technology is its security.

As crypto creeps into the mainstream, it is gaining traction in the sports and entertainment industry.

- In 2021, sports teams like the San Jose Sharks, Dallas Mavericks, Sacramento Kings, and Oakland A’s began accepting crypto in exchange for tickets.
  - The Oakland A’s became the first baseball team to sell a luxury suite via a cryptocurrency transaction, announcing the sale of a full season suite in exchange for one bitcoin via [Twitter](https://twitter.com).
    - The team also processed the first Dogecoin transaction in Major League Baseball history when they sold a two-seat “pod” (when COVID-19 forced limited capacity and only “pod” seating was allowed) in exchange for [100 Dogecoin](https://www.dogecoin.com).
  - Also in the Bay Area, the San Jose Sharks [teamed up](https://www.sjsm.com) with BitPay to accept a number of crypto payment options including Bitcoin (BTC), Dogecoin (DOGE), Ethereum (ETH), Bitcoin Cash (BCH), and Wrapped Bitcoin (WBTC).
    - Initially, only season tickets and luxury suites were offered for sale, but the team eventually plans to offer everything from individual game tickets to merchandise and concessions via crypto payment.



## NFTs

Non-fungible tokens, otherwise known as NFTs, represent a type of asset that allows creators to “tokenize” collectibles as a digital artform using blockchain technology.

What does that mean? Best described by [The Verge](https://www.theverge.com), “Non-fungible” more or less means that it’s unique and can’t be replaced with something else. For example, a bitcoin is fungible — trade one for another bitcoin, and you’ll have exactly the same thing. A one-of-a-kind trading card, however, is non-fungible. If you traded it for a different card, you’d have something completely different.”



Ownership of an NFT provides the buyer with rights to an original item. NFTs contain built-in authentication, which essentially provides proof of ownership and the security that an item cannot be duplicated.

The NBA has been at the forefront of the NFT craze, thanks in large part to their partnership with a digital collectible card platform NBA Top Shot. Top Shot allows users to buy, sell, and trade very specific NBA “moments” and keep them stored on the blockchain in digital wallets.

NBA Top Shot launched in late 2020, but its popularity exploded in 2021. The platform raced to over one million users by May. By February, the platform had already reached [\\$230 million](#) in sales. The secondary market for Top Shot has attracted significant investments as well, with a LeBron James “moment” [selling](#) for \$387,600 where he emulated an [iconic Kobe Bryant dunk](#).



## INSTRUCTOR NOTES

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

## SUPPLY & DEMAND

The concept of supply and demand represents one of the most fundamental economic principles. But how does it apply to sport? Simply explained, supply and demand is the relationship between the quantity of a commodity (like game tickets or Jordan sneakers) that producers wish to sell at certain prices and the quantity that consumers are willing to purchase.

Supply and demand is what ultimately determines the price that you, as a consumer, pay for a product or service (like game tickets or Jordan Brand sneakers). It also impacts prices for everything surrounding an event like a music festival or Indianapolis 500. For example, Darren Rovell, a national sports business reporter, sent the following tweet while attending the Masters golf tournament “My hotel room in Augusta normally costs \$73.32. Tonight, during Masters week, \$401.02!”<sup>43</sup>

## ECONOMIC IMPACT

Sporting events inevitably will have some impact on the host city’s economy. While the significance of that impact is often debated by economists, there is no doubt that an event like the Olympic Games or Super Bowl will draw visitors that will fill hotel rooms and spend money at local restaurants and shops. Mega events attract thousands of people to host cities. Every year, more than 150,000 spectators descend upon Churchill Downs for the Kentucky Derby, temporarily transforming the population of the racetrack into the 3<sup>rd</sup> largest city in the state. Most Derby fans will likely stay in the Louisville area. They provide the area with an influx of revenue, helping to provide a boost to the local economy as they flock to local restaurants and shops, stay in local hotels, and rent cars from area rental car companies.

### What is Economic Impact?

Economic impact can be defined as the net change in an economy resulting from sport or event related activity. This change is caused by either the activities involved in the development of new facilities and/or the revenue generated from visitor and public spending, employment opportunities and taxes, which happens either directly or indirectly.

Direct effects are the initial purchases made by visitors specifically in the area to attend an event, such as a fan visiting Tokyo for the Olympics buying souvenirs from a local shop.

Direct effects are measured by the direct transactions between those outside the host economy (spectators, participants, media, and other fans) and those inside the host economy (local hotels and restaurants).

<sup>43</sup> Rovell, Darren (@darrenrovell). “My hotel room in Augusta normally costs \$73.32. Tonight, during Masters week, \$401.02!” 4 April 2012, 3:43 p.m. Tweet

Indirect effects are the ripple effect of additional rounds of spending after the direct effects are measured. This is often the result of business-to-business transactions indirectly caused by the direct effects. Businesses initially benefiting from the direct effects will subsequently increase spending at other local businesses. For example, as restaurants work to meet increased demand for menu items with the influx of visitors, they will buy more product from local wholesalers like bread or soda.

### Sports and entertainment can impact economies in a variety of ways, including:

1. Events
2. Teams and venues
3. Industry segments
4. “Superstar” effect

### Event Impact Examples:

- Nashville’s economy experienced a boost of nearly \$224 million from hosting the 2019 NFL Draft, a figure that exceeded expectations.
  - [Titans Online](#) reported a record crowd of over 600,000 people attended the three-day event with more than half the attendees coming from out of town.
  - According to the NFL and the Nashville Convention & Visitors Corp, the NFL Draft generated a record \$133 million in direct spending, representing a 79% increase over the previous year when Dallas hosted the event.
  - Las Vegas was poised to become the grandest draft presentation in the history of the league, however, the event was [canceled](#) due to the coronavirus pandemic resulting in Nevada’s economy losing out on potentially millions of dollars.
  - The economic impact went beyond direct and indirect spending, as the draft would have essentially been a three-day television commercial for the city. The Las Vegas Convention and Visitors Authority was [expecting](#) 47.5 million people in 115 countries to watch some portion of the draft in an event that was to be televised on ABC, ESPN and the NFL Network providing hours of exposure for Las Vegas.
- According to a report from UK Music, a London-based group that includes songwriters, managers and record companies, tourists visiting U.K. music festivals and concerts contribute at least \$1.4 billion a year to the local economy.<sup>44</sup>
- While the Twin Cities [reportedly](#) incurred costs north of \$7 million to host Super Bowl LII in 2018, [twincities.com](#) suggested the event ultimately contributed \$370 million to the region
  - For some fun facts relating to the visitors to Minneapolis/St. Paul for the 2018 Super Bowl, click [here](#).
- Each year, their respective Jazz Festivals stir significant economic increases in [Montreal](#) (approximately \$125 million where it employs 2,500 people during its 10-day run and attracts more than 1-million people, roughly a third of them from outside of the metropolitan area every year) and [New Orleans](#) (\$300 million annually).
  - Click [here](#) to download a PDF of the latest economic study conducted to measure the economic impact of the Montreal Jazz Festival.

### Team & Venue Impact Examples:

- According to [venuestoday.com](#), Daytona International Speedway’s \$400 million renovation (which they coined DAYTONA Rising) helped create 6,300 jobs, \$300 million in labor income and \$85 million in tax revenue.
- According to a report from [wpr.org](#), every Milwaukee Bucks home game during the 2021 NBA playoffs brought at least \$3 million into the city’s economy, and that did not even include the impact of events in the Deer District around the stadium.

<sup>44</sup><http://www.bloomberg.com/news/2011-05-16/music-tourism-in-u-k-contributes-1-4-billion-a-year-to-economy.html>

## Industry Segment Impact Examples:

In some areas, certain segments of the sports/entertainment industry can have an economic impact on local communities.

### Golf

- A Florida Golf Economy report suggests the golf industry's direct effect on Florida's economy is approximately \$7.5 billion and that the golf industry as a whole (both direct and indirect spending) generates a total economic impact of \$13.8 billion state-wide.<sup>45</sup>

### Winter sports

- According to [Colorado Ski Country](#), skiing and snowboarding have a \$3 billion annual economic impact in the state of Colorado, despite the fact that state tourism officials report that overnight ski visits have dropped in the state every year since 2008.
- Like sports teams, leagues and events, the ski industry also suffered massive revenue losses as the COVID-19 health crisis forced resorts all over the country to shut down.
  - According to a [statement](#) from the National Ski Areas Association, the U.S. ski industry lost at least \$2 billion last winter because of the economic collapse caused by the coronavirus pandemic.

### Football

- The football season brings millions of dollars in consumer spending to college football towns around the U.S. every fall, with fans spending money on everything from parking, restaurant dining, groceries for tailgating and hotel rooms. Local businesses stand to lose millions with football not being played because of the pandemic.
  - In a normal year, the University of Florida's football program has a direct economic impact of \$71 million on the city of Gainesville, according to a [study](#) conducted three years ago by the University.
  - According to the study's findings: "Approximately 520,000 people — more than 74,000 people per game — come to the stadium to watch Gators football every Fall. Between in-state and out-of-state visitors, not including UF students or staff, game day crowds generate 422,475 days of lodging. The average guest spends about \$168 per day between recreation and entertainment, food and beverage and hotel expenses."
- Tuscaloosa's mayor recently [suggested](#) the University of Alabama's football program brings an estimated \$200 million to the local economy, meaning a fall without football could be devastating for local businesses.
  - Click [here](#) to see the economic toll a lost college football season would have on college towns in Texas: "What losing football to COVID-19 would mean for Texas college towns: "It's like losing Christmas".

### Broadway

- Broadway productions provide a big boost to the New York City economy, contributing \$14.7 billion and supporting nearly 97,000 jobs each year, according to recent [statistics](#) from The Broadway League.

### Horse Racing

- According to a [Reuters](#) report, the equine (basically everything relating to horses from feed, equipment, publications, veterinary care, racing and advertising) industry has a \$4 billion impact in Kentucky, which helps create over 55,000 jobs for state residents

### Music

- A study conducted by the [Nashville Area Chamber of Commerce](#) shows that the music industry has an annual economic impact of nearly \$9.7 billion on the Nashville region, suggesting that the 27,000 jobs directly supported

<sup>45</sup><http://www.clubandresortbusiness.com/2012/02/13/florida-to-show-its-love-for-golf-and-wealth-from-it-on-valentines-day/>

by the music industry and the additional 29,000 jobs with indirect ties to it account for more than \$3.2 billion in income.

## Hollywood

- The crew hired to work on the set of The Avengers created jobs for 2,000 people in Cleveland (a typical movie crew is about 100 to 150 people) and employed more than 3,870 state-wide while production was estimated to have generated \$25 million in spending.<sup>46</sup>
- A study by the Washington, D.C., think tank Center on Budget and Policy Priorities reported that more than 40 states now offer some sort of financial incentive for film companies (compared to only a handful less than a decade ago) in an effort to encourage movie studios to film in their communities.<sup>47</sup>
- According to a [USA Today story](#), the government calculates that feature films contribute \$560 million each year to New Zealand's economy. Like many countries, New Zealand offers incentives and rebates to film companies and will contribute about \$100 million toward the \$500 million production costs of "The Hobbit" trilogy.
- According to [wjcl.com](#), Georgia is one of the fastest-growing entertainment production centers in the world and the feature film and television industry generated an economic impact of \$9.5 billion last year.
  - According to [UGA Today](#), the industry has grown in the last decade from \$240 million in 2007 to its current \$9.5 billion and there is an average of 30 to 40 productions ongoing at any given time across the state.
- According to a [KHON2 News](#) story, films like Jumanji and Jurassic World: Fallen Kingdom help to boost area tourism.
  - Said Frank Among, a Hawaii Film Industry official: "Top search terms online on all the search engines often reference "Jurassic Hawaii, Jurassic Oahu. Like 80 percent of our search terms have to do with Jurassic. So, it has a huge effect."
- According to [NBC News](#), HBO's hit series "Game of Thrones" was filmed in more than 49 locations throughout Northern Ireland, resulting in a lucrative tourism boom that helps to attract 120,000 visitors a year, contributing \$40 million annually to local economies.

## Examples of "Superstar Effect"

In rare instances, individual superstar athletes can provide an economic engine on their own.

### Michael Jordan

- At the height of his popularity during his playing days, Fortune magazine suggested in a story titled, "The Jordan Effect," estimated that NBA superstar Michael Jordan was responsible for having an economic impact of at least \$10 billion (an entire book, Michael Jordan and the New Global Capitalism, was later published discussing Jordan's impact on global economy).<sup>48</sup>

### Tiger Woods

- A phenomenon often called the "[Tiger Effect](#)" is a reference to the economic impact many speculate Tiger Woods has on the entire golf industry.
- Tiger Woods sat out the 2014 Masters golf tournament due to a back injury, one of the primary factors that the final round of the tournament had the worst television rating in ten years.
  - Click [here](#) to read a story on how the 2014 Masters also suffered declines in ticket prices and sponsorship revenue.
  - In 2015, even though Tiger was not ranked as one of the top 100 golfers in the world, his presence at the Masters led to a 26 percent boost in viewership for the final round coverage on CBS.

<sup>46</sup> [http://www.cleveland.com/moviebuff/index.ssf/2012/04/ohio\\_movie\\_mania\\_new\\_proposal.html](http://www.cleveland.com/moviebuff/index.ssf/2012/04/ohio_movie_mania_new_proposal.html)

<sup>47</sup> [http://www.cleveland.com/avengers/index.ssf/2011/08/the\\_avengers\\_playing\\_big\\_part.html](http://www.cleveland.com/avengers/index.ssf/2011/08/the_avengers_playing_big_part.html)

<sup>48</sup> <http://www.cbssports.com/mcc/blogs/entry/6676299/13652550>

- In 2017, Tiger had become largely irrelevant in terms of performance, but his name was still expected to provide events like the Honda Classic with an added layer of excitement.
  - A local news outlet ([WPTV](#)) published a story surrounding the Honda Classic with the headline “The Tiger Effect’: Woods’ entry into The Honda Classic could bring record crowds, big business.”
    - Both event organizers and local businesses were anticipating a boost in business until Woods had to pull out of the event with an injury.
- In 2018, Tiger started to play in more tournaments, and ratings subsequently saw a significant spike.
  - Heading into the Masters, broadcast viewership was up 93% versus the same events one year ago when Tiger played and finished in the top 25, according to data from [Nielsen](#) (that’s an average of roughly 2 million more viewers).
  - At the Masters, thanks to the hype surrounding Tiger, prices for a week-long pass (tickets) to watch the tournament [rocketed](#) to an average of \$14,250 on the secondary market, up from the \$3,721 average the previous year.
  - At the British Open, Tiger was in contention to win the tournament heading into Sunday’s play, and NBC drew the biggest audience since Tiger completed the career Grand Slam by winning the event in 2000.
    - The ratings were [up](#) over 38% compared to last year’s final round and the streaming audience had an increase of 67%, making it the most streamed golf event ever for NBC.
- In 2019, Tiger Woods won the Masters golf tournament, one of the most prestigious events on the PGA Tour, leading to a huge bump in everything from television ratings to merchandise sales.
  - The week after the Masters was the biggest week for sales at the PGA Tour Superstore in history.
  - In the two weeks that followed the Masters, sales of Nike apparel, headwear and footwear were up 50 percent compared to the previous year.
  - GolfTown [reported](#) that orders for Tiger’s trademark red mock turtleneck shirt nearly crashed its web site.
  - TV ratings for the final round of the tournament were [up](#) more than 41 percent over the 2018 Masters.
  - The PGA website saw a 30% [increase](#) in traffic immediately after Tiger’s win.
- In 2020, the Memorial golf event marked Tiger’s return to the PGA Tour for the first time since the coronavirus pandemic, predictably resulting in strong viewership numbers.
  - According to [Sports Business Journal](#), CBS averaged 3.23 million viewers, despite Woods finishing 40th at the event, making it the biggest audience for a Sunday at The Memorial since 2015 (and up 9% from 2019).

## LeBron James

- According to Time Magazine, a professor of finance at the Boler School of Business at John Carroll University in suburban Cleveland suggested that LeBron James’ return to the Cavaliers had a \$500 million impact on the local economy.<sup>49</sup>
  - Click [here](#) to see the breakdown on how that figure was determined.
  - According to a study from the Cleveland Plain Dealer, (who worked with economists), LeBron played a key role in \$200 million in annual downtown spending -- \$48 million during the regular season, and \$150 million in regional spending for a deep playoff run, in his last stint with the Cavaliers in 2010, saying “He’s more than a sports superstar. He’s a one-man economic engine that drives the lane, fills the bars and puts Cleveland on national TV.”<sup>50</sup>
  - Upon news of James’ return to Cleveland, the franchise nearly doubled in value and became one of just five NBA teams to be valued at \$1 billion or more (joining the Knicks, Lakers, Clippers and Bulls).<sup>51</sup>

<sup>49</sup> <http://time.com/2981583/lebron-james-cleveland-cavs-money/>

<sup>50</sup> [http://www.cleveland.com/business/index.ssf/2010/06/how\\_much\\_is\\_lebron\\_james\\_worth.html](http://www.cleveland.com/business/index.ssf/2010/06/how_much_is_lebron_james_worth.html)

<sup>51</sup> <http://nypost.com/2014/07/11/cavaliers-double-in-value-with-lebron-past-1-billion-mark/>



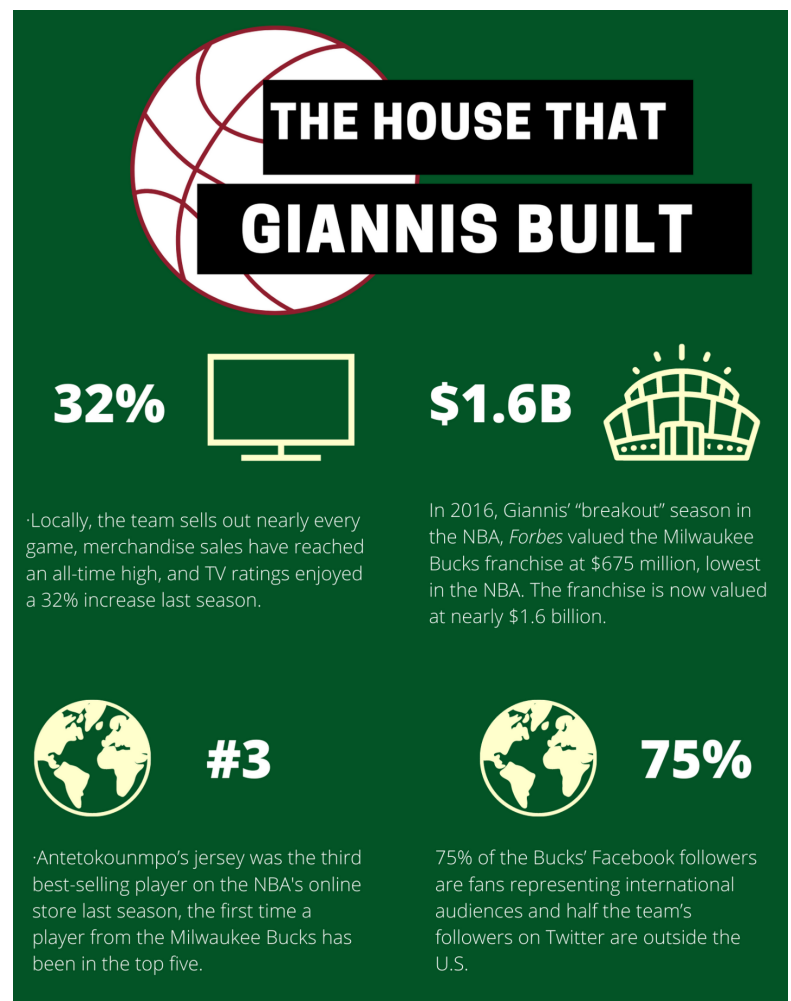


- According to a study by Convention Sports & Leisure (CSL), the Cavaliers' 2015 playoff run alone (not counting the regular season) generated an estimated \$3.6 million per game for the Cleveland economy.<sup>52</sup>
- One [study](#) suggested James's presence in a Cleveland jersey increased the number of restaurants and bars within one mile of the Cavs' arena by 13 percent, and increased employment at those establishments by 23.5 percent.
- Other researchers [offered](#) projections for LeBron's potential impact on the Los Angeles economy after he signed as a free agent in 2018.
  - Using the same model that estimated James' impact on the Cleveland economy, and mapping out the number of food and drink establishments a mile from Staples Center where the Lakers play, it was estimated that James' move to L.A. would bring 2,989 new jobs, have a five-year local economic impact of \$396,985,680, and that the five-year state tax revenue would be \$29,376,940.
- To see a fun infographic illustrating the potential economic impact LeBron could have on each NBA city had he signed with them, visit SCC's Pinterest page by clicking [here](#).

### Giannis Antetokounmpo

Because of the significant impact Giannis Antetokounmpo's (the "Greek Freak") emergence as a global basketball star has had on the Milwaukee area, [some](#) have referred to the team's new arena (Fiserv Forum) as "The House That Giannis Built".

- Antetokounmpo's presence is helping the Bucks to grow the brand not only in the U.S., but also internationally.
- Giannis' jersey was the third-best selling jersey in the world last season while the [Milwaukee Business Journal](#) reports that almost 75% of the Bucks' Facebook followers are people representing international audiences half the team's followers on Twitter are outside the U.S.
- Locally, the team sold out nearly every game, merchandise sales reached an all-time high, and TV ratings enjoyed a 32% increase.
- In 2016, Giannis' "breakout" season in the NBA, *Forbes* valued the Milwaukee Bucks franchise at \$675 million, lowest in the league. Four years later, the "Greek Freak" won the NBA award and nearly carried the team to the NBA Finals for the first time in nearly fifty years. *Forbes* now [values](#) the Bucks at \$1.4 billion, a \$725 million increase.



According to a story published at [cnbc.com](#), the Milwaukee Bucks said they saw 1.3 million video views on social media channels and an 186% increase in online merchandise orders in the first 18 hours after it was announced that Antetokounmpo had signed a five-year, \$225 million extension with the franchise.

<sup>52</sup> <http://www.housingwire.com/articles/30627>

- 85% of its retail sales came in after he posted his decision on Twitter and 55% of the items purchased were Antetokounmpo-branded merchandise, according to the Bucks.
- Discussions with potential sponsors surrounding the Bucks' jersey patch deal saw an immediate increase in demand, helping the team to secure a new deal with Motorola thanks to the decision from Giannis to remain with the franchise. The deal was estimated by [one expert](#) to be in the \$10 million per year range.

## How is Economic Impact Measured?

To measure economic impact, an economic impact study is conducted. These studies attempt to determine the financial implications an event has on a particular market or region. A study may be conducted prior to a city placing a bid to host an event (or building a new facility) as a vehicle for persuading local officials or the community at-large that bringing the event to the area will be a positive thing for the local economy. Studies can also be conducted after the event takes place to measure the overall impact the event had on the local economy. Local politicians and business professionals will also commission economic studies to determine the viability of bringing an expansion professional sports team to a city.

### Pre-Event Economic Impact Study Example:

Studies are often conducted before the event takes place to measure the potential impact the event could have on the local economy.

Organizers of Tokyo's bid to host the 2020 Olympics suggested the event would generate economic activity worth \$37.9 billion (including a \$21.1 billion economic benefit for the Tokyo metropolitan area and \$16.3 billion for the rest of the national economy) while creating more than 152,000 jobs for Japanese residents.<sup>65</sup> According to a [Sports Business Journal](#) story, in addition to the economic impact, Tokyo was counting on the 2020 Games to "rejuvenate the country's image, industry and soul after three decades of economic stagnation and natural disasters."

However, a COVID-19 surge prior to the Tokyo Games forced organizers to ban spectators at the events, limiting the number of visitors to the area. According to a [study](#) conducted just prior to the Games evaluating the impact of a spectator-less Games, Tokyo 2020 with no spectators would result in an economic loss of up to \$23 billion.

### Post-Event Economic Impact Study Example:

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

- According to [reviewjournal.com](#), Las Vegas Events, the organization responsible for marketing and promoting events in Las Vegas, said the NBA summer league games last year impacted the local economy by \$57.1 million.
- According to a [study](#) following the 2019 Final Four by Rockport Analytics, the economic impact of the weekend's events on the Twin Cities region was nearly \$143 million.<sup>53</sup>
- A [study](#) conducted by Ernst and Young found that the NFL's Raiders-Texans game in Mexico City was responsible for generating \$45 million in gross revenues for the city.
  - More than 20,000 fans traveled from other cities in Mexico to watch the game.
  - More than 10,000 fans traveled internationally, spending an average of five days in Mexico City.
- A [study](#) conducted following the 2019 Orange Bowl estimated the College Football Playoff Semifinal game at the Capital One Orange Bowl generated a total of \$261.4 million in new economic impact and media exposure value for South Florida.
  - Click [here](#) for a breakdown of the data.

<sup>53</sup> <http://www.fox9.com/news/study-final-four-brought-in-91-000-visitors-143-million-in-economic-impact>

### Expansion team viability economic impact study example:

Often, an economic impact study will be conducted to determine the viability of bringing an expansion franchise to a city or market.

- To determine the viability of bringing a Major League Soccer franchise to Sacramento, an economic impact study was conducted in 2021 to estimate the potential impact of the development of a new MLS stadium in the downtown area of the city
- The [report](#) estimated the number of jobs that would be created along with economic benefits associated with the project, including:
  - 1,755 jobs created during stadium construction and an additional 130 – 220 jobs during ongoing operations
  - \$200 million of gross economic activity during the construction phase of the project
  - \$30.5 million of annual economic activity in the City of Sacramento and \$1.24 billion over 30 years across the entire Sacramento region
  - \$2.2 million in annual fiscal benefits within Sacramento County, with approximately \$800,000 – \$900,000 in annual direct fiscal benefits to the City of Sacramento
  - Provide entertainment for an anticipated 500,000 annual visitors.



### Sports Corporations

A sports corporation is a local organization (also referred to as “sports authority”, “sports foundation” or “sports commission”) whose primary objective is to attract events to the communities they represent. Sports corporations typically operate as not-for-profit organizations.

- The Greater New Orleans Sports Foundation is responsible for bringing Super Bowl XLVII, the Bassmaster Classic, the NCAA Basketball Final Four (men's and women's), the NBA All-Star Game and Wrestlemania to the city of New Orleans.<sup>54</sup>
  - According to the organization's website, the GNOSF has turned a \$25 Million investment, from public and private sources, into a \$1 Billion Economic impact.<sup>55</sup>
    - Click [here](#) to download a release from GNOSF highlighting the economic impact of these events on the NOLA community.
- According to Scott Ratcliff, executive director of the Mississippi Gulf Coast Sports Commission: "The Sports Commission was formed to provide information and support to the public and the private sectors on the importance of sports and to begin the process of establishing the Mississippi Gulf Coast as a major sports destination."

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

- According to Naples News, the Florida Sports Foundation commissioned a study to learn exactly what the Boston Red Sox and Minnesota Twins presence meant to the local economy during their stay in the area throughout spring training. Specifically, they wanted to learn who comes from where to see games, how many games they watch while in town, whether they come solely for spring training baseball and how much they are spending. That information would then be used to help determine whether to spend \$75 million to build a new spring training facility.<sup>56</sup>
- In the span of about a month, the city of Charlotte hosted the 2019 NBA All-Star Weekend and several college basketball tournaments and, according to the Charlotte Regional Visitors Authority (who conducted their own study), the events [added](#) roughly \$94 million to the area economy.

## How Accurate Are Economic Impact Estimates?

While the impact of sporting events on local economies can be quantifiable, the extent of that impact is often debated by economists. Many economists would argue that the economic impact studies inflate the numbers in a way that suggest the overall impact on the economy is far greater than the actual direct and indirect impact felt by local businesses and employment increases.

While most economic impact studies typically report significant financial gains for local economies, critics are often outspoken about the validity of such studies, even suggesting that hosting a major event can actually be more of a burden than a boon.

- In 2019, one [critic](#) said reports about the economic impact the Super Bowl had on the city of Atlanta were exaggerated, suggesting instead of giving the economy a lift, that taxpayers would actually be on the hook for \$28 million as part of the cost of hosting the event.
- The [Miami Herald](#) reported that the baseline bill for the Miami-Dade taxpayers could be as much as \$20 million over time for hosting Super Bowl LIV.
  - That includes \$10 million spent by the county for area-wide event preparations like police, paramedics and infrastructure, as well as an initiative in partnership with the National Football League to upgrade area youth playing fields with artificial turf, a \$4 million "bonus" paid to directly to the Miami Dolphins for getting the NFL to agree to Miami as host city for the big game, and tax exemptions.

Click [here](#) for an interesting look at economists who debate the actual significance a NFL franchise would have on the Los Angeles economy if a franchise were to relocate to the area.

<sup>54</sup> <http://www.gnosports.com/page.php?id=9>

<sup>55</sup> <http://www.gnosports.com/page.php?id=4>

<sup>56</sup> <http://www.naplesnews.com/news/2009/jul/02/baseball-shutting-out-lee-state-spring-training-fi/>



## Impact of Economy On Sports And Entertainment

Sports and entertainment are not recession proof. Fluctuations in economic conditions have a significant impact on whether the sports and entertainment industry flutters or flourishes.

### Iditarod

- As a result of a \$1 million decline in revenues thanks in large part to sponsors pulling funding as the economy tanked, the Iditarod Trail Sled Dog Race in Alaska was forced to significantly slash the prize purse provided to race winners as well as cut employee salaries and benefits. Said Stan Hooley, Executive Director for the Iditarod Race: “This event, not unlike a lot of other sporting events — and any other ventures, really — isn’t immune to what’s happening with this country’s economy.”<sup>57</sup>

### The Preakness Stakes

- Attendance for the 2009 Preakness Stakes was just under 78,000, the 2008 Preakness was attended by more than 112,000 fans representing a 30% decrease in just one year.<sup>58</sup>
- The 2009 Preakness also suffered a 10% decline in corporate sponsorships while the number of corporate tents in the infield dropped from 45 in 2001 to about 30 for 2009.<sup>59</sup>
- As the economy began to show signs of life, attendance at the 2010 Stakes rebounded, showing a 10% increase over the previous year and the 2017 race drew a [record](#) crowd of 140,327.<sup>60</sup>
  - Attendance dipped slightly in 2019 at the 144th Preakness Stakes with a crowd of 131,256.

### NBA

- In 2010, the Minnesota Timberwolves cited the struggling economy as the primary factor in the decision to lower ticket prices. Said Glen Taylor, owner of the NBA franchise, “The economy right now is uncertain, and we’ve listened to our fans’ concerns and responded by providing reduced ticket pricing, new payment plan options and protection against job loss - all of which are important to Minnesotans right now. I don’t want these uncertain times to deter our fans from coming out to Target Center and enjoying NBA basketball.”<sup>61</sup>

Unfortunately for host cities and communities reliant on sports and entertainment as an economic driver, the COVID-19 pandemic has taken a toll. Fewer visitors and fans has resulted in a significant decline in spending which impacts the potential boost economies receive from sports and entertainment.



#### INSTRUCTOR NOTES

If you haven’t already shared the “COVID-19 Part 3” PPT with students (located in the lesson 1.1 folder), consider posting that for a deeper look at how the pandemic has influenced the business of sports and entertainment from an economic perspective.

<sup>57</sup> <http://www.nytimes.com/2010/02/02/sports/02iditarod.html>

<sup>58</sup> <http://www.wbalv.com/sports/19490286/detail.html>

<sup>59</sup> <http://www.baltimoresun.com/sports/bal-te.sp.preakness20may20,0,2038662.story>

<sup>60</sup> <http://www.preakness.com/news-center/latest-news/california-chrome-dazzles-record-crowd-preakness-stakes>

<sup>61</sup> [http://www.nba.com/timberwolves/news/Wolves\\_ShakeUp\\_Ticket\\_Prices-303242-1193.html](http://www.nba.com/timberwolves/news/Wolves_ShakeUp_Ticket_Prices-303242-1193.html)

## UNIT 3 KEY TERMS DEFINED:

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

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

**Gamification:** A marketing strategy that encourages consumer engagement with brands through game play or similar activities

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

**Pop-up Store:** Refers to the concept of opening a short-term sales space, often launched as a promotional tool to generate visibility for new products

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

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

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



# Unit 4

## Marketing Applications

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### OVERVIEW

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

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

### OBJECTIVES

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

### KEY TERMS

*Advertising*

*Demographics*

*Exchange Process*

*Geofence*

*Market Segmentation*

*Marketing Concept*

*Marketing Mix*

*Niche Market*

*Social Media*

*Target Market*

### LESSONS

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# Basic Marketing Concept

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## MARKETING CONCEPT

The **marketing concept** is the view that an organization's ability to sell its products and services depends upon the effective identification of consumer needs and wants and a successful determination of how best to satisfy them.

### Why are marketing activities so important to business?

1. Financial success is a direct result of an organization's ability to effectively market its products and services.
2. A business achieves profitability when they offer the goods and services that customers need and want at the right price.
3. Marketers strive to identify and understand all factors that influence consumer buying decisions.

## Needs vs. Wants

- A **need** is something a consumer must have and cannot live without. For example, without food, we cannot survive.
- A **want** is something a consumer would like to have. You might want a Nintendo Switch or tickets to an upcoming game or show, but you can survive without them.

## Exchange Process<sup>1</sup>

The exchange process is a marketing transaction in which the buyer provides something of value to the seller in return for goods and services that meet that buyer's needs or wants.

### This process has three requirements:

1. There must be at least two parties involved
2. Some means of communication must be present between all parties, and typically a desire must be present to engage in a partnership with the other party or parties
3. Each party must be free to accept or decline

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<sup>1</sup> Framework for Strategic Sports Marketing, Presentation Notes, Dr. Brian Turner

# The Marketing Mix

## THE MARKETING MIX

### Key Concepts in this Lesson:

- Recognize the components of the marketing mix
- Understand how an organization might apply each component of the marketing mix

The marketing mix, also referred to as the “4 P’s”, consists of variables controlled by marketing professionals in an effort to satisfy the target market. An effective implementation of the marketing mix is critical to developing a marketing strategy that reaches and engages consumers, ultimately resulting in the sale of products or services.

### What is the Marketing Mix?

Components of the marketing mix traditionally include **product**, **place**, **promotion** and **price**.

**Product** refers to the goods, services, or ideas used to satisfy consumer needs. Products are designed and produced on the basis of consumer needs and wants. The sports product could include anything from your favorite team’s jersey to a ticket to see the Olympic Games.

**Place** refers to the process of making the product available to the customer. Sports marketing professionals must identify where consumers shop to make these decisions. Careful consideration must be given to determining which distribution channels will offer the best opportunity to maximize sales.

**Promotion** describes how product or service information is communicated to the consumer. Sports marketing professionals must evaluate which promotional methods will be most effective in reaching and engaging consumers.

**Price** is determined by what customers are willing to pay and production costs.



### Applying The Marketing Mix

Consider how Wilson Sporting Goods might implement the marketing mix in an effort to maximize sales of its tennis racquets:

#### Product:

- Wilson manufactures racquets to meet the needs of tennis players with varying skill levels.
- Beginner racquets are made with cheaper material, while racquets designed for advanced players feature higher quality construction.

#### Price:

- Price levels for Wilson’s racquets vary depending on quality and target consumer.
- Beginner racquets sell for as little as \$20 while some of Wilson’s upper end racquets command a price of nearly \$300.

**Place:**

- Wilson has a number of distribution channels, making its tennis racquet product line widely available and easily accessible to consumers.
  - Sporting goods stores (Dick's Sporting Goods, Big 5 Sporting Goods etc.)
  - Discount stores (Target, Wal-Mart, Fred Meyer etc.)
  - Specialty stores & fitness clubs (West Hills Racquet Club etc.)
  - Internet (amazon.com, etc.)

**Promotion:**

- Wilson's promotes its upper end racquets as a higher quality product than the racquets sold by competitors.
- To promote their products, Wilson may choose to feature POP displays at sporting goods stores.

# Target Markets

## WHAT DETERMINES A MARKET?

Before we examine target markets, we must first understand what determines a market.

### Market Characteristics Include:

1. The group of potential consumers who share common needs and wants.
2. That consumer group must have the ability and willingness to buy the product.
3. Businesses strive to meet the needs and wants of those consumers.

## Target Markets

A **target market** refers to people with a defining set of characteristics that set them apart as a group. The target is a specific group of consumers with a defining set of characteristics. This market shares one or more similar and identifiable needs or wants.

### Four important considerations when evaluating a target market:<sup>2</sup>

#### 1. Sizeable

- The size of the market
- Market can have too many or too few consumers

#### 2. Reachable

- Ability for marketers to reach consumers
- Marketer must have a means for communicating with target group of consumers

#### 3. Measurable and identifiable

- Refers to the ability to measure size, accessibility and overall purchasing power of the target market.

#### 4. Behavioral variation

- Marketers seek to find similar behaviors within each respective target market.
- For example, purchase motivation for the corporate season ticket holder is different than it is for the individual season ticket holder.

### Target market strategies are influenced by a variety factors:

- Diversity of consumer needs and wants
- Organization size
- Attributes of company products and/or services
- Size and strength of competitors
- Sales volume required for profitability

Sports and entertainment organizations must have an understanding of their target market to create an effective marketing strategy that caters to their audience.

<sup>2</sup> Sports Marketing: A Strategic Perspective, M. Shank, p. 217-219

### Example:

- Red Bull believes that action sports fans provide an accurate representation of their target market. As such, they sponsor events like the X Games and use athletes like popular ski jumper Sarah Hendrickson and Olympic star Lindsey Vonn to drive marketing campaigns.<sup>3</sup>
  - Click [here](#) to see a Red Bull commercial featuring popular surfer Carissa Moore and other action sports stars.
  - Red Bull has also successfully built its brand through content marketing strategies, like [this](#) video starring Ryan Sheckler.
- Part of P&G's marketing strategy is to target moms (P&G is the parent company for brands such as Gillette, Tide and Pampers). As such, the company rolled out a comprehensive marketing campaign tied to the 2016 Summer Games in Rio based on the knowledge that the Olympics traditionally attract more female viewers than almost any other sporting event.<sup>4</sup>
  - Click [here](#) to read more about the launch of the "Thank You Mom" campaign for Rio 2016 from olympic.org.
  - Click [here](#) to see the "Thank You Mom" commercial.
  - P&G's sponsorship of the 2018 Winter Games continued the theme of promoting family values when they provided a hospitality area in PyeongChang for athletes and their families.
    - Click [here](#) to read more about P&G's shift in strategy on Olympics marketing plans after the 2020 Summer Games in Tokyo were postponed to 2021 because of the pandemic.



### ACTIVITY IDEAS

Now that the Summer Games have been postponed to 2021 because of the pandemic, P&G will have to rethink its strategy for an Olympics-themed campaign to reach moms. Refer to lesson 2.2 to revisit the concept of marketing through sports and entertainment, then start a discussion in class about how P&G might continue its effort to reach moms using sports and entertainment as a vehicle for reaching that demographic. Encourage them to give some thought to what they learned in lesson 2.8 relating to event marketing. Tie the concepts together by having students create a new P&G campaign surrounding the 2021 Olympic Games in Tokyo.

## NICHE MARKETS

Niche marketing is the process of carving out a relatively tiny part of a market that has a special need not currently being filled.<sup>5</sup> Cable television channels often seek niche audiences to appeal to specific target groups with a common set of interests, such as ESPN designing programming to appeal to sports fans.

One common strategy is developing a product that targets a niche market that offers a unique opportunity to consumers that has not been offered in the past.

### Niche Products

As more brands try to capture a share of the athleisure market, sales are projected to continue to grow, with industry analysts [predicting](#) the industry will generate \$546 billion in global sales by 2024.

- Lululemon Athletica is a Canadian retailer that distributes products in Canada and the U.S. The company targets its branded yoga and fitness apparel to a niche consumer of female athletes.

<sup>3</sup> <http://www.targetmarketingmag.com/article/case-study-red-bull-content-marketing/all/>

<sup>4</sup> [http://articles.economicstimes.indiatimes.com/2012-04-25/news/31398875\\_1\\_p-g-india-olympic-games-kainaz-gazder](http://articles.economicstimes.indiatimes.com/2012-04-25/news/31398875_1_p-g-india-olympic-games-kainaz-gazder)

<sup>5</sup> *Framework for Strategic Sports Marketing*, Presentation Notes, Dr. Brian Turner, Slide #77

- Oftentimes after a niche has proven to be a successful market opportunity, competitors soon follow.
  - Lululemon, positioned as a high-end brand, has enjoyed explosive growth in the past several years. On the heels of their success, Under Armour has introduced a new yoga line, Gap introduced its GapBodyFit line, Forever 21 began selling activewear and both Nordstrom and Target expanded their store branded women's sportswear offerings (even lingerie company Victoria's Secret now sells yoga pants).<sup>6</sup>
  - Under Armour was projected to generate nearly \$4 billion in sales of "athleisure" gear.
    - When Lululemon was forced to recall product in 2013 because they were see through when stretched, Under Armour (who has been targeting women as a key demographic for several years), responded by featuring the tag line "We've Got You Covered" on its Facebook page in an effort to drive customers to its site.

As the running category became one of the hottest categories in the athletic shoe and apparel business, brands like Vibram and their "five finger shoes", Fila with skeletoes, and Adidas with adiPURE (among others) carved a niche with "minimalist" running shoes, designed to create a "barefoot" jogging experience while still providing protection for the feet.<sup>7</sup>

- While minimalist shoes made up just 4% of all running shoes sold (representing about \$260 million in business), sales of minimalist shoes more than doubled in the first quarter of 2012, according to a report from industry analyst Matt Powell at SportsOneSource.<sup>8</sup>

However, not all niche markets last forever. As trends and consumer preferences shift, opportunities within some niche markets will deteriorate. Those markets are then replaced by new niche market opportunities. For example, as the popularity of the minimalist trend declined, the popularity of "Maximalist" running shoes skyrocketed. When Kenyan marathoner Eliud Kipchoge became the first person to run a marathon in less than two hours wearing Nike's new Vaporfly maximalist running shoe, the demand greatly increased.

When consumers were forced to stay away from fitness centers and health clubs during the pandemic, the market for indoor cycling equipment and exercise video subscriptions exploded.

- Peloton, the market leader in this niche category, saw sales surge 66% from the same time period last year.
- Peloton isn't the only brand looking to capitalize on the growth potential of the indoor cycling market.
  - In 2020, Lululemon [purchased](#) Peloton competitor "Mirror" for \$500 million and Apple [announced](#) plans to enter the fitness video subscription market.
- Seeing an opportunity with an emerging market, Nike [created](#) its first ever indoor cycling shoe in 2020.

As the NFL begins to invest in research to curb the dangers of playing football, many entrepreneurs are taking note and the development of products catering to the niche market of protective headwear has accelerated. In a story posted on [Yahoo! Sports'](#) website, about half the vendors at a recent sports conference were in some way involved with concussions.

- One high-tech football helmet startup prepared to equip some NFL and college football teams with safer helmets has generated a lot of interest from investors
  - The company, Vicis, raised more than \$30 million over the past 4 years, with investors ranging from ex-NFL players to engineers.
  - According to a 2019 report from Geekwire, the NFL named Vicis's updated model of its helmets as the safest product on the market, ahead of long-time helmet maker brands like Riddell and Schutt's.
    - Click [here](#) to read more from GeekWire.
    - Click [here](#) to view a graphic illustrating the safest helmets on SCC's Pinterest page.
- Under Armour, recognizing the importance of athlete safety during a pandemic, manufactured face masks specifically for athletes to wear while training and competing.

<sup>6</sup> <http://www.vancouversun.com/life/Warming+active+wear/5107937/story.html#ixzz1SDiSH02r>

<sup>7</sup> <http://www.bloomberg.com/news/2012-05-23/nike-s-hot-punch-running-shoes-spur-industry-growth.html>

<sup>8</sup> <http://www.runblogger.com/2012/05/state-of-running-shoe-market-first.html>

- As described by the company, the product was a “reusable, water-resistant performance face mask designed for maximum breathability by Under Armour’s innovation team in record time. This first-of-its-kind mask functions to reduce the spread of respiratory droplets by the wearer.”
- According to the Sun, the product sold out in less than an hour in its original launch.<sup>9</sup>

## Niche Sports

Niche can also be a term applied to a particular sport that is not considered to be “mainstream.”

- Archery is a niche sport that experienced rapid growth, thanks in part to the popularity of The Hunger Games book series.
- The [CBS Sports Network](#) fills its non-peak season programming with many niche sports, including off-road racing, bowling, surfing and more recently, Pickleball.
- Other niche sport examples could include many Olympic sports, [beach soccer](#), or [arm-wrestling](#).
  - For example, based on the game in J.K. Rowling’s “Harry Potter” books, the sport of “[Quidditch](#)” was created on a small college campus in Vermont in 2005. The sport now boasts 700 teams in 25 countries, has a governing body (International Quidditch Association), an official rule book and a World Cup (the 2011 event reportedly cost more than \$100,000 to stage).<sup>10</sup>
  - A few years ago, [ESPN](#) introduced an “On The Road” program in which ESPN personalities traveled to the site of several niche sporting events (like the [World Championships of Cornhole X](#) in Knoxville, TN and [The National Horseshoe Pitchers Association World Tournament](#) in Topeka, KS) and incorporated coverage within their SportsCenter broadcasts.
    - Click [here](#) to see a local television station’s news coverage of ESPN’s appearance at the Horseshoe tournament.
    - Click [here](#) for a short video from CNBC featuring an interview with Stacey Moore, American Cornhole League founder, discussing the recent explosion in the game’s popularity.
  - [Trampoline Dodgeball](#) is another niche sport that is growing in popularity.
    - In 2012 there were 40 parks to play across the U.S. By 2016, there were 500, representing a 92% growth rate in less than four years.
  - Even archery dodgeball has become a thing, growing in popularity as a fitness trend, according to a 2020 story that appeared in the [Wall Street Journal](#).
  - WhirlyBall is another fast-paced niche sport gaining traction across the U.S.
    - Click [here](#) to read more about WhirlyBall.
  - A new flag football startup league has ambitious plans for carving out its own niche as it looks to capitalize on concussion concerns among athletes and parents.
    - Click [here](#) to learn more about the American Flag Football League, which already includes several high profile former NFL players like Michael Vick, Terrell Owens and Chad Ochocinco.
  - Many fringe sports that are still hoping to be included in future Olympic Games would also qualify as niche sports.
    - In 2015, The International Olympic Committee officially recognized the World Flying Disc Federation (WFDF), the governing body of disc sports including Ultimate Frisbee, which means sometime in the near future we could see the 30-year-old sport become an official competitive event in the Olympic Games.
    - A number of niche sports were admitted for participation in 2020 Olympics, including skateboarding, surfing, climbing and 3-on-3 basketball.
      - Click [here](#) to learn more about the meteoric rise of 3-on-3 basketball and a look at how the USA might compete in the sport at the 2020 Summer Games in Tokyo.

<sup>9</sup> <https://www.thesun.co.uk/fabulous/12121656/under-armours-sold-out-athlete-mask-in-stock-buy/>

<sup>10</sup> <http://www.buzzfeed.com/noahdavis/irl-quidditch-wants-to-be-taken-seriously>



- Inclusion in the Tokyo Games has helped to boost the visibility, and potentially the popularity, of the World Surf League
  - Click [here](#) to read how the league hopes to catch a “Wave of Opportunity” through the Olympics at forbes.com
- Breakdancing will be [introduced](#) as an official Olympic sport at the 2024 Summer Games in Paris
- As the popularity of niche sports continues to grow, advertisers and sponsors have taken notice. Aligning a marketing campaign with non-traditional sports can help brands to reach new audiences.
- For example, Margaritaville is the [sponsor](#) of USA Pickleball’s National Championship (the 2020 championships were canceled due to COVID-19 but preparations were already underway for 2021 by June).
  - Landshark Lager, closely connected to the Margaritaville brand, is also an official sponsor of Spikeball.



#### INSTRUCTOR NOTES

Now would be a great time to introduce the “New Olympic Sport” and/or the “Fringe Sport” projects, located in the lesson 4.3 folder.

You may also want to review one of the examples from lesson 3.3 relating to reverse product placement with ESPN’s “The Ocho” promotion. The one-day transformation from ESPN 2 to “ESPN 8” features coverage of a wide variety of niche sports, from cherry seed spitting to rock skipping. Have students create a broadcast of their own niche sport or have them create a programming lineup for next year’s “The Ocho” promotion on ESPN.



#### INSTRUCTOR NOTES

As part of SCC’s case study competition, we featured a scenario that required students to create a promotional plan for growing the “Spikeball” brand and another version challenging students to boost the popularity of the sport of footvolley.. Consider using either case study in class. If you prefer, you can replace Spikeball or footvolley with a different niche sport. You can access the case studies in the Lesson 4.3 folder.

# Market Segmentation

**Market segmentation** is the process of dividing a target market into smaller, specific categories grouped together by shared characteristics.<sup>14</sup> This process helps a sports and entertainment organization to define and understand the target audience.

Segmentation is important because it allows businesses to customize their marketing mix and promotion strategies to meet the needs of the target market.

## FORMS OF SEGMENTATION

There are four primary types of market segmentation:

1. Demographic
2. Psychographic
3. Behavioral
4. Geographic

### 1. Demographic

Demographic information provides descriptive classifications of consumers. This is the most common form of segmentation. Demographic information, comparatively, is more accessible and less expensive to obtain.

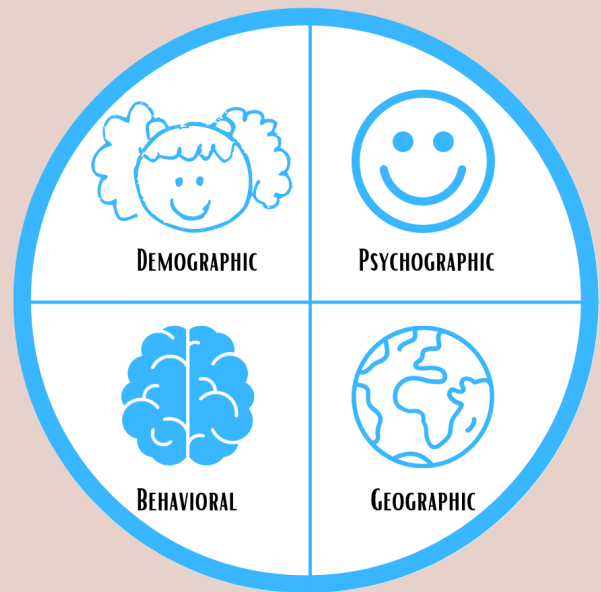
**Demographic segmentation focuses on information that can be measured:**

- Age
- Income
- Household statistics
- Occupation
- Gender
- Education

#### Age

- Fans of the PGA and LPGA tours tend to be among the “baby boomer” age demographic (45-64), according to data from Scarborough Sports Marketing.<sup>11</sup>
- According to [knowledgebase.com](https://www.knowledgebase.com), the biggest demographic for the artist Shakira is 20-year old women.
- The World Surf League’s fan base has an average age of 32, much younger than most other professional sports leagues.
- Understanding their fan demographics gives the WSL direction in creating marketing strategies.
  - Because the WSL has such a young fan base, the league focuses on digital marketing initiatives as a primary means for connecting with their consumers.
- According to a recent [Magna Global](https://www.magnaglobal.com) study, Major League Soccer has the youngest fan base among the major U.S. sports leagues at an average age of 40 while the PGA Tour has the oldest fans with an average of 64 years of age.

## 4 TYPES OF MARKET SEGMENTATION



<sup>11</sup> <http://www.sportsbusinessdaily.com/Daily/Issues/2011/07/28/Research-and-Ratings/Golf-demos.aspx?hl=demographic%20age&sc=0>

## Income

- The number of NASCAR fans earning \$100,000 or more has doubled in the last twenty years from 7% to 16% of its fan base, and those with incomes of \$50,000 or more has risen from 35% to 48%.<sup>12</sup>
- According to league data, the average household income for NHL fans is \$104,000, highest of the four major sports with Major League Baseball (\$96,200), the NBA (\$96,000), and the NFL (\$94,500).<sup>13</sup>

## Household Statistics

- According to a report from Leichtman Research Group, 81% of households in the U.S. have at least one high definition television set, up from 17% in 2006.<sup>14</sup>
- A survey by CNBC has found that half of all American households own at least one Apple device, and the average Apple-buying household has a total of three.<sup>15</sup>

## Occupation

- Scarborough Research released demographic figures relating to fans of the IndyCar, suggesting 29% of the fan base were “blue collar”, while 37% were “white collar”.<sup>16</sup>
- According to Newzoo’s global eSports [report](#), 50% of the eSports online population held full-time jobs, 58% of occasional viewers held full-time jobs and 62% of eSports enthusiasts were employed full-time.

## Gender

- According to a report by the Entertainment Software Association (ESA), 45% of the entire gamer (video game playing) community are women and they comprise 46% of the most frequent video game purchasers.<sup>17</sup>
  - Click [here](#) to view a graphic reporting on gamer demographics from USA Today.
- Target retail stores understand that 60% of their shoppers are women, likely playing a significant role in their decision to sponsor the [ASP Women’s Surfing Event](#) in Maui.<sup>18</sup>

## Education

- 68% of NHL fans have attended college.<sup>19</sup>

If a target market is a group of people with a defining set of characteristics that set them apart as a group, then marketers want to learn as much about that group as possible to assist in the development of an effective and successful marketing strategy.

### Triple A baseball posts its demographic information online for prospective sponsors to review:

- 40% of the fan base earns \$46-75k per year in salary.
- 42% of the fan base has an Undergraduate Degree.
- 91% of the fan base has a major credit card.
- 69% of the fan base owns their own home.<sup>20</sup>

## 2. Psychographic

Psychographic segmentation refers to the grouping of consumers based on personality traits and lifestyle. This form of segmentation targets consumer attributes that focus on emotional characteristics that offer insight on the consumer’s motives, preferences and needs.

<sup>12</sup> [http://www.usatoday.com/sports/motor/nascar/2009-07-01-nascar-identity-crisis\\_N.htm](http://www.usatoday.com/sports/motor/nascar/2009-07-01-nascar-identity-crisis_N.htm)

<sup>13</sup> [http://www.boston.com/sports/hockey/b Bruins/articles/2011/06/05/garden\\_fans\\_on\\_the\\_money/?sudsredirect=true](http://www.boston.com/sports/hockey/b Bruins/articles/2011/06/05/garden_fans_on_the_money/?sudsredirect=true)

<sup>14</sup> <https://www.benton.org/headlines/hdtv-sets-now-over-80-percent-us-households>

<sup>15</sup> <http://www.theverge.com/2012/3/28/2908881/half-american-households-own-apple-product-survey-finds>

<sup>16</sup> <http://www.sportsbusinessdaily.com/article/129047>

<sup>17</sup> <http://www.usatoday.com/story/tech/gaming/2013/06/12/women-50-percent-gaming-audience/2411529/>

<sup>18</sup> [http://www.retailleader.com/top-story-consumer\\_insights-ad\\_age\\_releases\\_retail\\_demographics-583.html](http://www.retailleader.com/top-story-consumer_insights-ad_age_releases_retail_demographics-583.html)

<sup>19</sup> [http://www.boston.com/sports/hockey/b Bruins/articles/2011/06/05/garden\\_fans\\_on\\_the\\_money/?sudsredirect=true](http://www.boston.com/sports/hockey/b Bruins/articles/2011/06/05/garden_fans_on_the_money/?sudsredirect=true)

<sup>20</sup> <http://www.triple-abaseball.com/Demographics.jsp?jsessionid=55CF89B53BD2DBC6319AFD691B5DFBC8>

### Psychographic characteristics could include:

- Personality traits
- Interests
  - Sports fans, music lovers, individuals who enjoy attending live events
- Beliefs
- Values
  - 2020 Tokyo Games focus on sustainable practices, catering to a large population of consumers who value organizations that prioritize the environment.
- Attitudes
- Lifestyles
  - Huffington Post [reported](#) some interesting lifestyle data relating to sports fans:
    - NFL fans are 10% more likely than NCAA football, Major League Baseball (MLB) and Major League Soccer (MLS) fans to drive a Chevrolet and 19% more likely to be classified as frequent purchasers of pizza.
    - NCAA fans are much more likely to be interested in certain outdoor activities than their NFL counterparts, with a 47% higher likelihood to show interest in Camping and Hiking.
    - MLB fans are the most family-oriented group, with 46% more likelihood to shop for family event tickets, with interest in Disney parks.
  - Consistent with Major League Soccer's younger demographic, MLS fans are the most likely to be interested in streaming services, peer-to-peer services (Lyft and Airbnb amongst others), and to travel abroad (Central and South America are amongst their favorite).

## 3. Behavioral

While demographic and psychographic segmentation focus on who a customer is, behavioral segmentation focuses on how the behaviors they display. Segmenting a market in this manner allows a sports and entertainment organization to customize marketing messages that cater specifically to those behaviors.

### Types of behaviors could include things like:

- Brand preferences
- Purchase history
- Product usage
  - Reflects what products or services sports and entertainment consumers use, how often they use them, and why.
    - Individual game ticket buyers vs. season ticket buyers
- Benefits
  - Season ticket holders typically enjoy additional “perks” such as exclusive invitations to pregame chats with the team coaches and/or staff.
- Website activity
- Online shopping habits

### To illustrate the concept of behavioral market segmentation, consider the following data from Spotify:

- 28.2 million people will listen to a podcast on Spotify this year, more than the number of listeners on Apple for the first time in company history
- 6:00 AM to 9:00 AM is the most popular time for podcast listeners who use the company's streaming service
- In 2020, more consumers in the 18-24 demographic listened to a podcast for the first time than any previous year.



## 28.2 million

28.2 million people will listen to a podcast on Spotify this year, more than the number of listeners on Apple for the first time in company history

## 1st

In 2020, more consumers in the 18-24 demographic listened to a podcast for the first time than any previous year

## 6 am - 9 am

Early morning is the most popular time for users to listen to podcasts on Spotify

### 4. Geographic

Geographic segmentation is the dividing of markets into physical locations. Identifying the location of customers helps a sports and entertainment organization to create more targeted advertising messages.

#### Types of geographic segmentation:

- Location
  - Countries
    - American football is very popular in the United States while rugby is popular in New Zealand.
  - Geographic regions
    - North, South, East and West regions of the United States
      - For example, according to data from Facebook, nearly one out of every three people in the U.S. that watch baseball on television live in Southern states (the South has the highest MLB viewership percentage at 32.8%, 7% more than Midwest which represents the next highest region based on viewership).
        - Click [here](#) to view the entire geographical map breaking down MLB fandom through Facebook data.
      - Click [here](#) for a geographical breakdown of U.S. regions where fans are most likely to tune in for major sporting events (ranging from Wimbledon to the Winter Olympics) from a Wall Street Journal analysis.
      - Click [here](#) to see what genre of music is most popular in each state (and [here](#) to see which musicians are the most popular in each state).
  - Zip codes
- Geographic characteristics
  - Climate
  - Population

Sports consumers are characteristically loyal to particular regions. Most sports teams enjoy higher levels of fandom in the immediate geographic area for which their team calls “home.” However, a variety of factors can influence the overall popularity (and subsequent fandom) of sports teams on a national and global scale.

- For example, the Dallas Cowboys have often been referred to as “America’s Team”.
  - Click [here](#) for a video from the NFL’s website explaining how the Cowboys became “America’s Team” (and insight as to why many fans might disagree).
  - However, a 2016 poll suggests just 27% of fans today actually consider the Cowboys to be deserving of the moniker while 64% said they did not deserve that designation.
  - According to the same poll, the most popular NFL team nationally is actually the Green Bay Packers.
    - Click [here](#) to download a PDF with more results from the survey.
- Click [here](#) for a map illustrating college football fandom in the U.S. (published on Reddit).
- Click [here](#) for a map illustrating Major League Soccer fandom in the U.S. (published on Reddit).

Because of the unique characteristics of a sports consumer, geographic limitations are often imposed by professional sports leagues.

- According to the [Indianapolis Business Journal](#), the NBA will double the size of the geographic area teams are allowed to deploy marketing efforts to 150 miles, a rule change that could result in a significant boost in revenue for a team like the Indiana Pacers.
- One NBA executive told [SportsBusiness Journal](#) the new rules will allow its 30 teams overall to reach 100 million more fans with their marketing efforts.
  - Click [here](#) to see a map of how the new rule will impact the geographic area for which the Charlotte Hornets can reach.
- In 2019, Nike announced they had claimed the top rank in market share for bras in North America — the first time in the brand’s history — and planned to release “geography specific women’s apparel for the Asian market.” (via [wwd.com](#)).

# Positioning

**Positioning** refers to the fixing of a sports or entertainment entity in the minds of consumers in the target market. Positioning is really about perception. To be successful, sports business professionals must carefully craft a positioning strategy that influences the way consumers view their products and services.

Positioning is important to all sports and entertainment marketing professionals as it helps the consumer to distinguish between competing products.

**Positioning examples could include:**

- Sports leagues (NBA vs. G-League)
- Sports teams (The Los Angeles Lakers in the 1980's as "Showtime")
- Sporting goods (Under Armour as comfortable performance apparel)
- Sports drinks (Gatorade as a performance beverage)
- Movie studios (Dreamworks as a leader in animated films)
- Entertainers (Will Ferrell as a comedic actor)
- Entertainment products (Fortnite "Battle Royale" as a multiplayer video game vs. "Save the World" as a single-player experience)
- Facilities and venues (Premium seating vs. general seating)

**Creating Perception:**

- Puma's "Calling All Troublemakers" spot encouraged fans to be more daring and push boundaries to achieve "danger, risk and potential fugitive status" in an effort to differentiate itself from Nike, Adidas and Under Armour as it continues its efforts to gain credibility and position itself as a legitimate performance apparel brand.
  - To drive the campaign and assist in their positioning effort, Puma partnered with athletes with "bad boy" reputations like Olympic champion Usain Bolt and soccer player Mario Balotelli.<sup>21</sup>



## CASE STUDY WHEATIES

General Mills' positioning of Wheaties provides a great example of a brand with an effective and successful positioning strategy. Wheaties cereal has positioned itself as a brand affiliated with athletic performance and its slogan, "the breakfast of champions", has remained since the brand's introduction in 1924.

Wheaties cereal has positioned itself as a brand affiliated with athletic performance and its slogan, "the breakfast of champions", has remained since the brand's introduction in 1924.

With declining sales, General Mills (parent company of the Wheaties brand) eventually introduced a new spin off product aimed to take advantage of consumer perceptions of the Wheaties brand. General Mills developed three formulations of the cereal (dubbed Wheaties Fuel) with the help of a sports nutritionist and five world class athletes: the NFL's Peyton Manning, the NBA's Kevin Garnett, gold medal-winning decathlete Bryan Clay, the MLB's Albert Pujols, and triathlete Hunter Kemper.<sup>22</sup>

<sup>21</sup> <http://www.marketingweek.co.uk/sectors/sport/news/puma-rallies-troublemakers-bolt-and-balotelli-to-recapture-sporting-ethos/4011350.article>

<sup>22</sup> [http://www.mediapost.com/publications/?fa=Articles.showArticle&art\\_id=113207](http://www.mediapost.com/publications/?fa=Articles.showArticle&art_id=113207)





## DISCUSSION TOPICS

For a discussion to help guide your positioning conversation in class, consider accessing the “Breakfast of Champions” PPT located in the Lesson 4.5 folder. The PPT reviews the history of Wheaties and its efforts to successfully position the brand as fuel for athletes.

- With other professional teams leaving the city (the Warriors to San Francisco and the Raiders to Las Vegas), and hoping to gain financial support for a new stadium, the A’s made an aggressive push to position themselves as THE local team to support in Oakland.
- Their marketing campaign was titled “Rooted in Oakland” and featured famous local landmarks and personalities.
  - To declare themselves as the team to support in Oakland, the A’s [raised](#) a team flag above Oakland’s city hall only minutes after news of the Raiders move to Las Vegas was finalized.
  - The team also unveiled a local [mural](#), decorated local [muni stops](#) and decreased [concession](#) prices.
- In a pivot from previous DC Universe films that created a perception that its movies were grim and dark, Warner Bros. created a campaign for the 2019 release of ‘Shazam’ that positioned the film as hopeful and playful, much like the movie’s main character.
- According to [Hollywood Reporter](#), the first teaser poster for the film showed the main character transforming into Shazam, “both incarnations smiling like a kid having a great time on an adventure” while the rest of the campaign featured imagery consistent with the film’s storyline (a kid in a grown up’s super hero body).

## Positioning Strategy

Products or services are grouped together on a positioning map. There they are compared and contrasted in relation to one another. Marketers will then determine a position that distinguishes their own products and services from competitor products and services.

### Positioning Strategy Examples:

- Reebok has engaged in a unique marketing initiative by positioning itself as a leader in “[The Sport of Fitness](#)”, a phrase it has incorporated into its [cross-promotional](#) efforts with the CrossFit brand.
  - CrossFit training participation has increased 700 percent in just the last four years, creating an even bigger opportunity for Reebok to enjoy continued growth.
- In 2019, Adidas launched a new hiking boot (Terrex) with a strategic positioning plan designed to eliminate the stigma of the sport’s ‘stale’ image.
  - In an interview with [Marketing Week](#), Adidas’s global VP of marketing and digital commerce suggests the consumer perception of hiking gear leans more toward function than fashion, a perception the brand hopes to change with their hiking campaign.<sup>23</sup>
  - Click [here](#) to see one of the Terrex commercials on adidas’ YouTube channel.

## Selecting a Positioning Strategy

Sports and entertainment marketing professionals must identify all possible competitive advantages to establish an effective positioning strategy.

Products, services, channels, price points, people or image can be sources of differentiation. Organizations often position their products relative to perceived competitor weaknesses.

<sup>23</sup> <https://www.marketingweek.com/adidas-hiking-marketing/>

- BodyArmor debuted a new marketing campaign in 2020 with a TV ad that aired during “The Match 2”, a made for tv event between Phil Mickelson and Tom Brady vs. Tiger Woods and Peyton Manning, positioning the brand as a healthier alternative to competing products
  - According to [Fox Business](#), the campaign continues BodyArmor’s strategy to position the product as a healthier, modernized alternative to Gatorade.
  - Through its packaging and advertising, the brand suggests it is a healthier alternative to competing products like Gatorade because they do not contain caffeine, have no added preservatives, and are gluten-free and nut-free.

## Choosing the Right Competitive Advantage:

To be successful, sports and entertainment marketing professionals must determine the right competitive advantage when developing a positioning strategy. Identifying a unique selling proposition is often a good place to start.

- Recruiting student athletes is an extremely competitive process for collegiate athletic programs throughout the U.S. One way the University of North Florida helps pitch the school as an ideal destination for recruits is a “lazy river” water feature on campus, creating a laid-back feel for students to relax.
  - In a tweet, an ESPN Sports Center anchor at the time (and former UNF athlete) Sara Walsh said when asked how often the Ospreys athletic program leverages the amenity as a recruiting tool, “Tons!”
  - The concept is not lost on other schools as colleges like [Texas Tech](#) and [Missouri](#) have either already implemented similar amenities or have announced plans to do so in the future (like LSU’s [planned](#) \$85 million lazy river pool and collegiate recreation facility).
- In 2019, recognizing the exploding popularity of eSports, sneaker brand K-Swiss designed a pair of shoes specifically for “The Immortals”, one of North America’s best-known eSports groups.
  - The brand’s “One-Tap” shoe was positioned as a product that enhances the performance of esports players.
    - According to [USA Today](#): “The slip-on sneaker features lightweight, flexible material with an elasticated closure for a “snug fit,” as well as a venting unit to make it breathable in warmer climates, and a wool-lined insole that can be inserted to make the shoes feel warmer. Gamers can also fold down the sneakers’ heels for a “slipper-like feel for the long hours during a match or practice.”
- Shanghai, the largest city in China, wants to position itself as the global hub of the esports universe
  - In its push to become the world gaming capital, they [announced](#) plans in 2021 to build an \$898 million arena, dedicated specifically to esports. The venue, named the Shanghai International New Cultural and Creative Esports Center, will seat 6,000 fans, feature a museum devoted to gaming, and will even have an esports-themed hotel attached to the arena to accommodate visitors. It is scheduled to open in 2024.

## Positioning Errors to Avoid

Positioning can be tricky. Identifying the correct differences to promote can be the difference between an ineffective positioning strategy and a marketing failure. The biggest risk to a brand is making sure those differences are legitimate. If not, an organization could face not only backlash from consumers but also potential legal consequences.

### Positioning Error Example:

- When Kanye West’s The Life of Pablo album was released, the hip-hop star tweeted that it would “never never be on Apple. And it will never be for sale ... You can only get it on Tidal.”
  - Kanye was clearly positioning Tidal as the exclusive streaming service for his music, and subscriptions quickly tripled as a result. Yet just weeks later, the album was available on his own website, Pandora, Spotify...and even Apple.
  - As a result, Kanye and Tidal are facing a lawsuit alleging false advertising.

- Click [here](#) to read more about the potential plausibility of the class-action suit.
- At the height of Peloton’s popularity during the pandemic, a competitor (Echelon) launched a competing product (a connected bike) at a significantly lower price point (\$500), calling it the ‘Prime Bike’.
  - The assumption was that the brand had teamed up with Amazon, creating a flurry of consumer buzz, even driving down Peloton’s stock price.
  - However, Amazon [quickly distanced](#) itself from Echelon, suggesting they were in no way affiliated with the product, saying in a statement “This bike is not an Amazon product or related to Amazon Prime. Echelon does not have a formal partnership with Amazon. We are working with Echelon to clarify this in its communications, stop the sale of the product, and change the product branding.”

## Product Differentiation

Product differentiation refers to a positioning strategy that can be used to distinguish a company’s products from those of competitors.<sup>24</sup>

### Product Differentiation Examples:

- When the XFL developed its marketing strategy, the league made a concerted effort to focus on affordability, making sure to create ticket plans that would be available to a family of four for under \$100 to differentiate its product from the NFL.
  - In addition to lower ticket prices as a differentiator, the XFL also offered more access to its players and coaches while implementing simpler rules, making it easier for the average fan to understand the game.<sup>25</sup>
- When the BIG3 basketball league launched in 2017, it differentiated itself from existing basketball leagues by establishing unique rules and game play, including its “3-on’3” format, a 4-point shot, no “foul outs” and a smaller court size.
  - Click [here](#) to read the league’s rules and philosophy from the BIG3 website.
- Minor League Baseball teams often position their brand as family-friendly and a form of entertainment that is all about fans and the fan experience and less about luxury suites and corporate sponsors.
  - In 2020, the Savanna Bananas introduced an aggressive strategy to position the team that way when they [announced](#) that they would discontinue any advertising at the team’s games for the season, including ballpark signage, game day programs and P.A. announcements.

## Repositioning

Repositioning is a marketer’s plan for changing consumers’ perceptions of a brand in comparison to competing brands.

A private golf course may be suffering slumping membership sales. As a result, the course management may choose to open up the course to the public, which will ultimately require a well-planned re-positioning strategy.

Re-positioning is a marketer’s plan for changing consumers’ perceptions of a brand in comparison to competing brands.

### Repositioning Examples:

- A private golf course may be suffering slumping membership sales. As a result, the course management may choose to open up the course to the public, which will ultimately require a well-planned re-positioning strategy.

Re-positioning involves identifying who the new target market is and a strategy for creating awareness and demand within that market.

- Part of the re-positioning effort in the golf course example above would require sending a message to the target market that the club is affordable by public standards.

<sup>24</sup> *Sport Marketing*, Presentation Notes, Ryan Langan, University of South Florida

<sup>25</sup> <https://www.frntofficesport.com/xfl-oliver-luck-spring-football/>

- Slogan might be “Enjoy the benefits of a private club at public course rates!”

#### More Repositioning examples:

- According to the [Sports Business Journal](#), as part of their deal with CBS, the Pro Bull Riders Association will be grouped among other major properties online, like the NFL and the NCAA men’s basketball tournament to re-position it as a more legitimate sports property (in the past, PBR was grouped under the “CBS Sports Spectacular” banner alongside some niche sports).
- The Milk Processor Education Program wanted to reposition chocolate milk as a beverage athletes could use as a “recovery drink” to replenish after grueling workouts.
- To help with their positioning efforts, the brand enlisted pro athletes like Sloane Stephens and Al Horford to star in a campaign to communicate the “[Built with Chocolate Milk](#)” message to consumers.
  - Click [here](#) to see other athletes that are part of the campaign.
  - The [builtwithchocolatemilk.com](#) website even features a page that explains the science behind the product’s ability to help athletes recover.
- Converse [began](#) re-positioning the iconic Chuck Taylor sneaker as a fashion shoe through a three-video series, “Forever Chuck”, focusing on the characteristics that make the shoe unique: film, L.A. hip-hop and fashion.
- According to [Forbes](#), “Frozen 2” was re-positioned from a kid-friendly comedy to an epic adventure and drama when Disney began its marketing push leading up to the film’s release in theaters.

# Market Research

Market research is the process of systematically collecting, recording, analyzing, and presenting data related to marketing goods and services. The data uncovered through research provides an opportunity for sports business professionals to get to know their customers and build marketing strategies accordingly.

## MARKET RESEARCH DATA

Marketing research gathers data relating to groups of people who could potentially be identified as a company's target audience. Research could also uncover information that would help a business to identify current trends that might represent potential threats or opportunities within a marketplace.

**These marketplace groups include:**

- Consumers
- Competitors
- Culture/climate
- Company

For example, before determining whether to sell jersey sponsorships, the NBA first collected and analyzed data from a social media measurement firm to make sure the visibility on uniforms would drive adequate value for their partners.<sup>26</sup>

## THE RESEARCH PROCESS

Typically, an organization would follow a set process when engaging in the market research process.

**Step one:** Identify the problem, concern or additional desired information to be gathered.

**Step two:** Select and design research.

There are two types of research projects that an organization might typically conduct. Primary research is the original research conducted for a specific marketing situation.

**Primary research consists of:**

- Surveys
- Direct mail
- Telephone
- Interviews
- Focus groups

Another type of research features secondary research. Secondary research is published data that has been collected for some other purpose (data collection).

**Examples of secondary research:**

- Census reports
  - A census is a method used for obtaining statistical information that counts every member of a population.
- Demographic analyses
- Trade associations

<sup>26</sup> <http://www.sportsbusinessdaily.com/Daily/Issues/2016/05/17/Research-and-Ratings/Hookit-NBA.aspx>

- State agencies
- Commercial research firms

### Step three: Report and analyze

Once the data has been collected, the information is analyzed, and a research report is prepared. After being analyzed and reported, the data is used to assist in the decision-making process.

## Market Research Applications

There are all kinds of applications where market research would benefit sports and entertainment organizations from all segments of the industry.

Examples could include research on any of the following:

- Sport participation
- Violence in sports
- Advertising
- Media outlets
- Viewer and listener ratings
- Financing
- Effectiveness of marketing efforts
  - According to [marketing-interactive.com](http://marketing-interactive.com), Adidas decided to discontinue its investment in Facebook video ads after determining consumers were not regularly viewing the ads, making it difficult to verify the effectiveness of its marketing efforts.



### DISCUSSION TOPICS

Relevant discussion topics are provided throughout the textbook, including bell ringers, or previous "bonus content" shared with SCC members that might provide a good way to help students apply fundamental concepts from that particular lesson.

### Market Research Example:

According to a [Sports Business Journal](#) report, the San Diego Padres conducted a series of 10 different focus group sessions which included a total of nearly 300 participants, ranging in age from 12 to 80, to help decide on color schemes for the team's introduction of new uniforms. Focus group participants sat in a room at the stadium. Using a dial, they adjusted to record their fondness for a particular uniform color scheme, provided very specific data for the franchise to use in its uniform design process, ultimately leading to a #BrownIsBack franchise marketing campaign.

- Click [here](#) to check out the team's announcement kicking off the #BrownIsBack marketing campaign on Twitter



## More Market Research Examples:

- Consider the following figures from a fan avidity report released by Scarborough Sports Marketing (a research firm).<sup>27</sup>
  - Based on the study results, U.S. consumers have typically shown unwavering support for the NFL, MLB, NBA, NHL, College Football and Basketball, NASCAR and the Olympics (53 percent of American adults are “Avid Fans” at least one of these sports). However, after these traditionally supported fan favorites, the list includes sports like Figure Skating, Gymnastics, Men’s Golf, High School Sports and Pro Boxing.
  - Why does this matter?
    - According to Scarborough: “American sports fans have been opening their minds and wallets to a host of diverse sports. Avid Fans of these sports are often characterized by distinct audience demographics. For instance, 73% of Avid Gymnastics Fans are female and 81% of Avid Figure Skating Fans are female. This is a unique demographic makeup since Avid Fans of sports like the Olympics, Women’s Tennis and the WNBA – classically “female friendly” sports – are only about 50% female. This notable demographic base helps explain findings such as: Gymnastics Fans are 53% more likely than all American adults to schedule a spa day, 30% more likely to visit a jewelry store and 33% more likely to visit a bridal store. Similarly, Figure Skating Fans are 28% more likely to visit a florist and 27% more likely to visit a dry cleaner.”<sup>28</sup>
    - Another demographically interesting sport is Pro Boxing. Though European Soccer, Major League Soccer and Mexican Soccer are all leagues with large Hispanic fan bases, Pro Boxing is the non-soccer sports league with the highest percentage of Hispanics among its Avid Fans – 35%. Avid Pro Boxing Fans are also 58% more likely than all American adults to use their smartphones to: listen to or download music, 67% more likely to check sports scores and updates, and a staggering 110% more likely to watch free TV programs.<sup>29</sup>
- According to the [Sports Business Journal](#), the NFL relied on market research to help determine the appropriate price of admission to its “NFL Times Square Experience” before opening the attraction in 2018.
- Relying on data from a market study and a survey of its football ticket holders, the University of Wisconsin announced plans to remodel a section of Camp Randall Stadium to expand the premium seating options available to fans..
  - The data from the report and from the ticket holder survey suggested fans would be willing to pay more for premium amenities, such as access to indoor hospitality and outdoor terraces; climate-controlled areas; more comfortable seating; and expanded premium food and beverage offerings.
    - However, because of the pandemic, the \$77 million project was [pushed back](#) and likely to begin in 2021 and be ready for the 2022 season.

<sup>27</sup> [http://scarborough.com/press\\_releases/Scarborough-Sports-Fan-Avidity-Ranking.pdf](http://scarborough.com/press_releases/Scarborough-Sports-Fan-Avidity-Ranking.pdf)

<sup>28</sup> [http://scarborough.com/press\\_releases/Scarborough-Sports-Fan-Avidity-Ranking.pdf](http://scarborough.com/press_releases/Scarborough-Sports-Fan-Avidity-Ranking.pdf)

<sup>29</sup> [http://scarborough.com/press\\_releases/Scarborough-Sports-Fan-Avidity-Ranking.pdf](http://scarborough.com/press_releases/Scarborough-Sports-Fan-Avidity-Ranking.pdf)





# Advertising

## WHAT IS ADVERTISING?

Advertising is any paid, non-personal form of communication by an identified company promoting goods and services.

Advertising has traditionally been presented in several forms, including:

- Print
- Outdoor / OOH (Out of home) advertising
- Traditional broadcast (television, radio, satellite)
- Online/digital media
- Cinema
- Promotional products

However, the traditional definition of advertising is constantly evolving as consumer preferences and media consumption habits change. For example, PR (public relations) is considered a key “advertising” channel for many brands because it can be an effective way to tell the product or service’s story in an authentic, organic way. Yet PR has not always been considered a component of advertising.

Every year, companies spend billions advertising their products and services to sports fans. According to Kantar Media (a market research firm), the 2019 NCAA Men’s Basketball Tournament (“March Madness”) [generated](#) over \$1 billion in advertising revenue while the 2021 Super Bowl [brought](#) in a record \$485 million for CBS. And before being postponed because of the pandemic, NBC had [announced](#) it had sold more than \$1.2 billion in advertising for the Summer Olympic Games in Tokyo.

Why do companies advertise?

- Assist in the increase in sales
- Brand building
- Create or change company/brand image
- Associate a brand with positive feelings and emotion
- Establish and maintain positive public perceptions
- Create product/service and brand awareness

## TYPES OF ADVERTISING

### Print Media

Print media refers to a written / visual form of communication used to inform, persuade, or remind consumers about products or services offered, typically featured in magazines, newspapers and brochures.



Dick's Sporting Goods regularly advertises in newspapers featuring weekly specials to encourage consumers to visit stores

## Outdoor / OOH (Out of home) advertising

Typically, outdoor advertising includes any outdoor signs, walls, buildings, public transportation and billboards. This type of advertising offers a high level of visibility but has geographic limitations. OOH advertising also offers the potential for 24-hour advertising.

- Last year, Puma [projected](#) 3D holograms of its new Sky Dreamer sneaker along with Puma-branded basketballs onto the roof of parked cars near famous Chicago landmarks at NBA All-Star weekend.
- As part of their social media heavy AR “Summergram” campaign in 2019 featuring Chrissy Tiegen and DJ Khaled, Pepsi [customized](#) more than 2,300 billboards around the U.S.

Outdoor could also include mass transit and public transportation advertising such as buses, bus stands, taxicabs, and subways to post advertising messages.

- The Hillsboro Hops, a minor league team in the Portland, OR area, wanted to encourage fans to utilize mass transit to come to games. To do so, they chose to brand the local light rail train with the team’s logo to help generate more awareness.
- Adidas and the Portland Timbers wrapped several light rail trains in branded content to promote the MLS All-Star Game when they hosted the event.<sup>30</sup>
  - The Timbers also advertised INSIDE the train to encourage riders to use mass transit for travel to the stadium.
- According to [USA Today](#), the Professional Bull Riders (PBR) boldly announced the arrival of a 2019 event in Washington D.C. by blanketing the city in advertising, placing more than 250 ads on city subway metro cars and buses.

Mobile advertising also falls under the category of outdoor advertising.

- The NBA's Jam Van tour is an interactive basketball program that travels from the United States to China. The Jam Van is a 67-foot 18-wheeler that transforms into 8,000 square feet of basketball and interactive “off-court” activities.<sup>31</sup>

30 <http://www.partnershipactivation.com/headlines/2011/3/16/syracuse-athletics-turns-to-nyc-taxi-to-drive-awareness.html>

31 <http://www.nba.com/jamvan/>

- The Green Bay Packers' annual "Tailgate Tour" visits five Wisconsin communities in five days during the summer while raising money for local non-profit organizations via tailgate parties at each stop. Along the way, the "Tour" also makes unannounced stops, often at schools.<sup>32</sup>
- Hard Rock took its world-famous collection of music memorabilia on the road with the "Hard Rock International 40th Anniversary Memorabilia Tour." It traveled to over 30 Hard Rock cafes around the USA in an 80-foot-long double-wide truck specially constructed to exhibit 64 memorable artifacts once owned by popular musicians, such as a Jimi Hendrix custom Gibson Flying V guitar that he played at the Isle of Wight Festival in 1970, Janis Joplin's handwritten love letter to a boyfriend, Buddy Holly's glasses, Katy Perry's famous "birthday" dress and Justin Bieber's skateboard, among other things.<sup>33</sup>
  - In another example of "interactive" marketing, the Hard Rock folks asked fans to vote for which items should be included in the tour via their Facebook page (they also allow fans to follow the tour through their blog and/or Facebook page while allowing visitors to check in on foursquare).<sup>34</sup>
- The Chicago Cubs deploy a Cubs "trolley", equipped with 8 flat-screen TVs and Cubs memorabilia, that would make appearances throughout the city at parades, street festivals and sponsor locations.<sup>35</sup>
- Nike once teamed up with the popular donut brand Krispy Kreme for the launch of the Nike Kyrie 2 signature shoe and deployed a "Ky-rispy Kreme" truck to tour the country.<sup>36</sup>
  - Click [here](#) to see photos of the unique packaging.
  - Click [here](#) to see photos of the truck.
- According to the [Sports Business Journal](#), the NHL celebrated the anniversary of their 100<sup>th</sup> season with a traveling tour that visited each NHL market, offering fans opportunities to play hockey in an NHL style "ball hockey" rink, experience a virtual reality exhibit and visit a museum with memorabilia, photos and interactive displays.
- At the Super Bowl in 2019, Yahoo! Sports visited popular locations around the host city of Atlanta in a pop-up truck, called the "Fan Cave", where fans could play trivia and other games to win prizes to encourage fans to watch the Big Game on the Yahoo! Sports app.
- In addition to advertising via mass transit, Fox took their advertising to the streets during the popular Comic Con festival by positioning popular animated characters from "Family Guy", "The Simpsons", "Bob's Burgers" and "The Cleveland Show" in San Diego pedal cabs.<sup>37</sup>
- LSU Athletics took a unique advertising as part of a basketball campaign when they teamed with adverCar (a company that pays individuals to affix advertising messages to their personal vehicles), essentially paying fans to drive their message into local neighborhoods, shopping centers and commuter routes.<sup>38</sup>

Marketers often use many other creative ways of communicating advertising messages to consumers through out of home channels.

- Blimps
  - Goodyear, Outback, Met One ("Snoopy One")
    - For example, Goodyear provided aerial coverage of the NBA "bubble", offering a socially distant view of the ESPN Wide World Of Sports complex when play resumed after being postponed because of the pandemic.
- Supermarket carts and grocery bags
  - Select grocery stores in Oregon offer "eco-friendly" grocery bags featuring the Portland Trail Blazers, University of Oregon Ducks and Oregon State University Beavers logos.
- Hot air balloons, aerial advertising (sky writing, sky banners)

32 <http://www.packers.com/news-and-events/article-1/Peprah-anxious-to-meet-fans-on-Tour/be834575-6c6d-4b62-b2f3-b066e2e53e3b>

33 <http://www.nytimes.com/2007/08/15/arts/music/15conc.html?ex=1344830400&en=72b66706de55f76e&ei=5090&partner=rssuserland&emc=rss>

34 <http://blog.hardrock.com/post/2011/05/16/Hard-Rock-on-Wheels-Musics-Greatest-Memorabilia-Collection.aspx?theme=hrnews>

35 <http://www.sportsbusinessdaily.com/Journal/Issues/2011/07/25/Coast-to-Coast/Coast-to-Coast.aspx?hl=under%20armour&sc=0>

36 <http://solecollector.com/news/2016/05/krispy-kreme-nike-sneakers>

37 <http://www.scifiartist.com/blog/2012/07/sdcc-2012/>

38 [http://www.lsusports.net/ViewArticle.dbml?SPSID=27830&SPID=2167&DB\\_LANG=C&ATCLID=205317769&DB\\_OEM\\_ID=5200](http://www.lsusports.net/ViewArticle.dbml?SPSID=27830&SPID=2167&DB_LANG=C&ATCLID=205317769&DB_OEM_ID=5200)

## Traditional Broadcast Media

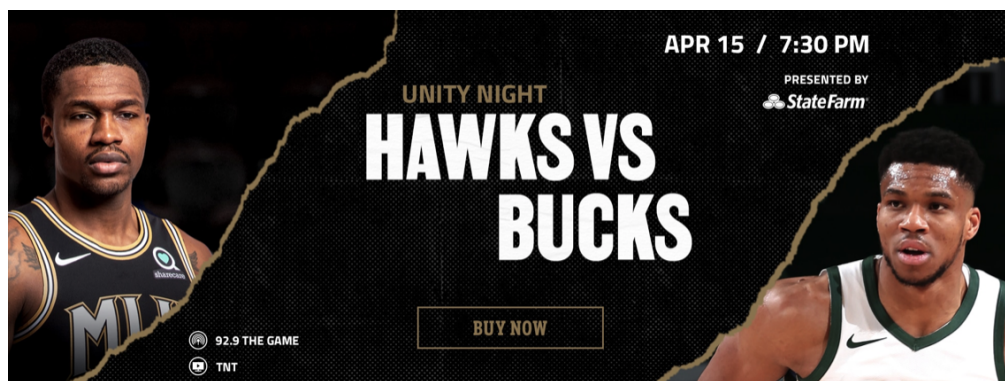
Any visual and/or audible form of communication used to inform, persuade, or remind consumers about goods or services offered would be considered traditional broadcast media. This would include radio and television advertising. Traditional broadcast media is typically an effective means for reaching a large audience.

- Radio / satellite radio advertising
  - Advertisers match their target market to a radio station that segments a particular market.
  - Has the ability to reach a wide audience
- Television / satellite TV advertising
  - Includes commercials and infomercials
    - The fitness craze known as P90X relied on a carefully crafted TV infomercial. strategy to build a \$400 million-a-year (and growing) empire
      - The franchise has been so successful that they released a third installment, P90X3.
  - Because broadcast companies now spend so much in rights fees, they are forced to charge much more for television advertisements during those broadcasts.
  - TV advertising is traditionally the most expensive form of broadcast media.
    - Higher ratings for programming translates to higher advertising rates.
    - Because the Super Bowl annually draws millions of viewers and generates a lot of publicity, the cost of advertising during the broadcast is more expensive than any other television event.
      - A 30 second commercial during the broadcast of the 2020 Super Bowl on Fox cost advertisers as much as \$5.6 million and, according to [AdWeek](#), still sold out inventory faster than any year since 2011.<sup>39</sup>

## Online/Digital Media

An advertisement that appears on digital media platforms would be considered online or digital advertising. This could include:

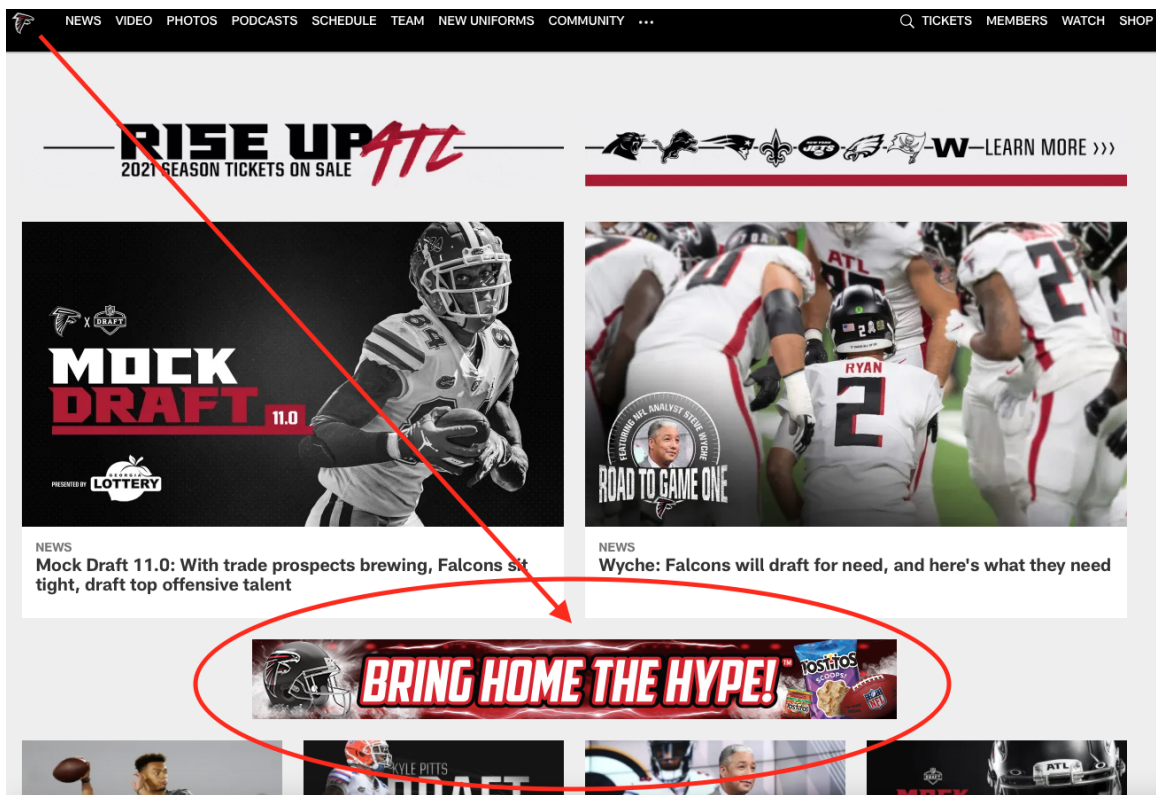
- Banner ads, pop-ups, videos etc.
- Digital broadcasts / streaming
- Social media channels
- Podcasts



The Atlanta Hawks' website features a pop-up advertisement encouraging fans to buy tickets to an upcoming game while State Farm Insurance receives advertising exposure as a sponsor of the franchise (source: <https://www.nba.com/hawks>)

<sup>39</sup><https://www.adweek.com/tv-video/fox-sells-out-super-bowl-in-game-inventory-fastest-market-in-9-years/2/>





The Atlanta Falcons' website features a clickable digital advertisement encouraging fans to visit a sponsor (Tostitos) website (source: <https://www.atlantafalcons.com>)

## Promotional Products

Promotional products would include “everyday” items displaying a company name or logo. Items like calendars, pens or magnets that are given away are considered to be promotional products.

## PUBLIC RELATIONS

Public relations (PR) are activities that promote the image and communications an organization has with its employees, customers and public. These activities influence the way fans, the media, and consumers perceive the organization. The proliferation of digital and social media platforms has made it more challenging for a sports organization to control and manage that messaging, making it even more important to have skilled professionals managing the organization’s public relations efforts.

It is the responsibility of the PR professional to effectively manage the conversation surrounding the organization. Today’s landscape features plenty of potential pitfalls that could generate negative publicity for an organization and create a PR crisis. From bad behavior from athletes off the field to issues like recruiting violations, drug use and the rising costs of tickets (and concessions and parking), PR professionals often face the stressful challenge of shifting the public perception of the organization they work for. PR professionals must also effectively communicate all of the positive work an organization puts forth into the community, like team-initiated efforts like toy-drives around the holidays or donations to local food shelters.

## HOW ARE ADVERTISEMENTS MADE?

Advertisements are typically made in-house or through an agency.

## In-House Advertising

### Why produce ads in-house?

- Creative control
- Can be cost effective from a production perspective
- Timing (can produce ads quicker than working with an agency)

## Advertising Agencies

There are predominately two types of agencies, full-service or specialty.

Full-service agencies offer a comprehensive set of expertise that can help develop advertisements for everything from out of home to television to digital and social. Specialty agencies can offer expertise in anything from social media marketing to PR.

### Why hire an agency?

- Expertise
- Time and personnel constraints
  - Cost effective (hiring a staff capable of producing effective ad campaigns is very expensive)
- “Fresh” / outside perspectives

### Agency Examples:

- Fox Sports contracts the Wieden + Kennedy ad agency to manage and oversee some of their advertising campaigns.
  - Until 2017, W+K had been the longtime ad agency of record for Fox Sports’ competitor, ESPN.
    - Wieden + Kennedy was responsible for the popular “It’s Not Crazy, It’s Sports” and “This is SportsCenter” ad campaigns for ESPN, addressing the culture of fandom in the sports industry.
      - Click [here](#) for a ranking of the top 25 “This is SportsCenter” commercials.
- Nike is another sports brand that contracts the Wieden + Kennedy agency
  - Wieden + Kennedy was responsible for the popular video featuring star soccer player, Ronaldo, for the 2016 Euro Cup, that generated nearly 70 million views and gave Nike’s brand a huge boost during a tournament where rival Adidas was the event’s official sponsor.
    - Click [here](#) to see the 5-minute video on Nike’s YouTube page.
    - Click [here](#) to read more from wk.com.
- In 2020, the New York Knicks contracted the ad agency Translation to guide the franchise through a rebranding effort with the goal of impacting how fans, and NBA free agents, perceive the team.



### ACTIVITY IDEAS

Ask students to play the role of an ad agency. Assign each student or group a sports or entertainment product or brand, along with some type of brief, and ask them to build a comprehensive advertising campaign. The campaign should include each of the elements identified in this lesson. Have them “pitch” their campaign to the class.



### INSTRUCTOR NOTES

The Super Bowl provides an excellent means for helping students gain a fundamental understanding of advertising and a fun way to introduce the concept in class. Check out USA Today’s Ad Meter by clicking [here](#) to view all the Super Bowl commercials from 2021.

# Digital Marketing

## WHAT IS DIGITAL MARKETING?

**Digital marketing** can be described as actively promoting products and services using digital distribution channels as an alternative to the more traditional mediums such as television, print and radio.

Today's consumer is more cognizant of the marketing messages all around them, leaving them more likely to tune out advertisements or other forms of marketing communication. In the “golden age” of television, an advertisement on one of the big three networks could reach 70 percent of the viewing audience.<sup>74</sup> According to Seth Godin (author of *Permission Marketing*), today's consumer receives roughly one million marketing messages a year on average. Overwhelmed consumers have dozens of tools at their disposal for tuning out these marketing messages, such as:

- E-mail filters to block spam
- Digital video recorders (DVR) to skip commercials
- Caller ID to screen telemarketers
- Recycling direct mail pieces without opening them
- Ad-blockers on internet browsers

Business and marketing professionals refer to this abundance of marketing messages as “clutter.” Clutter is a major problem for today's marketer. As consumer attention to traditional media channels wanes, social media and digital marketing can provide a more effective and efficient way to reach and engage consumers. As a result, brands are investing more than ever in digital strategies.

- At a sports marketing summit last year, a marketer at Volkswagen suggested they currently spend 35% of their marketing budget through online marketing channels but they'd like that number to be closer to 50% in the future (via dsmsports.net)
- According to Forrester Research, investment in digital marketing channels (paid search, display advertising, social media advertising, online video advertising and email marketing) will represent 46% of all advertising by 2021
- According to a report featured on adweek.com, the average U.S. adult now spends more than 11 hours each day—almost half the entire day—listening to, watching, reading or interacting with some form of linear or digital media

### What makes digital marketing effective?

- Targeted
  - One of most appealing attributes of digital
    - Easier to reach demographic, psychographic, geographic segments
    - Easier to segment based on lifestyle attributes etc.
- Measurable
  - Marketers can track things like reads, forwards, clicks, shares and likes
- Cost efficient
  - Compared to cost of print ad or commercials during most live game broadcasts, digital is a less expensive alternative
- Flexible and dynamic
  - Easy to adjust the ad, the messaging, the storytelling, the call to action (CTA)
  - For example, once you submit an ad for broadcast on ESPN radio, it is difficult to change the message
- Encourages consumer (fan) engagement



### Forms of digital marketing:

- Content marketing
- Viral marketing
- Apps
- Website marketing and email marketing
- Location based marketing
- Podcasts
- Social media marketing

## FORMS OF DIGITAL MARKETING

### Content Marketing

The Content Marketing Institute defines content marketing as a strategic marketing approach focused on creating and distributing valuable, relevant, and consistent content to attract and retain a clearly defined audience — and, ultimately, drive profitable customer action.<sup>40</sup>

Content marketing shows itself in many forms and can be distributed online through a variety of digital platforms:

- Blogs
- Videos
- Social media posts
- Websites
- Apps

For example, Jack in the Box quick-serve restaurants created an animated six-part web series featuring the Dallas Fuel, an eSports team to provide fans with behind-the-scenes access to their favorite players.

- Click [here](#) to see the first episode on Dallas Fuel's YouTube channel.
- Click [here](#) for a detailed look at the campaign from thedrum.com.

In 2019, Amazon teamed up with Starbucks to develop a sports documentary series featuring six one-hour episodes, airing as a Prime Video exclusive.

- Click [here](#) to see a trailer for the documentary.

### Viral Marketing

Viral content occurs when a piece of content is so engaging that it gets passed along without the support of any marketing or promotional campaign. The content is shared across online platforms in the form of memes, shares, likes, and forwards. Successful viral content is unpredictable and difficult to plan for. It must be organic and cannot be forced for it to be effective.

#### Examples of viral content:

- Remember the mannequin challenge? In just a few days after posting a response to the “Mannequin Challenge” on the team’s Facebook page, BYU Gymnastics’ video was viewed over 2.5 million times and was featured on ESPN’s website.<sup>41</sup>
  - Click [here](#) to visit the BYU Women’s gymnastics team Facebook page to see the video (which has now been watched over 7.5 million times).
- Two years ago, over 150 NBA players received customized potatoes in the mail as part of marketing strategy from Potato Parcel.

<sup>40</sup> <https://contentmarketinginstitute.com/what-is-content-marketing/>

<sup>41</sup> <https://www.deseretnews.com/article/865666619/UTubers-BYU-gymnastics-mannequin-challenge-viewed-23-millions-times-featured-on-ESPN.html>

- The savvy campaign quickly went viral as many players posted photos of their potatoes on social media, helping the message to spread like wildfire.
- Click [here](#) to see some of the custom messages sent to NBA players.
- In 2019, the Los Angeles Chargers had some fun with the announcement of the team's schedule, comparing upcoming opponents to different flavors of Pop-Tarts, complete with a corresponding box.
- The thread went viral and quickly became one of the most engaging social media posts of the year for the franchise as it received more than 20,000 likes, 5,500 retweets and 385 comments.
- Later that same day, the team posted a schedule-release video, which drew even more engagement, generating more than 1.4 million views on Twitter alone.

## User-Generated Content

**User-Generated Content (UGC)** encompasses the millions of consumer-generated comments, opinions and personal experiences posted in publicly available online sources on a wide range of issues, topics, products, and brands. UGC originates from:<sup>42</sup>

- Blogs
- Message boards and forums
- Social media
- Online opinion/review sites and services/ feedback/complaint sites

It is important for organizations to develop creative, quality content that will increase levels of consumer (fan) engagement. Quality content is defined by three characteristics:

1. **Distinctive**
2. **Engaging**
3. **Authentic – must be brand appropriate/relevant**

**Examples of quality content:**

- It isn't enough to simply host a Facebook page, so many organizations develop creative ways for engaging fans by creating opportunities to engage with them.<sup>43</sup>
  - Phoenix Suns fans can have their picture taken by Suns personnel at a game and retrieve it for free on the team's Facebook page.
  - The Los Angeles Lakers provided a virtual tour of the team's locker room for their fans on Facebook.
  - Vancouver Canucks fans could play a virtual hockey game on the team's Facebook page to win prizes and coupon vouchers.
  - Racing fans can test their NASCAR IQ via quizzes and polls featured on NASCAR's Facebook page.
- A 12-year-old found a "Tony Hawk" customized Taylor guitar hidden at a local California restaurant during the annual "Hawk Hunt", a scavenger hunt hosted by skateboarding legend Tony Hawk via Twitter where his 4 million followers keep track of hundreds of clues sent out by Hawk and his helpers.<sup>44</sup>
- Click [here](#) for a YouTube video of the fan who found an autographed skateboard as part of his 2019 scavenger hunt contest in Houston via KPRC's YouTube channel.

<sup>42</sup> <http://www.nielsenbuzzmetrics.com/cgm>

<sup>43</sup> <http://www.thebusinessofsports.com/2011/06/14/50-ways-sports-teams-fans-can-engage-fans-on-facebook>

<sup>44</sup> <http://www.10news.com/news/tony-hawk-wraps-up-global-hawk-hunt-12-year-old-finds-guitar-at-del-mar-restaurant-040813>

## Website Marketing

Sports teams use their website for a host of marketing functions:

- Ticket sales
- Sponsorship sales
- Merchandise sales
- Additional revenue streams (advertising sales)
- Community relations
- Player/staff fan connection (blogs, chats etc.)
- Additional promotion

Website marketing could also include:

- Search advertising
- Affiliate advertising
- Native advertising – sponsored content that is meant to look like editorial
- Retargeting
  - Retargeting is an advertising strategy that involves putting a brand's ads in front of people who previously browsed its products or services without making a purchase.
  - For example, have you ever noticed an ad pop up while you were browsing the internet for something you recently shopped for but did not purchase?
- Email advertising

## Mobile Marketing

**Mobile marketing** represents an area of massive potential growth. According to data from Statista, mobile advertising spending worldwide amounted to \$223 billion in 2021 and it is expected to surpass \$339 billion by 2023. Compare that to the \$7 billion that was spent in 2011 on mobile advertising.

- 81 percent of smartphone users have done product research from a smartphone, and 50 percent have made a purchase via their phone.<sup>45</sup>
- 70% of NFL fans are consuming NFL content on a 2nd screen while watching games.<sup>46</sup>
- The NBA has over 1.5 billion followers through social media platforms, most of which consume league-branded content through mobile devices.
- Considering just 1% of these fans will ever attend a game live, in-person, developing effective mobile marketing strategies becomes paramount.<sup>47</sup>
  - Mobile marketing
    - The NBA enlisted former NBA/WNBA players to help educate fans about environmental issues by encouraging fans to text the word “TIMEOUT” to 49767 on their mobile phones
      - Once signed up, fans received messages from former NBA/WNBA players with tips on saving energy at home.<sup>48</sup>
    - The Atlanta Symphony continues the tradition of introducing members of the ASO to the audience with an evening-long live, on-site broadcast of the concert on large 15'x20' screens, which are permanently affixed on either side of the stage. The live feed will include a pre-concert show, as well as live intermission. interviews of guest artists and musicians from the Orchestra, fueled by text-message questions sent by the audience the night of the concert.<sup>49</sup>

45 <http://www.forbes.com/sites/cherylnappconner/2013/11/12/fifty-essential-mobile-marketing-facts/>

46 <http://mobilemarketingmagazine.com/2016-rio-olympic-mobile-sponsorship/>

47 <http://www.sportsvideo.org/2017/05/02/nba-fan-engagement/>

48 <http://www.sportsbusinessdaily.com/Journal/Issues/2017/04/17/Opinion/Hershkovitz.aspx?hl=SMS&sc=0>

49 [http://www.fayettefrontpage.com/arts/09/7-9-09\\_aso-july11.html](http://www.fayettefrontpage.com/arts/09/7-9-09_aso-july11.html)





## ACTIVITY IDEAS

Ask students to choose a sports or entertainment product or service (ranging from a favorite team to an athlete or entertainer) and create TWO mobile campaigns to help promote the brand. Ask them to create a PPT presentation that incorporates as many details on both campaigns as possible.

## Apps

Over 180 billion apps have been downloaded from Apple's online "apps" store, an increase of 80 billion apps in just two years. Today, nearly all sports and entertainment industry properties offer branded apps loaded with features and content. Apps also provide functionality, like ESPN's Fantasy Football app that allows users to manage their fantasy football teams anywhere or anytime from the palm of their hand.

### App Statistics:

- Already the best-selling sports app in history, Major League Baseball's "[At Bat](#)" app sold a record 5 million paid downloads before the 2015 season even started.<sup>50</sup>
- The highest-grossing sports app, a record seven straight years, At Bat unveiled a 2016 MLB Opening Day update that [included](#) a "multitasking" feature along with picture-in-picture streaming.
  - [TechCrunch](#) reported that the added capabilities resulted in a significant increase in consumption.
  - Fans spent an average of 162 minutes per day with the MLB.TV iPad app during the first two weeks of the season.
  - That represents an incredible 86 percent increase from the 2015 season.
- With the "Fandango" app, users can watch film trailers, find showtimes, buy tickets and get directions to the theater, all from their mobile device.
- With apps like Zippo's "concert lighter", cell phones have become the new lighters for today's concert goers (the app has been downloaded over 15 million times).

Apps help sports and entertainment properties to connect with and engage with their respective fan bases, while creating opportunities to generate revenue.

- In 2019, Major League Soccer rolled out a massive app update, with new features that featured ticketing, merchandise, and fantasy integrations.
- According to [SportTechie](#), the app placed an emphasis on providing opportunities for fans to personalize their experience.
  - MLS launched an ad campaign last year called "Pick Your Colors." That has now evolved into "Live Your Colors" to highlight the fact fans can customize features depending on their favorite club, all within the app.
  - Click [here](#) to read more about Major League Soccer's mobile strategy from sporttechie.com.
- According to [Sports Business Journal](#), NASCAR also introduced a new, updated app last year with several new features, including unique augmented reality integrations, in-app microtransactions and expanded, exclusive in-race video content along with "NASCAR RaceView", which provides fans with real-time, 3D virtual re-creations of every race and offers fans ride-along opportunities using in-car HD cameras and audio.

<sup>50</sup> <http://sportsvideo.org/main/blog/2015/04/mlbams-mlb-com-at-bat-app-passes-5m-downloads-mark-adds-apple-watch-support/>



## ACTIVITY IDEAS

Have students pick their favorite sports team, league, athlete, or celebrity. Have them re-design a new app for that brand and present their app ideas in class. What features will they offer? What exciting, unique tech might be included? How do fans benefit from using the app? How might the brand monetize the app?

## Location-Based Marketing

Location-based marketing describes the practice of using technology to send messages or alerts to consumers through their mobile devices once they enter a predetermined geographic location or area, otherwise known as a geofence. The geofenced region could be anything from a specific department in a store, to an area where an event is being held, to a specific neighborhood or an entire city.

### Location-based marketing examples:

- Using iBeacons (Apple's Bluetooth, location-based technology), sports teams are better equipped to provide customized notifications (ranging from special offers to trivia) to fans using mobile devices at stadiums around the country.<sup>51</sup>
  - According to a story from [cnet.com](http://cnet.com), last season the Golden State Warriors became the first NBA team to use iBeacons (over 20 Major League Baseball stadiums are already outfitted with the technology), using them to send four specific types of notifications -- a welcome message; offers to upgrade to better seats; special concession deals; and promotions for the team store.
- The Miami Dolphins use iBeacon technology and location-based triggers to advertise food and merchandise specials to fans.
  - According to [Venuetize](http://Venuetize), the Dolphins were able to generate \$184,933 in incremental revenue from the offers last season and reported that Beacon-only advertised items had an average transaction that was 87% higher than non-advertised merchandise.
- Beacon technology is now [utilized](#) in 93% of MLB parks, 75% of NFL stadiums and 47% of NHL arenas
- MLB is experiencing triple digit increases in numbers of fans checking-in through the league's mobile app where targeted messages, offers and special promotions are communicated to fans at ideal times, increasing the likelihood of spontaneous concession and merchandise purchases.
- According to the [Sports Business Journal](#), the Utah Jazz's new mobile app uses beacon technology to track fans and send notifications to them on deals and promotions while venues like Citi Field and Oracle Park also use beacon technology to communicate specialized concessions, merchandise and ticket offers to fans.
- According to [Engadget](#), at Super Bowl 53 in Atlanta, Nike used geofencing to send push notifications relating to limited-edition sneaker releases to anyone within a 25-mile radius of downtown. The brand also used similar location-based tools to allow anyone in the Nike 'SNKRS' pop-up store to unlock access to different products.

## Podcasts

Podcasts are booming in popularity. In 2020, data from [Edison Research](#) estimated that 80 million Americans – 28% of the U.S. 12+ population – are now weekly podcast listeners, a 17% increase over 2020. That number is expected to climb to 125 million in 2022. As the number of podcast listeners increases, so too will ad spending. [IAB Pricewaterhouse Coopers](#) estimated podcast ad spend was \$800 million in 2020, and will more than double to \$1.7 billion by 2024.

- 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

<sup>51</sup> <http://www.engadget.com/2014/03/28/san-francisco-giants-mlb-ibeacon/>

podcast show is referred to as the “podcast”, St. Louis Blues have a “BluesCast”, Washington Capitals have a “Caps Report” etc.)<sup>52</sup>

- The UFC launched a twice-a-week podcast that features UFC President Dana White, its fighters and celebrity fans, a platform that has helped the league’s explosive growth
- 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](#).
  - 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
- In 2021, the trading card company Panini leveraged their sponsorship of the NBA by featuring 1-on-1 interviews with 10 players immediately after they were selected during the NBA Draft as part of the brand’s “Going Direct” [podcast](#).

## Social Media Marketing

- Social media can also have a profound impact on team and league sponsorship strategies.
  - According to a 2019 MVP Index report, the NBA’s collective social media footprint during (includes team and league accounts) collectively generated more than \$1.1B of value for brand partners last season, up 20% from the ’17-18 season. By comparison, the NFL last season generated \$343M in brand value, the second-highest social media value among the top leagues, according to the [report](#).

Social media describes the online technologies and practices that people use to share content, opinions, insights, experiences, perspectives, media and to otherwise interact online. Harnessing the power of social media and using it as a marketing tool has become a top priority for sports and entertainment properties across the globe because it offers an effective means for connecting with and engaging with their fans.

Social media is still experiencing rapid growth, presenting unlimited potential for marketers.

- Today, nearly two-thirds of American adults are engaged via social media platforms, with nearly all reporting they utilize social media as a source for news.
- 81% of sports fans prefer to go online for game updates and sports news, giving sports and entertainment brands huge opportunities to engage and interact with consumers.<sup>53</sup>
- A research project conducted by Catalyst Public Relations in conjunction with the Sports Business Journal revealed that 61% of MLB fans and 55% of NFL fans consider themselves bigger fans after they began following their teams through social media outlets.<sup>54</sup>

Why is social media important to a sports or entertainment marketer? Statistics show the likelihood of a consumer making a purchase increases when the user has a social connection with a brand or its products (social activities such as sharing and recommendations drive sales, and fans of brands are 51 percent more likely to buy than non-fans).<sup>55</sup>

- Click [here](#) for an infographic that examines the relationship between social media and consumer spending habits

<sup>52</sup> <http://www.engadget.com/2014/03/28/san-francisco-giants-mlb-ibeacon/>

<sup>53</sup> <http://www.godigitalmarketing.com/learn/blog/why-sports-fans-love-social>

<sup>54</sup> <http://www.sportsbusinessjournal.com/article/66338>

<sup>55</sup> [http://www.mediabistro.com/alltwitter/social-research-revenue\\_b46843](http://www.mediabistro.com/alltwitter/social-research-revenue_b46843)

### Social media serves a variety of purposes:

- Social networking
- Photo sharing
- Video sharing
- News source
- Blogs
- Professional networking

### Benefits of social media marketing:

- Cost effective
- Wide reach
- Creative opportunities
- Adds perceived value
- Measurable
- Boosts engagement
- Data / analytics (learn more about your customer)

## Social Media is Cost Effective

Social media is cost effective, particularly when compared to traditional broadcast media. Implementing and tracking marketing campaigns is more economical than other traditional channels like direct mail.

## Social Media Has Wide Reach

One of the greatest benefits to social media for any marketing professional regardless of industry is that it allows an organization to reach a massive audience.

Social media platforms measure their reach through a variety of metrics, but one of the most popular performance indicators is monthly active users (MAU). Facebook, for example, defines a monthly active user as a “registered Facebook user who logged in and visited Facebook through our website or a mobile device, used our Messenger app (and is also a registered Facebook user) or took an action to share content or activity with his or her Facebook friends or connections via a third-party.”

**DAU** meaning **Daily Active Users** - is typically used for businesses where users are expected to interact on a daily basis (eg. email, calendar, games)

**WAU** meaning **Weekly Active Users** - is typically used for businesses with weekly frequency (eg. forums and social communities, mobile apps, productivity & analytics tools).

**MAU** meaning **Monthly Active Users** - is typically used for B2B apps where users are expected to interact a few times a month or less (eg. accounting & bookkeeping software).

According to [Search Engine Journal](#), these are the top 10 most popular social media platforms by most active monthly users (a metric used to count the number of unique visitors to their sites each month):

#### 1. Facebook: 2.7 billion

- Facebook is by far, the largest social networking platform.
- India has the [largest number](#) of users at 310 million, followed by the U.S. with 190 million and Indonesia with 140 million.
- 86% of internet users with \$100k+ income use Facebook.
- 73% of U.S. Facebook users log in daily and more than 8% of Americans get their news from the platform.



## 2. YouTube: 2 billion

- 1/3 of all people on the internet use YouTube; 90 percent of consumers say they discover new brands and products through YouTube.
- More than 500 hours of video uploaded every minute to YouTube.
- 74% of adults in the U.S. use YouTube.
- According to Pew Research, YouTube is the most popular online platform in America.
- eMarketer predicts the number of U.S. YouTube watchers will increase to 228.1 million by 2024, up from 214.9 million in 2020.

## 3. Whatsapp: 2 billion

- Unlike Facebook and YouTube, they are classified as a platform for messaging, chat, and/or calls.

## 4. Instagram: 1.16 billion

- Instagram is the most engaged network after Facebook and 71% on the app are under the age of 35.

## 5. TikTok: 689 million

- TikTok is available in over 150 countries and TikTok users spend an average of 52 minutes per day on the platform.

## 6. Snapchat: 433 million

- 90% of Snapchat users are 13-24 years old.

## 7. Reddit: 430 million

- 542 million monthly visitors, ranks as the No. 6 most visited website in the U.S. and No. 21 in the world.

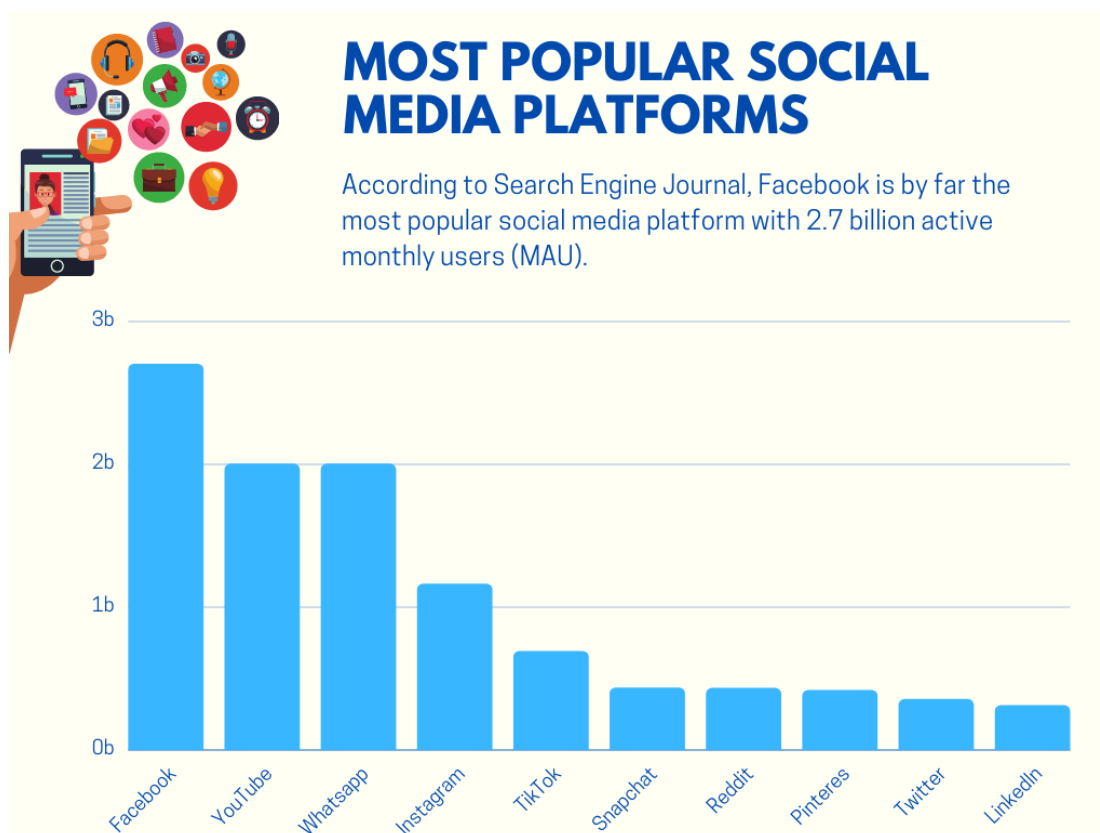
## 8. Pinterest: 416 million

- 75% of Pins saved come from businesses.

## 9. Twitter: 353 million

## 10. LinkedIn: 310 million

- 1 in 3 professionals in the world is on LinkedIn.



## Social Media Offers Creative Opportunities

Digital marketing affords sports and entertainment properties the opportunity to be more creative than ever with their promotional efforts.

- For example, as part of its digital marketing campaign, the University of Oregon partnered with [YourMoji](#) to launch a custom emoji keyboard allowing Duck fans to share custom emojis, stickers and GIFs via social media.
- Twitter released a line of new emojis prior to a match between popular soccer clubs Real Madrid and Barcelona.
  - This single match generated \$40 million in media value annually for sponsors, with \$5 million coming from social media alone (according to [thedrum.com](#)).

## Social Media Adds Perceived Value

Social media also provides a platform for sports and entertainment properties to introduce unique and “exclusive” content in an era when fans continue to demand more access to their teams, athletes and celebrities.

- Sony Pictures customizes a wide variety of social media ads as part of their movie marketing strategy, helping them to engage and interact with specific target audiences and drive video view
  - Click [here](#) for a story from cio.com explaining why Facebook is a key to Sony’s movie marketing success.

## Social Media is Measurable

Social media encourages fan interaction and engagement levels previously unavailable to sports and entertainment marketers and in a medium that allows for properties to measure results.

- For example, the Los Angeles Dodgers generate an average of 25,805 likes per Instagram post (according to [newswhip.com](#)).

Because it provides such a powerful medium for connecting with fans, athletes, celebrities, leagues, teams, events and corporate sponsors are all shifting the focus to digital marketing strategies as they compete for attention in the social media space.

- Among sports properties internationally, FC Barcelona is the most popular on social media with 321 million followers across platforms, and more than 213 million views on its YouTube channel alone last season.<sup>56</sup>
  - Click [here](#) for more staggering figures on the soccer club’s social media following.

## Social Media Offers Data & Analytics

Social media can help sports and entertainment properties learn more about their customers.

- Click [here](#) to read about Hurley’s wildly successful Twitter campaign that helped them discover more about their target consumer (while reaching over 15 million people).

## Social Media Boosts Consumer Engagement

Consumer engagement is a critical component to any successful marketing campaign. Social media can help a sports or entertainment organization to increase levels of engagement.

- Named Sports Business Journal’s “Best in Sports Social Media” in 2020, the NWSL’s [Orlando Pride](#) launched a superfan (or “Stan”) account during 2020 Challenge Cup, despite not being able to participate in the tournament (the team withdrew from the competition after several players and staff members tested positive for COVID-19).
- Pride social media channels utilized [memes](#), [GIFs](#) and [in-house produced content](#) to highlight and cover each of the 23 matches of the tournament, from opening game to the championship.

<sup>56</sup> <http://www.forbes.com/sites/kurtbadenhausen/2016/07/14/fc-barcelona-ranks-as-the-top-sports-team-on-social-media/#31b7778b49a1>

- The Pride finished atop the league in both Twitter engagements (93,940) and brand value (\$125,449), according to Zoomph.
- Additionally, the Pride finished second in Facebook engagement (23,263) and top in engagement rate (5.87%) on the platform,
- and second overall in Instagram engagements (344,594).
- During the 17 day tournament period, the Pride accounts totaled over 1.5 million engagements across Twitter, Instagram and Facebook, a social media reach of nearly 12 million and over 16 million impressions on Twitter.

## SOCIAL MEDIA APPLICATIONS IN SPORTS AND ENTERTAINMENT

Application of social media marketing on popular social media platforms include:

### Facebook

With 2.7 billion users, Facebook is by far the largest social networking network. Because of the high volume of users, the platform offers sports and entertainment organizations flexibility in how they engage with fans.

#### Facebook Examples:

- The marketing staff at Oregon State University used information collected on the Beaver's Facebook page from "friends" to contact them in an attempt to increase the donor base. People from 20 countries are now represented on OSU's page, 92 percent of them are younger than 44 and 58 percent are 18-24, providing a much greater reach than traditional donor marketing campaigns.<sup>57</sup>
- For its midseason showcase, the Winter Classic, the NHL partnered with NBC to conduct a Watch-and-Win promotion on Facebook where fans were asked to register at the league's Facebook page. During the game, names of selected winners would appear on the TV screen. Those fans would then receive phone calls from NHL staffers with questions related to the Winter Classic game. Prizes including a Honda CR-Z and a trip to the NHL All-Star Game were awarded for correct answers. The effort helped boost awareness and usage of the NHL's Facebook page, now with more than 3.8 million fans. The game on TV also grew to an average audience of 4.5 million viewers, the largest draw for a regular-season NHL game since 1975.<sup>58</sup>
- The Boston Celtics created the "[3-Point Play](#)", a Facebook game where fans picked three Celtic players and predicted a specific statistic for an upcoming game. Points were then awarded based on accuracy and the risk level of a fan's picks. After each game, the top-scoring fan won tickets to an upcoming home game.
  - The Celtics added 85,000 Facebook fans and sold \$200,000 in tickets as a result of the promotion.<sup>59</sup>
- Soccer star Cristiano Ronaldo posted a [video](#) on his Facebook page of him playing soccer in disguise on the streets of Madrid; the video quickly went viral, racking up nearly 10 million views and 750,000 "likes" in just ONE DAY and generating a lot of publicity for his partnership with Monster headphones.
- To encourage soccer fans to explore its packages to attend the 2022 World Cup, Qatar Airways [launched](#) an augmented reality (AR) experience that provided consumers the chance to play a football game where they are required to 'Blink to Score'.

### Twitter

Twitter is a popular platform in sports and entertainment because it allows for the user to control the dialogue without any filter, creating a direct line of communication between the athlete, celebrity or sports/entertainment property and the fan.

<sup>57</sup> [http://www.gazettetimes.com/articles/2009/06/28/beavers\\_sports/top\\_story/1osu01\\_tech062809.txt](http://www.gazettetimes.com/articles/2009/06/28/beavers_sports/top_story/1osu01_tech062809.txt)

<sup>58</sup> <http://www.sportsbusinessdaily.com/Journal/Issues/2011/08/01/In-Depth/Social-media.aspx?hl=facebook&sc=0>

<sup>59</sup> <http://sportstwitterverse.wordpress.com/2012/03/05/three-teams-three-leagues-three-social-media-lessons>

Nearly all NBA players are on Twitter, including almost all the game's biggest stars providing a platform for them to communicate with fans and grow their own individual brands.

- While NBA All-Star Damian Lillard uses [Twitter](#) to announce release dates for his adidas signature sneakers, he also engages with the community.
  - Last year, Lillard announced on Twitter that he will be giving away free sneakers to kids in the Portland area.
  - Lillard visited a local park in a U-Haul to distribute pairs of his sneakers to local youth, then stayed to sign autographs.
  - Twitter also provides a platform for Lillard to enhance his personal brand, including promotion of his side-career as a hip-hop artist.

What makes for an effective tweet? Sports Networker's Twitter sports marketing guide analyzes the top twitter users in sports (teams like the Lakers and Real Madrid who enjoy the highest follower counts on Twitter) and offers five key steps for marketing a brand and interacting with fans.<sup>60</sup>

1. **When in Doubt, Tweet**
2. **Respect the Fan**
3. **Use the Resources You Have**
4. **Follow Back and Listen**
5. **If it isn't Broken, Don't Fix it**



#### INSTRUCTOR NOTES

Wendy's turned to Twitter to reach fans during March Madness. They packaged the results of their marketing campaign as a case study which provides a great opportunity to discuss social media campaigns in class. Click here to review the Twitter / Wendy's / March Madness case study.

## YouTube

Not only is YouTube the most popular video platform on the planet, videos themselves are highly shareable. Video can easily be shared, with an extremely wide reach, in a way that does not necessarily require a massive marketing budget. However, with reportedly [more than 500 hours](#) of video uploaded to the platform every minute of every day on average, creating compelling content to be shared on YouTube is critical for sports and entertainment organizations to find success with their marketing..

- The Vancouver Whitecaps took full advantage of YouTube by launching a "[30-Day Countdown](#)" marketing initiative that featured thirty consecutive days of viral videos introducing the team to the city of Vancouver, decorating landmarks, interviewing celebrities, displaying 3D billboard projections, and more.<sup>61</sup>
- JK Rowling took to YouTube to create buzz prior to her Pottermore [announcement](#) on the Harry Potter YouTube channel by placing an interactive placeholder which featured a collection of owls that refused to budge, shaking their heads if touched — referring to the teaser line, "The owls are gathering... Find out why soon."<sup>62</sup>
- Rolex, in support of its long and storied relationship with Wimbledon, launched a "[Golden Moments at Wimbledon](#)" channel on YouTube.
- The Harlem Globetrotters have successfully created a connection with fans by creating memorable content on their [YouTube](#) channel, including a clip of one of their players dunking a basketball without jumping (which has garnered over 4 million views already). They later added an interactive element by challenging fans to the "World's Largest Game of H.O.R.S.E." Fans were encouraged to submit video of their best trick shots and would

<sup>60</sup> <http://www.sportsnetworker.com/2010/07/23/twitter-sports-marketing-guide>

<sup>61</sup> <http://www.partnershipactivation.com/headlines/2011/3/27/the-whitecaps-generate-fan-excitement-for-their-season-launch.htm>

<sup>62</sup> <http://www.brandchannel.com/home/post/2011/06/23/Harry-Potter-Pottermore.aspx#continue>

later be attempted by a Harlem Globetrotter player. “Letters” were awarded weekly, based on fan voting, and prizes were distributed accordingly.<sup>63</sup>

## LinkedIn

Many sports and entertainment business professionals utilize LinkedIn, not only as a networking and recruiting tool, but also as a means for exchanging ideas and information and tracking current industry trends.

- Last season, 21 NBA teams used LinkedIn’s Sales Navigator as a tool to help sales executives connect with people that presented potential selling opportunities.
  - According to [Sports Business Daily](#), the initiative helped the league achieve an impressive 80% season ticket renewal rate.



### STUDENT CERTIFICATION OPPORTUNITY

Want to network with sports industry professionals? Consider earning a sports marketing certification, a joint initiative between Ohio University and Sports Career Consulting, by enrolling in our Business of Sports Certification course today! Earning your certificate will unlock a variety of benefits, including opportunities to connect with sports industry experts on LinkedIn. Click [here](#) to learn more.

## Instagram

In 2012, [Major League Baseball](#) became the first professional sports league to have every single one of their franchises on Instagram while creating web-based versions of their Instagram feeds so fans could view photos from the league and their favorite teams online. Just one month into the 2012 season, there was already a 400% increase in Instagram photos posted from big league parks compared to the entire 2011 season when more than 40,000 photos of ballparks were posted.<sup>64</sup> By 2021, Major League Baseball had 7.6 million followers with thousands of ballpark photos being posted every day.

In entertainment, Dwayne “The Rock” Johnson tops the list of ‘most followed’ on Instagram (as of August 2021) with 251 million followers (he gained 58 million new followers from the previous year), with Ariana Grande (249 million) in a close second, with Kylie Jenner (245 million), Selena Gomez (241 million) and Kim Kardashian (232 million) rounding out the top five.

Such a large following provides each celebrity with an efficient means for communicating with fans while continuing to build their brands and providing value for their sponsors.

For example, According to Zoomph, Dwayne “The Rock” Johnson generated over \$6.9 million in impression value for Under Armour on social media in 2019, putting him number one on their Top 10 Brand and Athlete Partnerships [report](#).

- Click [here](#) to see a list of celebrities with the highest number of Instagram followers.

## Snapchat

Snapchat, with its augmented reality feature, allows for sports and entertainment organizations to launch creative and innovative promotions. A/R features also help to boost levels of engagement.

### Snapchat Examples:

- The NBA launched its first Snapchat initiative by highlighting the 2014 Sprite Slam Dunk contest through the popular app.

<sup>63</sup> <http://www.cbbsbankarena.com/default.asp?cbba=65&objId=120>

<sup>64</sup> <http://mashable.com/2012/05/31/instagram-baseball-infographic>

- Gatorade created a Snapchat filter for the 2018 Super Bowl that allowed fans to pose in front of their camera as an animated cooler of the sports drink was dumped over the user's head, virtually replicating one of the most iconic celebrations in sports history.
  - According to [Digiday](#), the strategy led to 160 million impressions for the brand, more than the 115 million people who tuned in for the game.
- The Los Angeles Rams unveiled their new uniforms in 2020 through augmented reality via Snapchat
  - According to [Adweek](#), Snapchatters in selfie mode were able to see AR renderings of themselves wearing the new Rams uniforms as well as decide whether or not to be depicted wearing helmets.
  - With the camera facing forward, in world mode, users saw former Rams quarterback Jared Goff and star defensive lineman Aaron Donald in AR.
- In 2020, rock band Pearl Jam [introduced](#) a new song called 'Superblood Wolfman' from their upcoming album 'Gigaton' by encouraging fans to point their cellphones at the moon to unlock access to the track.
- Snapchat celebrated the 2020 Olympics with the introduction of a "Train like an Olympian" AR filter, encouraging fans to stay active using Snapchat's body-tracking technology
  - Users will have to complete three exercises before the time runs out and Snapchat will reward them with a virtual firework display at the end of the workout.
  - According to a recent [global survey](#), Snapchat found that about 30% of Snapchatters use Lenses and post to their Story while watching sports, while 48% send direct Snaps or Chats to their friends while in the middle of a game.



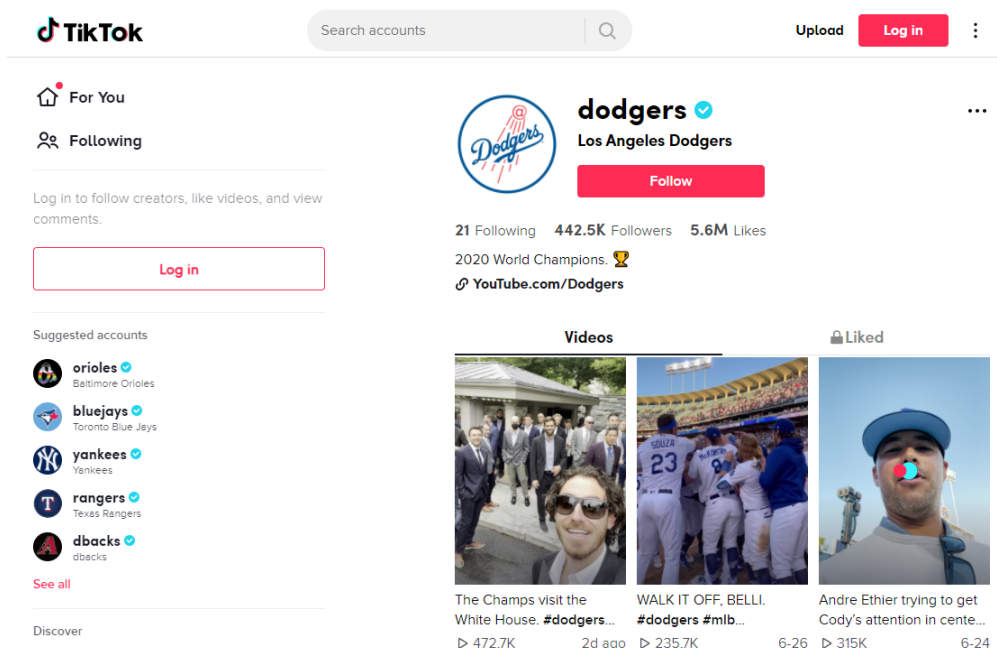
During the 2021 Australian Open, Serena Williams delivered for her sponsors. With more than 30 million followers across Instagram, Twitter and Facebook, the tennis legend continued to generate millions of dollars in media value through social media.

## TikTok

As TikTok continues to explode in popularity, many sports and entertainment brands are trying to figure out how to utilize the platform to help reach and engage with fans. Just two years ago, the [Los Angeles Dodgers](#) became one of the first teams to open a team branded TikTok channel, accumulating more than 330,000 likes by the All-Star break. In just two years on the platform, the team had amassed nearly 450,000 followers that generated 5.6 million likes.

Today, most professional sports teams offer team-branded TikTok channels. Like other social media platforms, TikTok offers an opportunity to reach an international audience.

One of the goals for the Las Vegas Knights when they launched the team's TikTok channel was to reach fans all over the globe. The team's Chief Marketing Officer said in a [statement](#): "We are thrilled to add a TikTok channel to our social media arsenal. This platform will help us reach an exciting young audience and provide them with behind-the-scenes access to our players and organization. Furthermore, the global reach of TikTok will help us in our commitment to reaching fans across the globe as part of our VGK Worldwide initiative."



## Comprehensive Social Campaigns

Sports and entertainment organizations must continue to expand their social presence by creating access points for consumers across multiple social media platforms.

Many NHL teams have partnered with the website [www.beardathon.com](http://www.beardathon.com) to help raise money for their team charity as a way to piggyback on a longstanding NHL tradition where players do not shave during the playoffs. The "beard-a-thon" integrates a number of social media elements, including [Twitter](#), [Pinterest](#), [Facebook](#) and even a Facebook [app](#) that allowed those unable to grow facial hair the opportunity to participate through augmented reality. The beard-a-thon effort has raised over \$3 million for charities over the past six years.<sup>65</sup>

Taking it a step further, the Boston Bruins launched a unique "network" (called the [DEN page](#)) to serve as a portal to all the team's social media efforts, from Facebook to Pinterest, a gateway to its mobile app, and a home for video and other digital content offerings (the site attracts more than 2.5 million fans every month).<sup>66</sup>

<sup>65</sup> <https://www.nhl.com/news/beard-a-thon-returns-for-2015-stanley-cup-playoffs/c-763238>

<sup>66</sup> <http://mashable.com/2012/03/26/boston-bruins-digital-entertainment-network>





## DISCUSSION TOPICS

Digital marketing has proven to be an incredibly effective tool for sports and entertainment business professionals. However, it does present some challenges, including the identification of which mediums are reaching the most fans and which platforms provide the highest levels of engagement.

For example, Google+ never really gained much traction as a threat to Facebook, yet nearly every sports or entertainment property launched G+ pages. In fact, some teams still have a Google+ page. Vine was one the most popular social media apps, yet was shut down after just a few years and re-branded as “Vine Camera.” With so many social platforms available and new applications being introduced frequently, sports and entertainment business professionals must determine where to focus their digital marketing efforts.

Ask students which social media platforms they use to follow their favorite teams, athletes or celebrities. Ask if they think those should be the platforms utilized by all sports and entertainment organizations and what their social media strategy would be if they were responsible for social media marketing for a sports or entertainment company.



## INSTRUCTOR NOTES

Now would be a great time to introduce the “Digital Marketing” project, located in the Unit 4 folder.

## UNIT 4 KEY TERMS DEFINED:

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

**Demographics:** Information that provides descriptive classifications of consumers.

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

**Geofence:** A predetermined geographic area where advertisers can send messages or alerts to consumers through their mobile devices once they enter that location.

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

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

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

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

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

**Target Market:** Refers to people with a defining set of characteristics that set them apart as a group.

# Unit 5

## The Marketing Plan

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### OVERVIEW

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

### OBJECTIVES

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

### KEY TERMS

*Balance Sheet*

*Budget*

*Competition*

*Forecast*

*Income Statement*

*Marketing Plan*

*Market Share*

*Mission Statement*

*Monopoly*

*Situation (SWOT) Analysis*

### LESSONS

**LESSON 5.1** [What is a Marketing Plan?](#)

**LESSON 5.2** [Components of an Effective Marketing Plan](#)

**LESSON 5.3** [The Situation Analysis \(SWOT\)](#)

**LESSON 5.4** [Financing](#)

**LESSON 5.5** [Key Information in the Plan](#)

# What is a Marketing Plan?

## THE MARKETING PLAN

### What Is A Marketing Plan?

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

### Why Is It Important?

- It communicates the goals, objectives, and strategies of a company to its employees
- Essential component to a complete business plan
- Helps organizations obtain financing from outside investors or bank for a new venture

### Developing A Marketing Plan

**Marketing plans** can vary in complexity and time frame. The complexity of the marketing plan is determined by the size and type of the organization and is influenced by the organization's overall goals and objectives. The time period covered by the plan also varies with organization size and type.

For example, a new minor league baseball franchise may only plan for two years given the risk for minor league organizations to be short-lived. By contrast, a major league baseball team may create a five-to-ten-year plan to implement complex and long-term marketing strategies.

### Understanding The Market

Before completing the marketing plan, organizations must understand their **market**. An organization must research and evaluate many factors within a market. These factors could include:

- The product
- The consumer
- The economy
- Target markets
- Existing market distribution channels
- Buying trends
- Competitor performance

### Understanding Competition

**Competition** refers to a rivalry between two or more businesses selling products or services to the same customers or markets. When two or more businesses sell the same goods or services, they are competing for the same consumers. Competition impacts price points, product features and marketing strategies because businesses are fighting for an edge that will persuade consumers to choose their products or services over those of competitors.

## Examples of Competition:

- PS4 (Playstation), Xbox One (Microsoft) and Wii U (Nintendo) compete for consumer dollars in the video game market
- The Dallas Stars, Dallas Cowboys, Dallas Mavericks, Texas Rangers and FC Dallas compete for consumer dollars in the Dallas-Fort Worth area
- Netflix, Amazon, Hulu and YouTube compete for consumer dollars in the streaming video business
  - In 2019, there were nearly 500 scripted television shows available in the United States, with Netflix spending at least \$12 billion on new content (a number that analysts expect will swell to \$17 billion in 2021, according to [Business Insider](#))
  - Apple announced plans to enter the competition to capture the attention of streaming consumers with original “Apple TV Plus” programming in 2019
    - Recognizing the challenges they would face entering a crowded marketplace, Apple investing heavily to attract consumer attention
    - The company invested \$15 million per episode in the production of ‘See’, a sci-fi series the company had banked on to help them make a splash when the service launched
    - To put that in perspective, the [Verge](#) reported that Game of Thrones — likely the most expensive TV show made — took eight seasons to work its way up to a \$15 million-per-episode budget
    - Similarly, Disney is reportedly investing \$10-15 million per episode producing ‘The Mandalorian’ in the build-up for the launch of its new streaming service

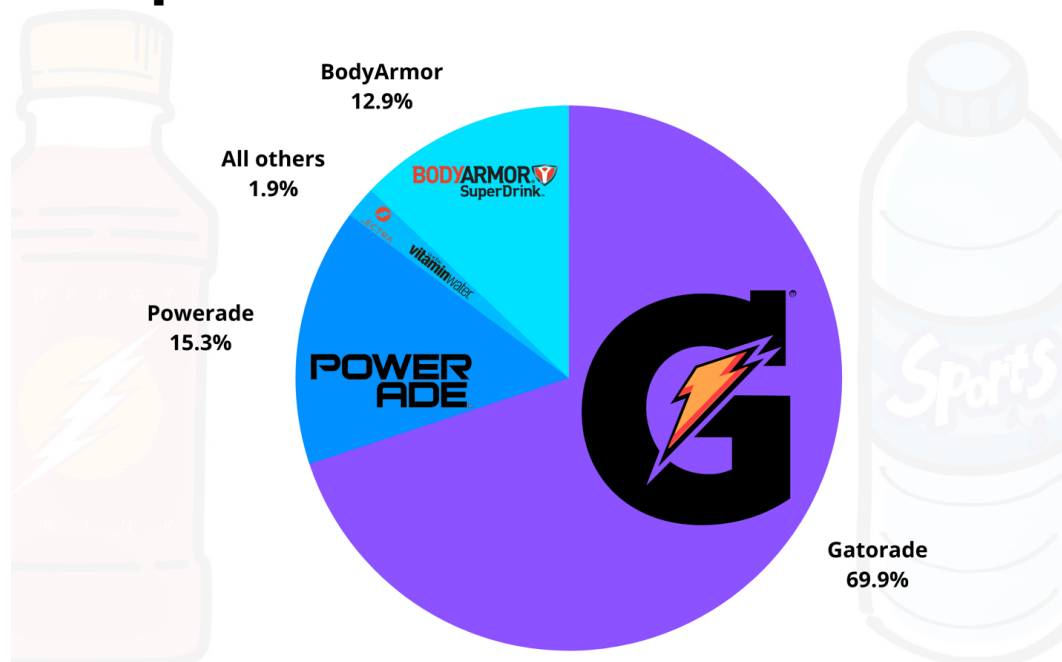
## How Is Competition Measured?

**Market share** is a key indicator of how well one company is performing against competitors within the marketplace.

For example, Gatorade [dominates](#) market share among brands competing for consumer attention in the sports drink market (a market that is expected to reach [\\$32.6 billion](#) by 2026).

1. Gatorade (69.9%)
2. Powerade (15.3%)
3. BodyArmor (12.9%)

## Sports Drink Brand Market Share



source: <https://www.thedrums.com/news/2021/04/29/with-coke-acquisition-the-balance-bodyarmor-attacks-with-25m-summer-campaign>

- In 2014, BodyArmor held just .2% of the market, a number that increased significantly with effective marketing and promotions to 12.9% this year.
- The brand launched a \$25 million marketing campaign in 2021 using the tagline “more than a sports drink.” According to [thedrum.com](https://www.thedrum.com) the initiative included TV, radio, out-of-home, digital, social and point-of-sale leveraging the brand’s relationships with athletes who have invested in the company like James Harden, Naomi Osaka, Mookie Betts, Sabrina Ionescu, Baker Mayfield, Trae Young, Christian McCaffrey and Carlos Vela.
  - Click [here](#) to see the “more than a sports drink” advertisement on the brand’s YouTube channel.
  - Click [here](#) to learn more about the brand’s marketing and growth strategies from thedrum.com.

## TYPES OF COMPETITION

### Direct Competition

**Direct competition** occurs between sellers of similar products and services.

#### Direct Competition Example:

##### Li-Ning

- Li Ning, an upstart Chinese footwear and apparel brand is a direct competitor of Nike, Adidas, Puma and Under Armour, had displaced Adidas as the number two brand in China based on sales of footwear, apparel and accessories by 2012. Today, the company is still trying to position itself to surpass Nike as the top footwear and apparel brand in China. Li Ning’s goal was to be number one by 2013.<sup>1</sup>
  - Unfortunately for the brand, it has struggled to reach its goal. As of last year, Nike was still the largest sportswear company in China with a 17.5 percent market share, Adidas a close second with 16 percent share, while Anta Sports Products Ltd. (another Chinese brand) controlled nearly 10.5 percent and Li Ning just 5.5 percent.
- However, Li-Ning showed signs of life in 2019, with sales up 39% over the previous year.
  - Click [here](#) to read a story from Bloomberg on the growth potential of both Li Ning and Anta in the Chinese market.

##### Puma

- Puma is trying to reconnect with its basketball roots.
  - In 2019, the brand entered a marketing agreement with the NBA, months after signing endorsement deals with a number of high-profile rookies after the draft with high hopes of re-claiming market share in a crowded basketball sneaker market.
    - Click [here](#) to read “The forgotten history of Puma basketball” from the Undeclared.

##### New Balance

- New Balance is also investing in marketing efforts to compete for consumers in the basketball market.
  - Last year, the brand landed one of the biggest names in basketball by signing Kawhi Leonard as a brand ambassador and also [signed](#) a multi-year deal as an official marketing partner of the NBA.

### Indirect Competition

**Indirect competition** occurs between sellers that compete for the same share of consumers’ discretionary income (competition for the entertainment dollar). It is possible for some products and services to compete directly at times and indirectly at others.

<sup>1</sup> [http://adage.com/globalnews/article?article\\_id=141601](http://adage.com/globalnews/article?article_id=141601)

- Georgia Tech athletics, the Atlanta Falcons and NASCAR are all competing for the attention (and dollars) of sports fans in the Atlanta market.

## Substitute Products

**Substitute products** are products (or services) that consumers may choose to use rather than a particular company's product

- Watching games in HD on television rather than attending the game in person.

## Monopolies

A **monopoly** occurs when there is no competition in the marketplace. It is illegal for companies to attempt to create monopolies and those actions are monitored and regulated by the Federal Trade Commission.

### Examples:

- The Federal Trade Commission blocked the merger between daily fantasy contest companies FanDuel and DraftKings with concerns about the effect the merger would have on consumers. The merger would have given DraftKings and FanDuel over 90% of the market.<sup>2</sup>
- In 1984, the U.S. Supreme Court ushered in the modern era of escalating media rights fees when it declared the NCAA's control of football television rights to be an illegal monopoly. Today, schools that 30 years ago received less than \$1 million a year from television can generate \$20 million or more a year in revenue from the sale of television rights.<sup>3</sup>
- A lawsuit alleged that EA Sports had "engaged in unlawful and anti-competitive agreements that nearly doubled the price of its popular game, Madden NFL, drove competition out of the market and prevented new competitors from entering." The company settled for \$27 million but only with respect to their NCAA and Arena football licensing agreements, not its Madden franchise.<sup>4</sup>
- In 2018, the Department of Justice approved Disney's purchase of Fox on the condition that it did not include its regional sports networks.
  - Disney owns ESPN so there were monopolistic concerns if they were to gain Fox's sports network assets as well.
  - For the agreement to be finalized, the DOJ required Disney to sell off Fox's 22 regional networks to a "reasonable" buyer (i.e. - a buyer that wouldn't give them control of the networks).

<sup>2</sup> <https://www.forbes.com/sites/darrenheitner/2017/06/19/ftc-files-complaints-to-block-fanduel-draftkings-merger/#3f9b396b2adc>

<sup>3</sup> [http://espn.go.com/sports/soccer/story/\\_/id/7929299/soccer-seattle-sounders-prove-mls-put-fans-seats-espn-magazine](http://espn.go.com/sports/soccer/story/_/id/7929299/soccer-seattle-sounders-prove-mls-put-fans-seats-espn-magazine)

<sup>4</sup> <http://www.theverge.com/gaming/2012/7/23/3177295/ea-sports-monopoly-lawsuit-settlement>

# Components of an Effective Marketing Plan

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## COMPONENTS OF AN EFFECTIVE MARKETING PLAN

An effective marketing plan will include the following components:

- Mission statement
- Executive summary
- SWOT analysis
- Marketing goals and objectives
- Market research / marketing strategies
- Implementation plan
- Evaluation and control

### Mission Statement

A **mission statement** is a written statement that captures an organization's values and general business philosophy. It offers a brief description of the organization's purpose, answering the question of why the business exists.

Many organizational marketing strategies are founded on the basis of the mission statement content.

An organization's mission statement should address, at a minimum, the following questions:

1. What business are we currently in?
2. Who are our customers?
3. What products and/or services do we offer?
4. How do we currently meet the needs of our customers?



source: [https://www.nba.com/bulls/news/mission\\_statement.html](https://www.nba.com/bulls/news/mission_statement.html)

## chicago bulls mission

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

We aim to achieve our mission by working hard to emphasize the following core values:

- Mutual respect for each other, and a commitment to excellence, innovation, integrity and quality in everything we do.
- By providing our guests with superior entertainment value in a clean, secure, and comfortable environment—win or lose—regardless of their interest level in basketball.
- By helping our sponsors build their brands and grow their business.
- By treating our respective constituencies with respect, appreciation, and as we ourselves would want to be treated and serviced. In other words, by putting our fans and sponsors first every single day—and meaning it.
- By making our community a better place to live through our support of worthy social causes.
- By involving our guests in the game as active participants—not merely spectators.
- By knowing who and where our fans are, and reaching out to them.
- By working hard to make NBA basketball the most popular sport in our community and by selling and humanizing our players to everyone we meet.
- By being proactive and accountable in carrying out our mission.



### ACTIVITY IDEA

As a class, develop your OWN mission statement, whether it is for a fictitious sports marketing company, your class, or your school athletics or entertainment. Work with a student involved with art or graphic design to put the mission statement down on paper and then place it prominently somewhere in the classroom for students to see throughout the school year.

## Executive Summary

The executive summary provides an overview of the complete plan. This section of the marketing plan highlights key information within the document.

## Situation or SWOT Analysis

The **situation analysis** (also referred to as **SWOT**) provides information that is helpful in matching the organization's resources and capabilities to the competitive environment in which it operates.

This analysis reviews four key factors pertaining to the company's current market situation:

- Strengths
- Weaknesses
- Opportunities
- Threats

## Marketing Goals And Objectives

This section of the plan identifies what the company hopes to achieve with the marketing plan and a timeline for which the plan is to be carried out.

To be effective, objectives should follow the S.M.A.R.T. criteria:

- Specific
- Measurable
- Action-oriented
- Realistic
- Time bound

## Market Research / Marketing Strategies

Defining a specific marketing approach intending to create segmentation and positioning objectives with the goal of influencing consumer purchase decisions is an important step for any organization. This section of the marketing plan will communicate that information.

This section of the plan should also include any relevant market research to help support strategy and implementation decisions.

## Implementation

**Implementation** refers to the process of putting the marketing plan into action.

## Evaluation And Control

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

**Additional components that may also be present within marketing plan:**

### *Table of contents*

- Most marketing plans will feature a table of contents to help readers quickly and easily access key segments of the plan.

### *Problem identification statement*

- Provides direction for the analysis as a whole if an organization hopes to overcome a specific challenge.

### *Communication and/or publicity plan*

# The Situation Analysis (SWOT)

## WHAT IS A SITUATION ANALYSIS?

The **situation analysis** (also referred to as **SWOT**) provides information that is helpful in matching the organization's resources and capabilities to the competitive environment in which it operates.

This analysis reviews four key factors pertaining to the company's current market situation:

- **S**trengths
- **W**eaknesses
- **O**pportunities
- **T**hreats

This analysis is conducted prior to launching a new initiative or project and is a critical component to the marketing plan.

## COMPONENTS OF THE SITUATION ANALYSIS

### Strengths

An organization's strengths refer to those resources and capabilities that can be used as a basis for developing a competitive advantage, such as:

- Patents
- Strong sales history
- Established brand
- Effective distribution strategy
- Significant following on social media

### Weaknesses

The qualities that give a business a competitive disadvantage would be categorized as weaknesses in a situation analysis. The absence of certain strengths may be viewed as a weakness.

Weaknesses could include:

- Lack of patent protection
- Weak, unrecognized, or ineffective brand name
- Poor reputation among customers
- Lack of resources
- Inadequate distribution channels

### Opportunities

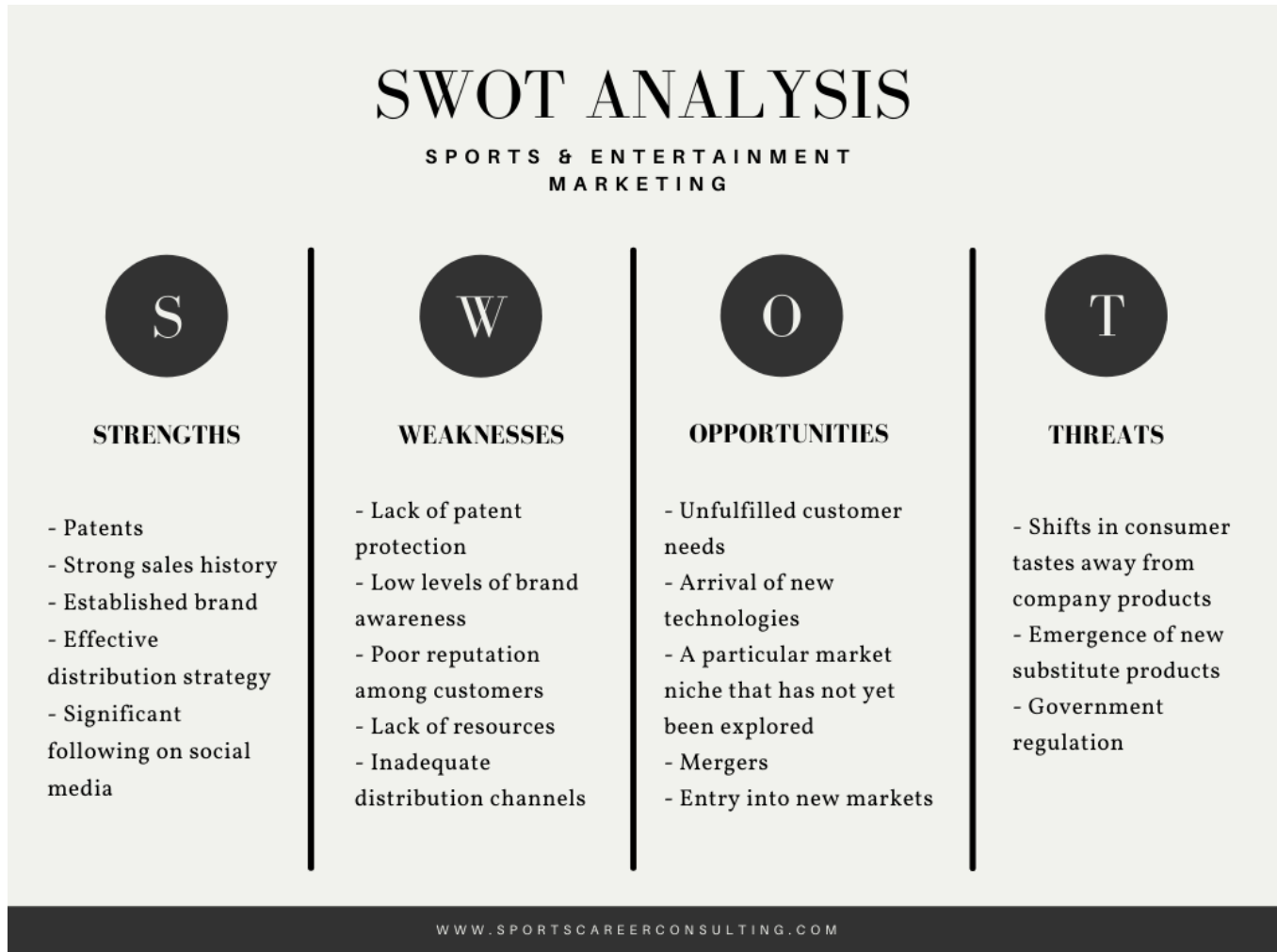
The events that could facilitate company profit and growth are categorized as opportunities. Opportunities could include:

- Unfulfilled customer needs
- Arrival of new technologies
- A particular market niche that has not yet been explored
- Mergers
- Entry into new markets

## Threats

Events that could have a negative impact on the company are considered threats. They could be internal, such as falling productivity, or external, such as lower priced products offered by competitors. Examples of threats could include:

- Shifts in consumer tastes away from company products
- Emergence of new substitute products
- Government regulation



## SWOT Analysis Example

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

### Strengths

Strengths might include:

1. Steady and consistent growth in profits.
2. Innovative new technology (lightweight, stretchable fabric) that increases consumer performance.
3. Products tied to effective endorsement campaigns (Serena Williams wears your new technology during matches).

## Weaknesses

Weaknesses might include:

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

## Opportunities

Opportunities might include:

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

## Threats

Threats might include:

1. Competitors launching new, similar products (Puma is launching a similar lightweight, stretchable fabric apparel line in the upcoming year).
2. Rising raw material prices (the cost of producing products will rise).
3. Poor economic conditions (consumers are spending less).



### ACTIVITY IDEA

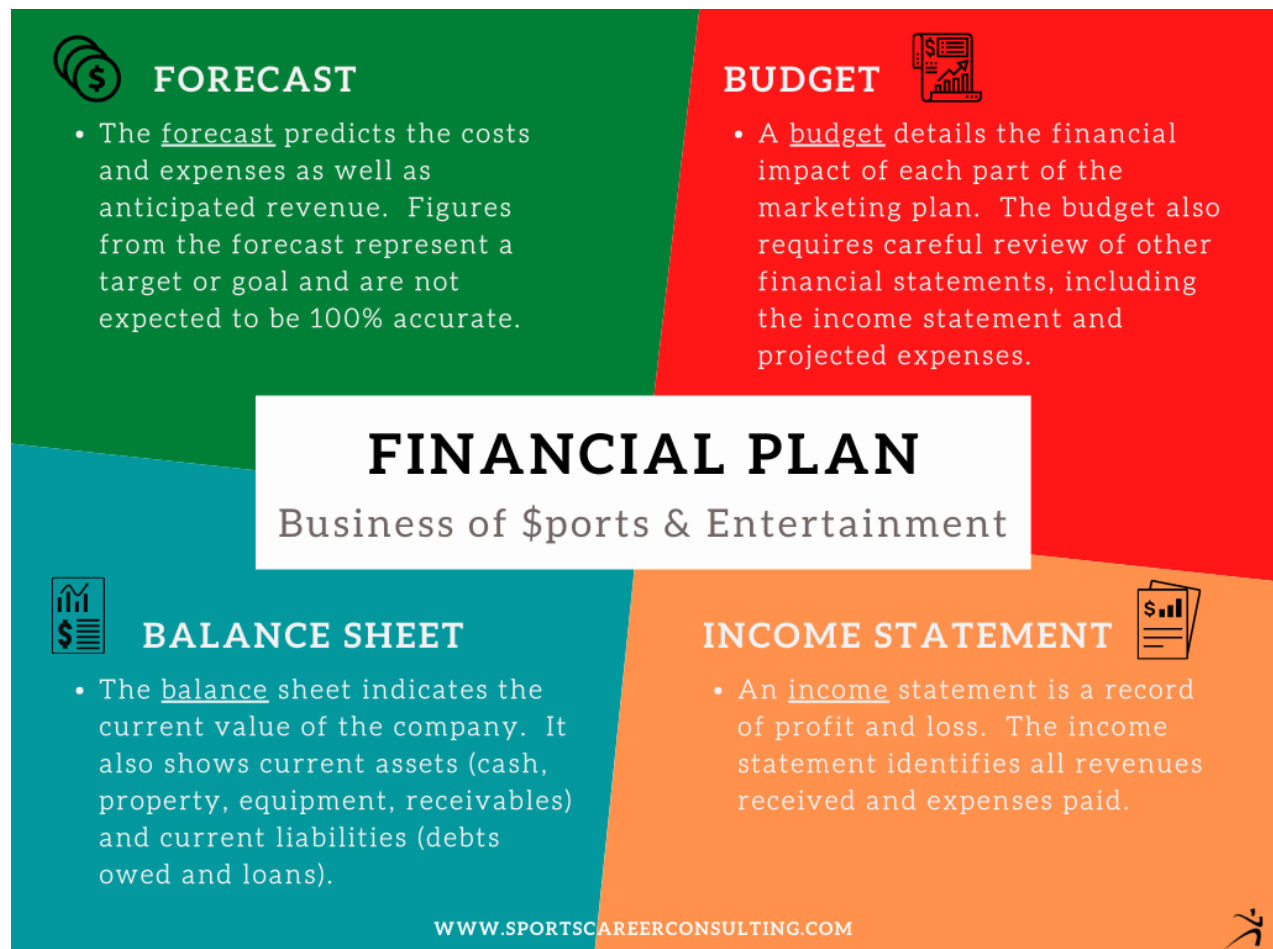
Divide the class into groups. Assign each group different fictitious sports/entertainment products and ask them to develop a situation analysis as if they were developing a business plan to compete for market share. A few ideas for product categories could include shoe and apparel business, sports equipment (Wilson tennis racquets for example), sports nutrition products (CLIF bar), sports/entertainment events (such as an obstacle race like Spartan Race or a "fun" run event) or sports drinks.

# Financing

## BUSINESS OF SPORTS AND ENTERTAINMENT FINANCIAL PLAN

Another critical element to an effective marketing plan is the development of a **financial analysis**. The analysis should include (at a minimum):

- Forecast
- Budget
- Balance sheet
- Income statement



## FORECAST

The forecast predicts the costs and expenses as well as anticipated revenue. Figures from the forecast represent a target or goal and are not expected to be 100% accurate.

For example, the University of New Mexico's football program fell short on its ticket revenue projections for the 2018-19 season.<sup>5</sup>

- In anticipation of a continued decline in attendance, the program lowered its projections for its revenue generating sports for the 2019-20 season.<sup>6</sup>
- Unfortunately, attendance dropped even more than expected, resulting in another significant revenue shortfall (25% less than projected).

Sometimes, organizations can exceed projected revenues.

- In the Seattle Sounders' original business plan, the goal was to sell 12,000 tickets per game in its inaugural MLS season. However, the team averaged nearly 30,000 in its first year and has maintained that pace every year throughout their existence.<sup>7</sup>

When establishing a forecast, sports and entertainment marketers will evaluate many factors that will influence revenue and cost projections. For example, several factors influenced the University of Michigan athletics department decision to raise its revenue forecast for the 2020 fiscal year.<sup>8</sup>

- The program raised ticket prices and the football schedule featured several popular opponents, leading the department to project a \$3.1 million increase in sales.
- The program also projected a conference revenue distribution increase to \$2.8 million.

However, with the challenges brought about by the pandemic, including cancellations, limited attendance and other factors, projections were extremely difficult to accurately forecast.

## BUDGET

A **budget** details the financial impact of each part of the marketing plan. The budget also requires careful review of other financial statements, including the income statement and projected expenses.

### Budgeting Example:

The University of South Carolina athletics budget increased to nearly \$125 million for 2019-20 (up from \$122 million from the previous fiscal year).<sup>9</sup>

### The Gamecocks' budget included projected revenues:<sup>10</sup>

- SEC revenue share: \$44.1 million
- Ticket revenue: \$20.9
- Gamecock Club: \$13.2 million
- Sponsorships and royalties: \$17.5 million
- Gifts and donations: \$9.5 million

<sup>5</sup> <https://www.abqjournal.com/1266516/2018-unm-football-ticket-revenue-falls-short.html>

<sup>6</sup> <https://www.abqjournal.com/1266516/2018-unm-football-ticket-revenue-falls-short.html>

<sup>7</sup> [http://espn.go.com/sports/soccer/story/\\_/id/7929299/soccer-seattle-sounders-prove-mls-put-fans-seats-espn-magazine](http://espn.go.com/sports/soccer/story/_/id/7929299/soccer-seattle-sounders-prove-mls-put-fans-seats-espn-magazine)

<sup>8</sup> <https://www.freep.com/story/sports/college/university-michigan/wolverines/2019/06/20/michigan-athletics-revenue-2020/1516949001/>

<sup>9</sup> <https://www.thestate.com/sports/college/university-of-south-carolina/usc-football/josh-kendall-blog/article231314743.html>

<sup>10</sup> [https://www.idahostatejournal.com/members/idaao-state-football-to-net-nearly-million-from-money-games/article\\_335925ba-055d-5b48-a84f-8feead0f6686.html](https://www.idahostatejournal.com/members/idaao-state-football-to-net-nearly-million-from-money-games/article_335925ba-055d-5b48-a84f-8feead0f6686.html)



The Gamecocks' budgeted for projected expenses of \$113 million, including:<sup>11</sup>

- Personnel: \$52.3 million
- Scholarships: \$13.6 million
- Facilities: \$8.8 million
- Uniforms, equipment, supplies: \$8.3 million
- Event/game services: \$7.5 million
- Team travel: \$7.3 million

When an organization is either losing money or hoping to generate larger profits, they re-evaluate budgets in an effort to save money. The University of South Carolina took an optimistic approach to a 2020-21 budget, but the ongoing COVID-19 pandemic created challenges in forecasting requiring several caveats. Tentative projections for the upcoming year were announced in June, with expectations that figures would need to be adjusted:

#### Revenue projections:

- SEC/NCAA distribution - \$47.415 million
- Tickets - \$19.528 million
- Sponsorships and royalties - \$17.555 million
- Gamecock Club - \$12.970 million

#### Expense projections:

- Personnel - \$54.545 million (will likely decrease thanks to voluntary pay cuts during the pandemic)
- Facilities - \$8.811 million
- Event/game services - \$7.696 million

According to [gamecocksonline.com](http://gamecocksonline.com), for fiscal year 2020-21, University of South Carolina's Athletics Department wound up recording a shortfall of \$27 million. They predicted another shortfall of \$19 million for the 2021-22 fiscal year, despite projecting nearly \$45 more in revenue than the previous year.

## BALANCE SHEET

The **balance sheet** indicates the current value of the company. It also shows current assets (cash, property, equipment, receivables) and current liabilities (debts owed and loans).

## INCOME STATEMENT

An income statement is a record of profit and loss. The income statement identifies all revenues received and expenses paid.

#### Financing Example

Let's say your favorite college football team is evaluating their operating budget for the upcoming season. One of the key challenges they will face from a financial perspective is the significant cost of travel for "away" games.

The program's primary budgeted football revenues could include:

- Corporate sponsorship
- NCAA revenue distribution
- Ticket sales
- "Guarantee games"

<sup>11</sup> <https://www.thestate.com/sports/college/university-of-south-carolina/usc-football/josh-kendall-blog/article231314743.html>

In college sports, a guarantee game is a game where a larger program's team (typically football or men's basketball) will pay a smaller school opponent to come to its campus for a game. Because the larger school believes it should be favored to win, it becomes worthwhile to guarantee money to the smaller school for participating in the game and traveling.

### Guarantee Game Examples

- According to the [Fresno Bee](#), Fresno State's football program will pay \$550,000 to Southern University and \$390,000 to Cal Poly to come play the Bulldogs on their home field in 2024, paying out nearly \$1 million in total guarantees.<sup>12</sup>
- According to a USA Today [report](#), more than \$150 million was paid out in "guarantees" to college football and basketball programs in 2017
- Unfortunately, after the Big 10 football season was postponed last season because of the pandemic, many non-conference opponents lost out on millions of dollars in revenue from guarantee games. Schools in the Mid-American Conference (MAC) alone were reportedly set to lose more than \$10.5 million.

## EVALUATION

Ideally, the program will minimize costs in relation to budgeted revenues to avoid losing money or even resulting in a budget surplus. To cut costs, the athletics program might look for ways to minimize travel expenses.

Programs may have some control over the schedule, so each road trip is evaluated on whether it fits the budget, ease of reaching the destination, game times and availability of commercial flights. The program might also look to partners such as Nike and different hotel chains as a means for minimizing expenses through discounts to try to remain within the budget.



### INSTRUCTOR NOTES

Use the lesson on financing to quickly introduce the concept of "stocks" with your students. You may also choose to take advantage of the "stock exchange project" in your projects folder and/or distribute the activity on stocks in the lesson 5.5 folder.

<sup>12</sup> [https://www.idahostatejournal.com/members/idaao-state-football-to-net-nearly-million-from-money-games/article\\_335925ba-055d-5b48-a84f-8feed0f6686.html](https://www.idahostatejournal.com/members/idaao-state-football-to-net-nearly-million-from-money-games/article_335925ba-055d-5b48-a84f-8feed0f6686.html)

# Key Information in the Marketing Plan

In addition to a SWOT analysis, companies must thoroughly detail and expand upon each of the primary components of the plan.<sup>13</sup>

## Primary Components of the Marketing Plan

1. **Product planning**
  - What event, product, or service will be marketed?
2. **Marketing-information management**
  - Who are the company's competitors?
  - Who are potential customers?
  - What characteristics define the target market?
  - What motivates consumers to buy?
  - How do we insure repeat purchases?
3. **Distribution strategy**
  - How will the company's product get to the consumer?
4. **Pricing**
  - How much does the product cost the company to produce?
  - What is the optimal price for the product?
  - What is the estimated demand?
5. **Promotional strategies**
  - How will the company integrate an effective promotional mix into the plan?
  - What forms of advertising will they use?
  - Will those decisions be cost-effective?
6. **Financing**
  - What is the projected overall revenue?
  - What costs are involved?
  - What economic conditions will influence marketing efforts?
  - What other factors should be integrated within the budget?
  - What is the time frame that should be considered?
7. **Risk management**
  - What legal liability could the company face?
  - What laws could affect marketing strategies?
8. **Sales**
  - What sales strategy will be employed?

<sup>13</sup> Sports & Entertainment Marketing, South-Western Educational Publishing, p. 258, 259

## 9. Execution strategy

- How will the plan be carried out in a manner that will allow for the organization to accomplish its goals and objectives?
- An excerpt from the Vancouver Organizing Committee for the 2010 Olympic Games implementation strategy:<sup>14</sup>
  - Create awareness and excitement, across Canada, of the Olympic and Paralympic movements and the 2010 Games
  - Make the Games relevant to the entire country fostering the spirit of Canada's Games
  - Generate interest and excitement in the corporate community
  - Target companies and industries that are profitable and can afford the required investment levels
  - Create opportunities for sponsors to activate their sponsorships and maximize their return on investment throughout the entire term of the sponsorship agreements
  - Create a positive image and build a solid reputation of fiscal responsibility

## 10. The future

- Where is the business going?
- What is the future for company competitors?

## Marketing Plan Key Information Example:

### 1. Product planning

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

### 2. Marketing-information management

- Gatorade must evaluate each of their competitors (Powerade, BodyArmor etc.)
- Identify the target consumers
- Understand how those make purchase decisions

### 3. Distribution strategy

- Will Gatorade utilize a mail order strategy through Eastbay? Will they create an online shopping portal to sell online? Provide products at retail stores?
- Which combination of distribution channels best fits their overall sales strategies?

### 4. Pricing

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

### 5. Promotional strategies

- What will Gatorade's promotional campaign include?
- What type of media will be utilized to communicate information about the shoe to consumers? Social media? Advertising? Endorsements?
- What will the budget be? Which promotional mediums will provide the best bang for the buck?

<sup>14</sup> <http://www.vancouver2010.com/dl/00/40/16/-/40160/prop=data/10ct75/40160.pdf>

## 6. Financing

- How much beverage (volume) will Gatorade expect to sell?
- What is the forecast for gross income?
- What costs will Gatorade incur? Manufacturing? Packaging? Distribution? Inventory? Marketing?
- What is the projected net profit?

## 7. Risk management

- Are there potential legal ramifications for Gatorade's planned marketing strategy?
- Does the product pose any physical risk to consumers? Is there a risk of consumers getting sick from drinking the beverages?

## 8. Sales

- What sales strategy will help Gatorade to maximize the sales volume of the sports drinks? Personal selling? Online sales?

## 9. Execution strategy

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

## 10. The future

- What are the short term and long-term goals for Gatorade?
- What does the future hold for companies like BodyArmor and Powerade? Are other beverage companies a potential threat in Gatorade's product category? Why or why not?

## UNIT 5 KEY TERMS DEFINED:

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

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

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

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

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

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

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

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

# Unit 6

## Branding & Licensing

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### OVERVIEW

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

### OBJECTIVES

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

### KEY TERMS

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

### LESSONS

- [LESSON 6.1](#) [Branding](#)  
[LESSON 6.2](#) [Brand Building](#)  
[LESSON 6.3](#) [Licensing](#)  
[LESSON 6.4](#) [Licensing Process](#)  
[LESSON 6.5](#) [Merchandising](#)

# Branding

## WHAT IS BRANDING?

**Branding** is the use of a name, design, symbol, or a combination of those elements that a sports or entertainment organization uses to help differentiate its products from the competition. It describes a company's or event's efforts to develop a personality and make its products or services different from the competition.

In sports and entertainment, a brand could be represented in a variety of forms. Examples could include (but certainly not limited to):

- Athletes (Kevin Durant, Canelo Alvarez etc.)
- Celebrities (Ariana Grande, Kylie Jenner, Lin-Manuel Miranda etc.)
- Sports teams (MiLB's St. Paul Saints, MLB's Atlanta Braves etc.)
- Streaming platforms (Netflix, Hulu, Apple+, Peacock, Paramount+)
- Apparel companies (Under Armour, Puma etc.)
- Sports leagues (NFL, UFC etc.)
- Mascots (Phoenix Suns' Gorilla, Philadelphia Flyers' "Gritty" etc.)
- Broadcast companies (ESPN, DAZN etc.)
- Sporting Events (Kentucky Derby, Indianapolis 500 etc.)

## Brand Types

There are three primary types of **brands**:

1. Corporate brand
2. Product brand
3. Store brand

A **corporate brand** represents an entire company or organization

- Walt Disney Company
- National Football League
- Apple

A **product brand** represents a particular product of a company or organization

- World of Warcraft video games
- Harry Potter
- iPod, iPhone, iPad

**Store brands** (also called private labels) are the products retailers sell as their own brands

- Gander Mountain, an outdoor sports store, carries brand name merchandise from Columbia Sportswear and Wrangler, but also offers many products under the label of Gander Mountain
- Athleta activewear for women (apparel primarily targeting the niche yoga and pilates consumer) is actually a store brand under the Gap, Inc. umbrella



## Branding Mechanisms

There are a lot of mechanisms that an organization might consider when developing, establishing or repositioning its brands. Examples include:

- Brand mark
- Logo
- Trademark
- Graphics
- Slogans and taglines
- Phrases
- Mascots

## Brand Mark

A **brand mark** is a symbol, artwork, design element, or other visual that helps consumers to identify a company.

## Logo

A **logo** is a graphic mark, emblem, or symbol used to aid and promote public identification and recognition. It may be of an abstract or figurative design or include the text of the name it represents as in a wordmark.



## Trademark



When a brand name or trade name is registered through the federal government, it also becomes a trademark. This legally identifies ownership of a registered brand or trade name and allows for the owner of the trademark to protect their brand. That little “TM” symbol you see next to the logo of your favorite sports team? That means it has been trademarked.

Logos and brand marks aren’t the only things that can be trademarked. Words and phrases also represent intellectual property that can be protected through the trademark process. For example, the NFL owns the

rights to the phrase “Super Bowl”, “The Big Game” and the NCAA owns the rights to “March Madness.” The only way a brand can use those phrases in their marketing is with permission from the league who owns the trademark.

#### Additional examples of trademarks in sports and entertainment:

- In 2020, a group in [Nashville](#), in an effort to bring Major League Baseball to Nashville, filed a federal trademark application to register a trademark consisting of three red stars – a large one with two smaller ones on each side – as a logo.
- [CBS Sports](#) reported that Tom Brady’s company, TEB Capital Management, filed new trademarks for TOMPA BAY and TAMPA BRADY soon after the star quarterback signed as a free agent with the Tampa Bay Buccaneers, with the goal of using the nicknames on clothing.
- PGA professional Phil Mickelson and Mickelson, Inc. recently [filed](#) for a “Hit Bombs” trademark with the U.S. Patent and Trademark Office, with the intent of expanding his brand to potentially sell a wide range of products, including golf shirts, shirts, golf caps and hats.
- The NCAA paid \$17.2 million to secure the registered trademark for the phrase “March Madness”.<sup>1</sup>



#### DISCUSSION TOPICS

The NCAA applied for a trademark for the phrase “Mask Madness” in preparation for the men’s and women’s national basketball tournaments in 2021. According to information from the [filing](#), the NCAA’s goal was two-fold; 1) To bring awareness to the public about the health and safety benefits of wearing masks and 2) Sell “Mask Madness” branded face masks.

Why do you think the NCAA would need a trademark in this case? What do you think they hoped to accomplish with the “Mask Madness” campaign?

## Slogans & Taglines

Slogans are short, memorable catch phrases used in advertising campaigns designed to create product affiliations among consumers. For example, Dick’s Sporting Goods advertising often features the slogan “Every season starts at Dick’s” while NBA teams often feature slogans as part of their season-long or playoff marketing campaigns.

#### Slogans introduced by NBA teams for the 2019-20 season:

1. Atlanta Hawks – “True to Atlanta”
2. Brooklyn Nets – “Bet on Brooklyn”
3. Charlotte Hornets – “All Fly”
4. Indiana Pacers – “We Grow Basketball Here”
5. New Orleans Pelicans – “Won’t Bow Down”
6. Orlando Magic – “Magic Above All”
7. Philadelphia 76ers – “We The People”
8. Washington Wizards – “Rep The District”

Through social media, sports teams will also promote slogans and taglines through the use of hashtags. In some cases, using the hashtag that the team is promoting will unlock team-branded emojis. For example, the NBA unveiled hashtag emojis for every team at the start of the 2020-21 season.

<sup>1</sup> <http://www.indy.com/posts/ncaa-pays-17-2m-to-secure-march-madness-trademark>



## Protecting the Brand

Sport organizations will go to great lengths to protect their brand from a legal perspective. Adidas regularly files lawsuits against other brands whenever they feel another product's design infringes on the trademark "three stripes" design that has historically been synonymous with the brand. Major League Baseball spends millions of dollars per year on legal fees dedicated to protecting the league's trademarks. Without acting when another company or individual infringes upon intellectual property, an organization risks the potential for the brand being devalued. Taking necessary steps to protect the brand becomes paramount if the organization hopes to maximize profits.

- Because Texas A&M University trademarked the phrase "The Twelfth Man" in 1990, the school sued two NFL teams for using the popular phrase in their marketing, saying the lawsuit was "meant to protect its 12<sup>th</sup> Man trademark from infringement".
  - In 2016, the Aggies reached an agreement with the Indianapolis Colts that required the Colts to remove the "12<sup>th</sup> Man" phrase from the stadium's "Ring of Honor" and to stop all other uses of the trademarked phrase.
  - According to the [lawsuit](#), the Colts used the trademarked phrase to help sell tickets (one campaign urged fans to "Join the 12<sup>th</sup> Man") and merchandise.
  - Click [here](#) for more on the story from the Indy Star.
- According to an [ESPN](#) report, Texas A&M also reached an agreement with the Seattle Seahawks in 2016 which gives the NFL franchise limited rights to use the trademark in exchange for an annual licensing fee.<sup>2</sup>
  - The Seahawks will pay \$18,000 per year to use the phrase and \$10,000 to help Texas A&M continue fighting to protect the trademark.
    - Despite the annual licensing fee, the Seahawks will not be allowed to use the "12 Man" phrase in their stadium's Ring of Honor or as its handle through any of their social media platforms.
    - Click [here](#) for more on the story from espn.com.
- When asked by ESPN in a live interview immediately after being selected #1 overall by the New Orleans Pelicans in the 2019 NBA Draft, if he had a message for New Orleans, Zion Williamson simply said, "Let's Dance".

<sup>2</sup> [http://bottomline.msnbc.msn.com/\\_news/2012/06/26/12416824-anthony-davis-trademarks-his-fearsome-brow?lite](http://bottomline.msnbc.msn.com/_news/2012/06/26/12416824-anthony-davis-trademarks-his-fearsome-brow?lite)

- Within 24 hours, both the Pelicans and Williamson had applied for a trademark to the phrase, with the Pelicans eventually withdrawing their application.
- The trademark request includes merchandising opportunities like bed linens, glassware, children's books, jewelry, non-alcoholic beverages, key chains toys, clothing and athletic wear, bags and luggage, computer games, mobile applications, and various other items according to [nola.com](http://nola.com).

Trademark and copyright battles often play out in the court of law with companies spending millions in pursuit of intellectual property rights. For example, the NCAA once pursued legal [action](#) to keep a car dealership from using the phrase “Markdown Madness” in their advertising during the NCAA men’s basketball tournament, suggesting the dealership was wrongfully exploiting its March Madness mark.

#### Additional examples of brand protection include:

- Since 1967, Chapman High School in Kansas had been referring to its sports teams as the “Fighting Irish” and featuring a mascot bearing a similar resemblance to the fighting leprechaun logo used by the University of Notre Dame. In 2012, the school received a cease and desist letter from Notre Dame, ordering them to discontinue using the logo. Unwilling to spend the money necessary to challenge the University in court, the school held an art contest to design a [new logo](#) for school athletics.<sup>3</sup>
- In 2019, Kawhi Leonard (formerly a Jordan Brand athlete, currently with New Balance) filed a lawsuit against Nike over the brand’s trademark of a claw logo, accusing the company of copyright infringement and fraud.
  - Nike filed a [countersuit](#), alleging the logo they trademarked was developed by a team of “talented Nike designers”, not Kawhi, and that the brand, not Leonard, had the rights to the mark.
- Milwaukee Bucks star Giannis Antetokounmpo [sued](#) a Philadelphia man for selling T-shirts with his trademarked “Greek Freak” nickname on them.
  - Matt Powell, senior industry advisor, sports for the NPD Group, said merchandise can often be as big a part of a top player’s income as their team salary, telling Wisconsin Public Radio in an [interview](#), ““Especially in the NBA, I think the league has really become a personality league now. We’re seeing athletes moving from team to team. It’s really critical that the athlete does not let their name, their logo, or their nickname get co-opted by somebody else.”
- Hollywood Weekly Magazine [sued](#) Netflix, CBS Studios, Paramount and Imagine Television in 2020 for a host of claims including trademark and copyright infringement (among other claims), stating they owned the rights to a “Tiger King” trademark and the unwanted association with the series injured the publication’s reputation.
- Last year, Disney cracked down on sales of unauthorized Baby Yoda merchandise being sold online on websites like Etsy on the grounds of copyright infringement.
  - Click [here](#) to read more from insidethemagic.com.



#### DISCUSSION TOPICS

The NFL’s efforts to protect its intellectual property are highlighted every February, when companies all over the world attempt to leverage the popularity of the Super Bowl in promotions to help them sell their products and services. It seems every year we hear stories of NFL threatening lawsuits over the use of terms like “Super Bowl Savings” as excitement for the game builds. Here is a link to an article that discusses what you can and cannot say in Super Bowl advertising. See if students can guess which phrases are allowable and which would prompt the scorn of the NFL league office.

<sup>3</sup> <http://www.seattletpi.com/sports/article/Column-Notre-Dame-wants-its-leprechaun-back-2228923.php#ixzz1cHhbO1wf>

# Brand Building

How do sport organizations develop their brands? A successful brand is not built overnight. Organizations invest heavily in carefully crafting a brand that resonates with consumers and helps advance its marketing goals and objectives. In this section of the course, we will review the components of brand building that are critical to the success of any sport organization.

## CHARACTERISTICS OF A SUCCESSFUL BRAND

- Positive, distinctive and generates positive feelings and association
- Easy to remember and pronounce
- Logo is easily recognizable
- Implies the benefits the sports or entertainment product delivers
- Consistent with the image of the rest of the product lines and company/organization and/or city
- Legally and ethically permissible

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

- Strong brands have the power to create business value and impact more than just corporate revenues and profit margins
- They can also help to establish competitive advantage, command price premiums and decrease cost of entry into new markets and/or categories
- Strong brands reduce business risk and attract and retain talented staff
- Strength of a brand can carry the brand in a tough economy

### Examples of a strong brand:

- The Harry Potter brand has morphed into one of the strongest (and most valuable) brands in the entertainment industry with estimates placing the value of the Potter brand to be around \$25 billion.<sup>4</sup>
  - The [LA Times](#) reports that "The Wizarding World of Harry Potter" attractions at numerous U.S. Universal Studios are responsible for gains in attendance as much as 38%.
    - "Harry Potter and the Forbidden Journey," the marquee attraction within "The Wizarding World of Harry Potter," reached one million riders faster than any other attraction in Universal history (according to [comcast.com](#)).
  - Click [here](#) to read a story from brandchannel.com about the many Harry Potter brand extensions.
  - In 2020, Vera Bradley, Inc. and Warner Bros. Consumer Products [introduced](#) a Harry Potter-inspired collection of products, including backpacks, handbags, travel duffels, accessories, cozy favorites, and more.
- The Star Wars brand is so strong that fans have created a national holiday surrounding the franchise (May 4<sup>th</sup>).
  - Despite unprecedented levels of unemployment due to the COVID-19 pandemic in 2020, Disney [created](#) a virtual "waiting room" for consumers hoping to purchase limited-edition "Star Wars Day" merchandise to keep its online store from crashing.

<sup>4</sup> <http://www.statisticbrain.com/total-harry-potter-franchise-revenue/>

# BRAND BUILDING

Sports organizations invest a lot of time and money in strategically building brands. Logos are essentially the face of the company, and effective branding will build positive relationships with consumers, leading to opportunities for the business to grow.

**To build a successful brand, sport and entertainment organizations focus on the development of:**

- Brand awareness
- Brand image
- Brand equity
- Brand loyalty

## Brand Awareness

Brand awareness refers to the process of maximizing the levels of recognition of a brand. Awareness describes the extent to which consumers are familiar with the name, image or other distinctive qualities of a brand.

For example, most sports fans around the country know who the NBA's Los Angeles Lakers are, regardless of where they live because the franchise enjoys an extremely high level of brand awareness. The average sports fan living in Iowa, however, likely has never heard of the G-League's South Bay Lakers. In the entertainment industry, many comic book fans associate comics with Marvel because of brand awareness. Because Marvel Entertainment has such a strong brand, the Walt Disney Company purchased the Marvel franchise for \$4 billion.



### ACTIVITY IDEA

Play the “Recognize Me?” brand identification game. The PPT is located in the Lesson 6.2 folder and challenges students to identify a variety of logos from the sports and entertainment industry. For an even bigger challenge, see if students can identify unique features in the logos of several sports teams in the “Hidden Logos” PPT discussion.

## Brand Image

Consumer perceptions linked to a particular brand (health, excitement, fun, family etc.) describe its brand image.

The Disney brand is associated with family fun and entertainment. The brand image is one that makes consumers think of family vacations or family movie nights and being transported to a fun environment.

In sports, the image fans have of the Cincinnati Bengals or Detroit Lions brand differs significantly from how fans view a franchise with a long history and tradition of success like the Pittsburgh Steelers or Dallas Cowboys.

- The now defunct [ESPN the Magazine](#) once ranked the Cincinnati Bengals as the worst franchise in all of sports while a popular national radio host, Colin Cowherd, recently [called](#) the Detroit Lions the worst franchise ever
  - While those are just opinions, when the media shares polarizing opinions like these, it can have a significant impact on brand image

Brand image is not limited to just sports and entertainment properties but also to athletes and celebrities. For example, Billie Eilish [ventured](#) into a collaboration with fashion brand H&M for a collection aimed at promoting sustainability. The collection, made entirely from sustainable materials, is made up of items inspired by Eilish's signature style, one that defines her brand image.



## Brand Equity

**Brand equity** refers to the value placed on a brand by consumers.

Nike has strong brand equity because consumers have long associated the brand with top level athletes and quality products. Thanks to its brand strength, Nike can charge \$300 for a pair of soccer shoes. Compare that to soccer shoes made by Diadora, one of Nike's competitors that focuses on soccer shoes and apparel, that top out at \$120 for a pair. Typically, a good pair of cleats from any brand can run \$150, but Nike's brand equity allows them to sell them at a higher price point.

## Brand Equity vs. Brand Value



Brand equity describes the level of swagger and legitimacy the brand has in the minds of consumers while brand value is the financial significance the brand carries. Both brand equity and brand value provide an estimate of how much a brand is worth.

In the example below, [Forbes](#) ranks the world's top event brands using the brand valuation method.



### INSTRUCTOR NOTES

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

## The World's Top Brands Of 2021

A brand analyst and strategy company (Kantar Millward Brown) annually ranks the world's most powerful brands measured by their dollar value.

### Top global brands of 2021:

1. Amazon
2. Apple
3. Google
4. Microsoft
5. Tencent
6. Facebook
7. Alibaba
8. Visa
9. McDonald's
10. Mastercard

Click [here](#) to download the full report.



Top sports/entertainment industry related global brands of 2021 (overall rank listed in parenthesis).

1. Amazon (1)
2. Apple (2)
3. Google (3)
4. Microsoft (4)
5. Nike (17)
6. Netflix (24)
7. Disney (33)
8. YouTube (39)
9. Xbox (59)
10. Adidas (79)

The latest Forbes magazine ranking of the most valuable sports business brands based on overall brand value:

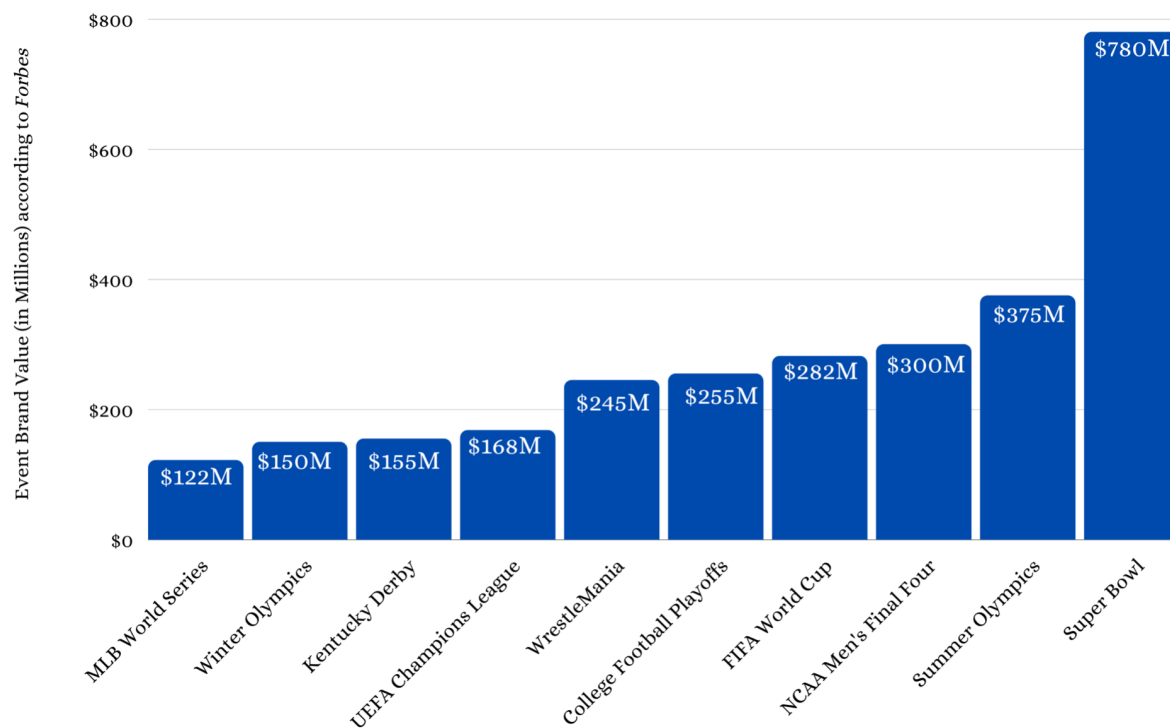
1. Nike: \$36.8 billion
2. ESPN: \$13.1 billion
3. Adidas: \$11.2 billion
4. Gatorade: \$6.7 billion
5. Sky Sports: \$4.4 billion

■ Click [here](#) to see the top ten list of most valuable sports business brands according to Forbes.

The latest Forbes ranking of the most valuable event brands based on overall brand value: <sup>35</sup>

1. Super Bowl: \$780 million
2. Summer Olympic Games: \$375 million
3. NCAA Men's Final Four: \$300 million
4. FIFA World Cup: \$282 million
5. College Football Playoffs: \$255 million

■ Click [here](#) to see the top ten list of most valuable event brands according to Forbes.



## Brand Loyalty

Brand loyalty describes consumer preferences for a particular brand as compared to competitor products or services. It is a critical factor influencing the concept of fandom, the higher the level of brand loyalty, the greater likelihood of an increased level of intensity in fandom.

For example, NASCAR fans are extremely brand loyal. According to a [study](#) conducted in 2021 by MarketCast (formerly Turnkey Intelligence) shows that NASCAR ranks #1 in fan loyalty to sponsors, beating out the NHL, NBA, MLB, and NFL. Because its fan base is fiercely loyal to the brand, NASCAR sponsorships offer a lot of value to sponsoring companies.



### DISCUSSION TOPICS

To drive a fun conversation in the classroom surrounding the concept of brand loyalty, consider sharing the “Most Loyal NFL Fans” infographic, located in your Lesson 6.2 folder. Of course, finding metrics that accurately quantify which fans are genuinely the most loyal in sports is nearly impossible, but lists like these typically generate a spirited conversation.

## Brand Extension

Brand extension refers to the use of a successful brand name to launch a new or modified product or service in a new market. Organizations, athletes and celebrities with strong brands are in position to develop natural extensions of the brand. Forbes magazine Senior Editor Matthew Miller says “Celebrities are brands, and they are marketing to us and there’s stuff we consume off of them, from movies to albums to concerts to books to speaking tours to everything in between, and we sort of all buy into it.”<sup>5</sup>

Musician Jimmy Buffett’s list of brand extensions is expansive; from restaurants (Margaritaville cafes), casinos and footwear (Sole of the Tropics flip-flops) to his own radio station on Sirius and a complete line of Margaritaville-branded food and beverages.

In sports, Shaquille O’Neal’s business empire includes brand extensions like Shaq-branded suits, sneakers, a Shaq jewelry line, and even his own children’s books called ‘Little Shaq.’ In 2020, Papa John’s (a company for which Shaq is an investor and brand ambassador) [introduced](#) the larger than life Shaq-a-Roni pizza, a product conceived by the NBA hall-of-famer.

### More brand extension examples in sports and entertainment:

- Celebrities use their star power to launch product brands, like Boston Red Sox star David Ortiz (Big Papi En Fuego Hot Sauce) and Usain Bolt (Bolt branded SOUL headphone line), popular music stars Kanye West, Rihanna, Jay-Z, Taylor Swift, Justin Bieber, Tim McGraw (fragrance lines), Actress Emma Watson (teen clothing line), American Olympic gold winning gymnast Nastia Liukin (girls’ clothing line for JCPenney).
  - Iconic tennis star Serena Williams, also known for her fashion sense, launched her own “[S by Serena](#)” clothing line featuring motivational messages and “feel good” fashion.<sup>6</sup>
  - In 2019, DJ Khaled decided to get into the furniture business when he [launched](#) the ‘We The Best Home’ furniture line.
  - In 2021, Dwayne “The Rock” Johnson [announced](#) plans to enter the energy drink business with the launch of ZOA, positioned as a healthier alternative to traditional energy drinks, made with natural caffeine and superfoods.

<sup>5</sup> <http://www.cnn.com/2009/SHOWBIZ/06/03/forbes.celebrity.list>

<sup>6</sup> <https://www.harpersbazaar.com/uk/fashion/fashion-news/a20959715/serena-williams-launches-own-clothing-line/>

- Athletes and celebrities also leverage their popularity to open restaurants (according to an article in ESPN the Magazine, over 200 athletes are also restaurant owners), such as John Elway’s “Elway’s Colorado Steakhouse” in Colorado or Aerosmith’s “Mount Blue” in Massachusetts.<sup>7</sup>

**Brand extension is not limited to individual athletes and celebrities:**

- The University of Notre Dame sold a [Notre Dame branded cologne](#), with 3.4-ounce bottles retailing for \$62.
- The entire Pirates of the Caribbean film franchise is an extension of a Disney brand (originally a theme park ride) that has been around for years and the films have now made nearly \$3 billion at the box office (that is the booty from the films alone, not including licensed merchandise sales, which range from Halloween costumes to nail polish to lamps).<sup>8</sup>
- Stance introduced its first brand extension last season, expanding their product offering from niche socks to MLB-licensed underwear.<sup>9</sup>
- Rovio, creator of the wildly popular Angry Birds video game app, announced a brand extension into education in which they will be marketing an early childhood curriculum worldwide.
- The popular Warcraft brand, known originally for its video games and novels, expanded into movie theatres and was the #2 films during its opening weekend.
- ESPN has grown to include ESPN2, ESPN News, ESPN Classic, ESPNU, ESPN Deportes, ESPN Films, ESPN+, 47 international channels; the largest sports-radio network in America; a magazine (ESPN the Magazine), restaurants (ESPN Zone), and a website that clocks 52 million unique visitors a month; and its own \$100 million theme park in Florida.<sup>10</sup>
- Disney announced a ‘Frozen’ themed cruise on the company’s cruise line would make a stop in Norway that would include on-board meet-and-greets with popular characters from the film and other activities based on the popular film.
  - Click [here](#) for more on the Disney Cruise line.
- Reebok launched a unique brand extension in an effort to continue to connect with cross fit brands by introducing a [Reebok branded bacon](#) product.
- The Chicago Bears, Dallas Cowboys and San Francisco 49ers extended their brands with the [launch](#) of branded health/fitness clubs.
  - Memberships at the ‘Bears Fit’ club in Vernon Hills, Illinois feature the names of legendary players — prospective members can buy the Brian Urlacher package, \$54 per month, or the Mike Ditka package, \$89 for couples.



**DISCUSSION TOPICS**

Now is a good time to prompt a class discussion to see if students can identify any additional examples of brand extension. You might also want to access the “brand extension” assignment in lesson 6.1 and alternatively use it as a classroom discussion topic or class activity. Try to target a list of 10-20 different examples.

Student answers will vary...it could be anything from a new product release from a Kardashian to a Han Solo spinoff film from the Star Wars film being released by Disney or anything in between.

<sup>7</sup> Assael, Shaun. “Eat at the Pro’s”. ESPN the Magazine, Aug 10, 2009: p. 48-51.

<sup>8</sup> <http://www.brandchannel.com/home/post/2011/05/23/Brandcameo-Pirates-of-the-Caribbean-On-Stranger-Tides.aspx>

<sup>9</sup> <http://www.sportsbusinessdaily.com/Journal/Issues/2016/05/30/Marketing-and-Sponsorship/The-Lefton-Report.aspx?hl=brand%20extension&sc=1>

<sup>10</sup> <http://www.thedailybeast.com/newsweek/2012/01/15/espn-is-bigger-than-ever-and-that-might-not-be-a-good-thing.html>



## INSTRUCTOR NOTES: PODCAST ALERT

Early in his career, legendary golfer Greg Norman understood the importance of building a brand. Armed with that foresight, and embracing a nickname like the “Shark”, Norman is among the highest-earning athletes in the history of sports. Norman sits down with Forbes for an interview to discuss his \$500 million empire. The podcast is about an hour long, so you might want to preview and find which snippets you want to share in class rather than playing the entire sixty minutes of audio. You can listen to the podcast online or download the interview by clicking [here](#).

## Co-Branding

Opportunities exist for two strong brands to collaborate on a marketing initiative. **Co-branding** is the practice of using multiple brand names to jointly promote or market a single product or service.

Co-branding examples include:

- Texas Tech University’s licensed retail store, Red Raider Outfitter, partnered with the Texas Rangers and Houston Astros in 2016 through a cross-licensing agreement to create co-branded apparel.<sup>11</sup>
  - Click [here](#) to see a sample of the t-shirts.
- A few years ago, five Australian rugby league teams suited up as Marvel Comics superheroes: Thor, Wolverine, Captain America, Iron Man and Hulk.
  - The uniforms were licensed by Marvel Comics and replica jerseys were available to fans for a retail price of around \$150.
- Fashion brand Michael Kors created golf polos in conjunction with the U.S. Golf Association, allowing fans to purchase the co-branded merchandise on-site at the 118th U.S. Open at Shinnecock Hills Golf Club in 2018.
  - According to a [release](#), the collection featured eight to ten shirts and two outerwear options. The shirts had an average price point of \$86 and the outerwear cost \$120.
- This season, the Portland Timbers (MLS) and Portland Thorns (NWSL) teamed up for a giveaway featuring co-branded scarves in celebration of Pride Month (they would also make them available in the team’s online [stores](#)).
- With a visit to his hometown in 2019, rapper Wiz Khalifa partnered with the esports franchise Pittsburgh Knights to offer a co-branded t-shirt during his tour stop in Pittsburgh.
- A popular trend with Major League Baseball teams is to offer co-branded merchandise featuring collegiate athletic programs as part of college theme-night promotions.
  - The Miami Marlins offered co-branded University of Miami Hurricanes hats [exclusively](#) available at a Marlins game for the team’s “UM Night” theme-night promotion in 2019.
  - The Atlanta Braves hosted several “[College Nights](#)” theme-night promotions that featured giveaways of co-branded gear in partnership with college athletic programs like the South Carolina Gamecocks, Auburn Tigers, Alabama Crimson Tide, Georgia Tech and Clemson Tigers.
- Last year, the Indiana Pacers [introduced](#) a series of ten different “College Nights” promotional game dates in which the team gave away co-branded hats featuring both the Pacers logo and the logo of colleges like Indiana University, Purdue University and Notre Dame.



<sup>11</sup> <http://www.licensemag.com/license-global/red-raider-plans-mlb-texas-tech-crossover>

## Rebranding

One strategy for re-establishing or strengthening a brand is the process of rebranding. **Rebranding** is the updating or creation of a new name, term, symbol, design, or a combination thereof for an established brand with the intention of developing a differentiated (new) position in the mind of stakeholders and competitors. Often, a rebranding effort includes the development of a new logo, introduction of a secondary logo or mark, and/or the alteration of an existing logo.

Rebrands have been popular with Minor League Baseball teams in recent years, helping a franchise to create a connection with local communities while boosting ticket sales, concessions and merchandise. In some cases, the rebrand is long-term. In others, a team might rebrand for just a single game as a promotional stunt.

Rebranding, however, can come with some risk, and can be expensive and very time consuming. In many cases, a rebrand will take years and could cost millions of dollars.

- Gatorade determined it needed to see more growth within the teenage segment of its customer base.
  - In a rebranding effort aimed at recapturing the attention of the high school athlete demographic, Gatorade launched a “G Series” of sports drinks.
  - The G Series campaign targets not only mainstream sports but also emerging sport athletes like skateboarders, surfers, and other non-traditional sports participants.<sup>12</sup>
- In an effort to forge a better connection with the community, a Minor League Baseball franchise in Akron, Ohio changed their team name from the “Aeros” to the “RubberDucks”, a tribute to the city’s longstanding connection to the rubber industry (not to mention that the rubber duck was invented in Akron).
  - As a result, the team won “logo/branding of the year” honors from Ballpark Digest.<sup>13</sup>
  - Click [here](#) to read the full story and the backstory for the strategy behind the rebranding effort from ballparkdigest.com (along with coverage of several other minor league teams with honorable mentions for their rebranding efforts).
- Prior to the 2020 season (before many leagues were shut down because of the pandemic), several Minor League Baseball teams rebranded.
  - According to [Ballpark Digest](#):
    - The former Mobile BayBears became the Rocket City Trash Pandas
    - A move to Wichita, Kansas prompted the New Orleans Baby Cakes to become the Wichita Wind Surge
    - The Kannapolis Intimidators (Indiana) became the Kannapolis Cannon Ballers
    - The Fort Myers Miracle did away with their long-time identity that dated back to the franchise’s time in Miami, becoming the Fort Myers Mighty Mussels
    - The Connecticut Tigers became the Norwich Sea Unicorns
    - The Missoula Osprey became the Missoula PaddleHeads
- After a major reorganization for minor league teams affiliated with Major League Baseball, another rebrand was in play for the 2021 season when The Lakewood BlueClaws’ shifted its geographical namesake to Jersey Shore.
  - As part of the rebrand, the Jersey Shore BlueClaws [unveiled](#) a new set of beach and boardwalk-themed logos

<sup>12</sup> <http://www.brandchannel.com/home/post/2010/04/13/Can-Gatorade-Re-hydrate-Its-Image.aspx>

<sup>13</sup> <http://ballparkdigest.com/2014/11/03/2014-logobranding-of-the-year-akron-rubberducks/>





### ACTIVITY IDEA

Have students rebrand their favorite teams in a class activity. Encourage them to consider what you reviewed from this lesson and give them the flexibility to rebrand the franchise in any way they'd like. For example, will the rebrand be subtle and they'll just introduce an alternative uniform for a few games? Or will they give the franchise a complete overhaul, changing the team nickname, logo and/or color scheme? When they present their rebrand ideas, be sure they explain why they made the decisions they did and how they think the brand updates will change the way fans view and/or perceive the franchise. For some inspiration, click [here](#) to see how one NHL fan re-imagined the brands for every team in the league.

If you would prefer to wait, a similar project opportunity is available in Unit 7 where students will be encouraged to come up with a unique food-branded promotion for a Minor League Baseball franchise. That project includes a student packet, teacher lesson planning guide, PPT and rubric and can be accessed in the Lesson 7.6 folder.



### SEM PROJECT IDEA

This would be a good time to introduce the "School Athletics Rebranding Project" located in the "Projects and Activities" folder. The project casts each group of students as a "branding agency" and encourages students to create a hypothetical rebranding strategy for your school by applying a number of the concepts covered in lesson 6.1.

Sports Business Program and combo members should take this a step further by developing an entire project on identifying the existing brand, then rebranding your school athletic program, complete with the introduction of a secondary mark.

Oftentimes a rebranding effort includes the development of a new logo or the alteration of an existing logo. Because rebranding can be such a valuable marketing tool, many sports teams have recently included a logo update or, in some cases, a complete brand overhaul to include an entirely new design. In this case, the rebrand could include new color schemes, logos, and uniforms.

#### Recent examples of sports and entertainment industry rebranding initiatives:

- Last season, the Los Angeles Rams [announced](#) that the team's "throwback" color scheme would become the primary colors for the 2018 NFL season.
  - The team also [hinted](#) that it began discussions with Nike for a complete rebrand that would be introduced when the franchise moves to its new stadium in 2020.
- In 2019, the New York Jets introduced the team's first uniform change in 20 years along with an altered logo with a "Gotham Green" color scheme.
  - Jet's team president explained to the [Associated Press](#) in an interview: "We wanted to create something that we think today's fans and traditional fans will like, and something that the players will like. And we also kind of were looking for that gritty, resilient New York City-area look. So, you're trying to accomplish a lot of different things."
- In June of 2020, the Charlotte 49ers (UNC-Charlotte) [unveiled](#) their new logos around campus, in athletic facilities, on uniforms and merchandise.
  - However, the 49ers athletic director wants the rebranding to go much deeper than logo design and uniform change as told to the Charlotte Observer: "The whole concept, the whole design is to evoke an

image of strength and boldness. “That we’re embracing momentum. We really feel that the competitive rise we’re experiencing coincides with the launching of this brand.”

- In some cases, as part of a rebrand, the logo refresh could include minor adjustments or alterations.
- Such is the case with Auburn University, who introduced a slight [tweak](#) to the team’s “shield” logo just prior to the 2019 football season.
- Walt Disney World introduced a subtle rebrand to Epcot in 2020 when they [announced](#) “Epcot” would become “EPCOT,” spelled in all capital letters.
- Several NBA teams have adjusted their look in recent years, ranging from minor tweaks (Warriors and Rockets) to entire collections (Grizzlies).
  - As the team prepared to move from Oakland to San Francisco, the Golden State Warriors announced plans on [Twitter](#) to introduce a slightly different logo for the 2019-20 season, one that (according to the team) “depicts a more accurate portrayal of the Bay Bridge.”
  - The Houston Rockets new uniforms for the 2019-20 season featured a modernized design and new font, according to [Bleacher Report](#).
  - In Memphis, the Grizzlies will [celebrate](#) the franchise’s 25<sup>th</sup> season with two new uniform designs and a refresh of the team’s court design.
    - Click [here](#) for a video from the team’s website introducing the new look.
  - Two years ago, the [Minnesota Timberwolves](#) updated their logo with new colors and an entirely different wolf.
    - The rebranding effort paid off. According to [bizjournals.com](#), the Minnesota Timberwolves saw a 69% increase in merchandise sales over the previous year.

Because rebranding entails some major overhauling for organizations, it can be time consuming and expensive for sports and entertainment properties.

- The NBA’s Charlotte franchise changed their name from the Bobcats to the Hornets (the franchise’s original nickname) and the New Orleans Hornets changed their name to the Pelicans.
  - According to the [Charlotte Observer](#), Charlotte’s rebranding effort cost the franchise nearly \$3 million but has resulted in an immediate uptick in sales, with an increase of 59% in new ticket sales and a significant boost in sponsorship and merchandise sales.<sup>14</sup>
- After a two year rebranding process that set The Big 12 Conference back roughly \$415,000 on logo design and implementation alone, it was [reported](#) by Sports Business Journal that, for the first time in league history, the logo would be required to appear on football uniforms.
- The rebranding of the Washington Football Team could cost, according to some [estimates](#) on the low end, \$10 to \$20 million, and potentially much more when you consider everything that will go into changing the franchise name, a process the team’s head coach [suggested](#) could take up to 18 months.
- It took nearly four years for the Los Angeles Rams to finalize the team’s new look, including logos, colors and uniforms, so it could be unveiled in time for the franchise’s move into SoFi Stadium, its \$5 billion new home, in 2020.
  - According to [ESPN](#), the Rams’ rebranding effort began in 2016, when the team relocated from St. Louis to Los Angeles.
- After more than seven months of planning and deliberating, Cleveland’s Major League Baseball franchise announced plans to rebrand as the Guardians, a decision that was made after years of public pressure to change from the team’s previous insensitive nickname, the Indians.
  - The team’s official announcement included a [message](#) from actor Tom hanks which was posted across the franchise’s social media platforms

<sup>14</sup>[http://www.sportingnews.com/nba/story/2013-08-02/charlotte-hornets-name-change-bobcats-rebrand-ticket-sales-team-store-shop?modid=recommended\\_3\\_5](http://www.sportingnews.com/nba/story/2013-08-02/charlotte-hornets-name-change-bobcats-rebrand-ticket-sales-team-store-shop?modid=recommended_3_5)



- However, the rebrand could prove to be far costlier than the organization anticipated when it was revealed that the team was not the first “Cleveland Guardians” team in the area, a title already held by a local Roller Derby franchise (who owned and had rights to the [www.clevelandguardians.com](http://www.clevelandguardians.com) website).
  - According to a story from [Sportico](#), trademark applications were filed by both organizations, with the baseball team’s applications covering goods and services such as clothing, toys, foam novelty items, entertainment services “in the context of baseball games, entertainment in the nature of live performances by costumed mascots, and other products and operations related to running an MLB team.”
  - The roller derby franchise also filed a trademark application for such goods as bumper stickers, jerseys, footwear, ornamental novelty pins and insulating sleeve holders for beverage cups.



#### CLEVELAND BASEBALL FUN FACT

This is not the first time Cleveland’s baseball franchise has rebranded. In fact, this is the fifth time in franchise history that the team will undergo a name change.

1901: Cleveland Blues  
 1902: Cleveland Bronchos  
 1903: Cleveland Naps  
 1915: Cleveland Indians  
 2021: Cleveland Guardians

Sometimes a sports or entertainment property will introduce a “secondary” or ‘alternative” mark as an extension of their brand.

- Several seasons ago, nearly all NHL teams featured at least one secondary logo as part of their franchise marketing and branding strategy.
  - Click [here](#) to see all of them from puckmarks.net.

However, with some iconic franchises, a more traditional look without bold or flashy logo updates and jersey/uniform designs helps the team remain true to their brand.



#### DISCUSSION TOPICS

The Green Bay Packers franchise is one of the most historic in sports. Over the years, the franchise has maintained a very traditional approach to its marketing, but that doesn’t mean the team’s brand identity hasn’t evolved over time. Fanatics posted a timeline illustrating the team’s shifts in uniform and jersey design on its blog. Click [here](#) to review the information and graphics in class. Ask students to describe the Packers’ branding strategy over the years based on what they see from the blog.

# Licensing

## WHAT IS LICENSING?

**Licensing** refers to an agreement which gives a company the right to use another's brand name, patent, or other intellectual property for a royalty or fee. Without licensing rights, it would be illegal for Nike to put the Seattle Seahawks or Texas Rangers logo on the merchandise they sell.

Licensing is a segment of industry that continues to enjoy tremendous growth. Sales of licensed products grew by 3.2% to \$280.3 billion in 2019, according to the International Licensing Industry Merchandisers' Association's Annual Licensing Industry Survey.<sup>15</sup>

Sales of licensed goods at retail last year by category (based on Licensing Industry Merchandisers' Association's Annual Licensing Industry Survey):<sup>16</sup>

- Character-related merchandise: \$122.7 billion
- Corporate brands: \$58.8 billion
- Fashion: \$32.2 billion
- Sports: \$27.8 billion

## The Licensing Process

In most licensing relationships, there will be a licensee and a licensor. The licensor is the company or individual granting the license. The licensee is the company or individual paying for the rights to use the licensor's name or property.

**Licensors could include:**

- Cartoon Network
- National Football League
- NASCAR
- Walt Disney Company
- HIT Entertainment (home of Bob the Builder and Barney)
- WWE
- The American Society of Composers, Authors and Publishers (ASCAP)
- Coca-Cola or Starbucks

**Licensees could include:**

- Mars, Inc. (Shrek Snickers bar with green filling)
- Mattel, Inc. (Harry Potter toys and consumer products)
- Reebok (NFL apparel)
- Hasbro (Marvel toys)
- EA Sports (rights to put NFL players, stadiums and teams in its games)
- Lincoln (for rights to use hip-hop artist Common's music in an ad campaign for the popular Navigator model of SUV)

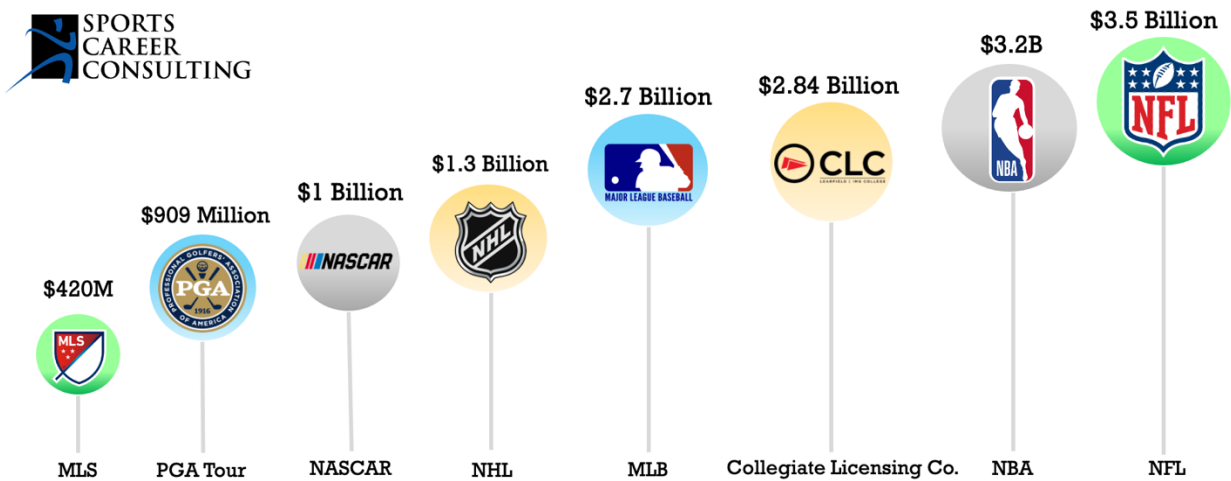
Because of the enormous potential to sell millions of dollars in merchandise, licensees will put the logo of popular sports teams on any consumer goods you can imagine.

<sup>15</sup> <https://www.licenseglobal.com/resources/rankings-and-lists>

<sup>16</sup> <https://www.licenseglobal.com/resources/rankings-and-lists>

## Licensing is BIG Business

Why would someone be willing to pay a fee or royalty just for the rights to use a team logo or player's name or image? Quite simply because there is a high demand for licensed goods. Think about all of the products you have shopped for online or purchased at a store featuring your favorite team's name or logo or with the name or image of your favorite player.



### Licensing revenues at retail for U.S. sports leagues in 2020

Source: License Global 2020 Annual Report

## Licensed Merchandise

Licensed products and merchandise are not manufactured by leagues, teams, or schools, but rather by independent companies under an agreement with a sports entity.<sup>17</sup>

In 2021, the NFL Players Association [announced](#) that licensees generated retail sales of over \$2.17 billion.

- Tom Brady and Patrick Mahomes II continued their seesaw atop the NFLPA Top 50 Player Sales List – which reports sales of all officially licensed NFL player product – with Brady besting his counterpart on the year-end list. Either Brady or Mahomes has led the quarterly rankings 11 straight times since October 2018.
  - Patrick Mahomes, Dak Prescott, Tom Brady, Ezekiel Elliott and Russell Wilson sold the most player face coverings from FOCO while medical scrubs sales from a new licensee, TiScrubs, were led by Patrick Mahomes and followed closely by Tom Brady, Aaron Rodgers, Russell Wilson and Josh Allen.
  - The players that sold the most product last season (based on total sales of all officially licensed NFL player merchandise, not just jerseys), according to an announcement from the NFLPA were:
    - Tom Brady, QB, Tampa Bay
    - Patrick Mahomes, QB, Kansas City
    - Lamar Jackson, QB, Baltimore
    - Tua Tagovailoa, QB, Miami
    - Aaron Rodgers, QB, Green Bay
- Click [here](#) to download a PDF with the entire list from nflpa.com

<sup>17</sup> Framework for Strategic Sports Marketing, Presentation Notes, Dr. Brian Turner



### ACTIVITY IDEA

To have some fun teaching the concept of licensing, along with a product development opportunity for those of you looking to add an element of entrepreneurship to the class, consider accessing the “Licensing – NFLPA Activity” lesson plan bundle, complete with student packet, teacher lesson plan guide, PPT, and activity rubric. You can access this lesson plan bundle in the lesson 6.3 folder.

On the entertainment side, over \$24 billion of licensed Star Wars themed goods have been sold to date, this on top of the \$6.2 billion in tickets and \$5.7 billion in home entertainment products.<sup>18</sup> According to [fortune.com](https://fortune.com), Star Wars amassed over \$760 million in licensed merchandise sales in 2017 alone.

#### What movies have sold the most licensed merchandise all-time?<sup>19</sup>

1. Star Wars - \$32 billion
2. Cars - \$10 billion
3. Toy Story - \$9 billion
4. Harry Potter - \$7 billion
5. Frozen - \$5.3 billion
6. Transformers - \$3 billion
7. Spider-Man - \$1.3 billion
8. Avengers - \$1 billion
9. Teenage Mutant Ninja Turtles - \$900 million
10. Batman - \$494 million
11. Despicable Me/Minions - \$267 million

When Disney launched its Disney+ service, its Star Wars brand spin-off series, ‘The Mandalorian’, helped the company to make a splash in the streaming market with 28 million subscribers in just three months. However, one [report](#) suggests Disney lost out on a potential \$2.7 million in revenue because of a delay in the introduction of merchandise relating to the show’s most popular character, Baby Yoda. Fast forward six months and the character was on every product you could imagine, including a ‘Mandaorian’ cereal [from](#) General Mills that featured marshmallows with Baby Yoda’s image.

In sports, 160 teams combined to set a Minor League Baseball record by generating \$73.9 million in licensed merchandise sales in 2019, a 4% increase over the previous season.<sup>20</sup>

- Click [here](#) to see a list of the top 25 best-selling teams from MiLB.com.

#### More statistics:

- According to Transparency Market Research, the global licensed sports merchandise market, which was valued at \$27.63 billion in 2015, will reach \$48.17 billion by 2024.<sup>21</sup>
- Nike signed a 10-year \$58 million extension with Clemson University to be the main apparel provider for the school.<sup>22</sup>
  - According to an ESPN story, the new deal includes yearly payments of \$400,000, an increase from \$115,000 in the previous contract while Clemson’s royalty rate for co-branded Clemson-Nike products increases from 11 percent to 14 percent.
- In 2017, WrestleMania 33 generated \$3.7 million in merchandise for the [WWE](#) – an increase of 164% (\$2.3 million) since WrestleMania 24 in 2008.
- [Business Insider](#) reported that Netflix is looking to follow in the footsteps of Disney and Time Warner by leveraging their hit shows and movies by creating unique merchandise lines.

<sup>18</sup> <http://www.cnn.com/2009/SHOWBIZ/06/03/forbes.celebrity.list>

<sup>19</sup> <http://www.insidermonkey.com/blog/11-movies-that-sold-the-most-merchandise-405780/>

<sup>20</sup> <https://www.milb.com/milb/news/minor-league-baseball-announces-its-top-25-teams-in-licensed-merchandise-sales/c-308858476>

<sup>21</sup> <http://www.sportstailgateshow.com/2016/11/report-global-licensed-sports-merch-to-nearly-double-by-2024/>

<sup>22</sup> <http://www.uwbadgers.com/news/2016/7/1/general-the-future-is-now-behind-the-partnership-with-under-armour.aspx>

- Experts project merchandise could generate over a billion dollars for Netflix.
- Netflix executives believe the positives will be two-fold: not only will the merchandise directly drive revenue but having visible merchandise will also act as advertising and increase the popularity of their hit shows.
- Bloomberg [suggests](#) that Netflix, with the success of its ‘Stranger Things’ franchise, is beginning to angle for a piece of the \$122 billion consumers spend on licensed entertainment merchandise.
- In 2021, Kanye West broke the [record](#) for the highest-grossing U.S. tour event based on in-person merchandise sales alone, according to Billboard, which began tracking touring data in 1990. West’s DONDA listening event at Mercedes-Benz Stadium in Atlanta alone grossed \$7 million in merchandise sales.

## Distribution of Licensed Merchandise

Licensed goods are available in retail department stores, chain stores, league-sponsored retail outlets, games/events and online. Licensed merchandise is made available through many channels of distribution.

Consumers can purchase licensed products in a wide variety of outlets, ranging from team stores, online websites, retail outlets and specialty stores. Special promotional deals create partnerships between the licensor and the licensee to help boost store traffic.

## COLLECTIBLES AND MEMORABILIA

Like licensing, collectibles and memorabilia represent an incredibly lucrative segment of the sports and entertainment industry. According to the New York Times, there are 5 million autographs collectors in the United States.<sup>23</sup> According to Collector’s Digest, the sports autograph market is worth \$500 million.<sup>24</sup> Pete Rose, Major League Baseball’s all-time hits leader who is banned from baseball, still makes a [reported](#) more than \$1 million a year signing autographs.<sup>25</sup> In entertainment, a piece of music memorabilia is sold every 15 seconds on eBay.<sup>26</sup>

### Notable sales of collectibles and memorabilia:

- 1992: McDonald’s offered a McJordan Burger (a quarter-pounder with cheese, onion, pickles, barbecue sauce and bacon). The dish came in limited markets, making the secret sauce limited as well. In 2012, a gallon of that sauce showed up on eBay for \$10,000.<sup>27</sup>
- 2012: A 1928 World Series home run ball hit by legendary Yankee Lou Gehrig was auctioned off, ultimately fetching \$62,617 (with the seller using the proceeds to help her son pay off his medical school debt).<sup>28</sup>
- 2013: The uniform Don Larsen was wearing when he pitched the only perfect game in World Series history sold for \$756,000 in an online auction, including a 20% buyer’s fee above the final bid of \$630,000.<sup>29</sup>
- 2014: Prior to the 2014 World Cup, 1,283 “collectible” gems were created using legendary Brazilian soccer star Pele’s hair (1,283 represents the total number of goals scored throughout his playing career) with [estimates](#) placing the cost of the souvenir somewhere in excess of \$4,000.
- 2015: The only ball from the 2015 AFC Championship Game (the infamous “deflategate” game) known to be available publicly sold for \$43,740 in a recent auction.
  - Click [here](#) for a video clip covering the story from espn.com.
- 2016: Shortly after his death, gloves worn by Muhammad Ali for his “Fight of the Century” vs. Joe Frazier sold for \$606,000 at an auction, more than \$218,000 more than what memorabilia collector Jeff Rosenberg paid for them just two years prior.

<sup>23</sup> [http://en.wikipedia.org/wiki/Autograph\\_club](http://en.wikipedia.org/wiki/Autograph_club)

<sup>24</sup> [http://www.collectors.com/articles/article\\_view.chtml?artid=3604](http://www.collectors.com/articles/article_view.chtml?artid=3604)

<sup>25</sup> <http://www.rollingstone.com/music/news/michael-jacksons-thriller-jacket-sold-for-1-8-million-20110627>

<sup>26</sup> [http://half.ebay.com/help/sell\\_music.cfm](http://half.ebay.com/help/sell_music.cfm)

<sup>27</sup> <http://www.usatoday.com/story/gameon/2012/10/15/michael-jordan-mcdonalds-secret-sauce-chicago-bulls-nba/1633917/>

<sup>28</sup> <http://newyork.cbslocal.com/2012/07/10/lou-gehrig-1928-world-series-ball-fetches-62617-at-auction/>

<sup>29</sup> <http://www.usatoday.com/story/sports/mlb/yankees/2012/12/06/don-larsen-perfect-game-uniform-sold/1751461/>



- According to [abcnews.com](https://abcnews.com), a jock strap believed to have been worn by Joe Frazier in that fight was also sold in 2016 to an undisclosed buyer for \$10,200.
- 2017: Steph Curry's game-worn jersey from Game 3 of the 2017 NBA Finals [sold](#) at auction for \$135,060, breaking the previous record of \$100,040 for Kobe Bryant's final All-Star Game jersey.
- 2017: A pair of Converse sneakers that Michael Jordan wore during the 1984 Olympic gold-medal game [sold](#) at auction for \$190,373, the highest price on record for a pair of game-worn shoes.
- 2019: The official scoresheet from Wilt Chamberlain's legendary 100-point game [sold](#) for \$214,000 at an auction while a game-worn Babe Ruth jersey became the most expensive piece of memorabilia of all-time when it [sold](#) for a record \$5.64 million.
  - Click [here](#) for an infographic that examines the market for autographed sports memorabilia industry from SCC's Pinterest page.
- 2020: According to [Bleacher Report](#), over 50 pieces of Kobe Bryant's memorabilia were sold at auctions for astronomical prices after the iconic NBA legend tragically died in a helicopter crash in 2020.
  - A Lakers championship ring Kobe gave to his mother was sold for \$193,000.
  - One of Bryant's rookie cards sold for \$110,400.
  - Shoes worn by Bryant in the clinching game of the 2001 Finals sold for \$67,200.
  - A scorer's sheet from Kobe's career high of 81 points signed by Bryant sold for \$22,800.
- 2021: A 1952 Mickey Mantle — one of baseball cards' holy grails — [sold](#) for \$5.2 million, setting a record for the most expensive trading card ever and nearly doubling its value since a 2018 sale.
- Sales of collectibles and memorabilia, trading cards in particular, skyrocketed during the COVID-19 pandemic, and emerging technologies like NFTs and other digital collectibles like NBA Top Shot were drivers of market growth.
- During the pandemic, a 2003 LeBron James game-worn Cavaliers jersey sold for \$371,200 while an autographed Mike Trout rookie card sold at auction for \$922,500. The price tag set a record for a modern-day trading card.
- Thanks in part to "The Last Dance" documentary that drew millions of viewers who were stuck at home during quarantine, Michael Jordan memorabilia saw a huge increase in interest
  - A pair of game-worn, signed Jordan shoes went for \$560,000
  - A [ticket stub](#) from Michael Jordan's NBA debut sold for nearly \$25,000
  - Two autographed Michael Jordan cards that each sold for more than \$150,000; a non-autographed Jordan rookie card that sold for \$99,630



### ACTIVITY IDEA

Recognizing the widespread popularity of sports memorabilia, most leagues and teams now offer collectibles through their own websites, a practice that is poised for explosive growth.

As a class, see if you can identify five different examples of collectibles being sold through league or governing body operated websites (i.e. - nfl.com, mlb.com, NCAA affiliations etc.). What items are most commonly offered? Which items are the most unique? Which items command the highest prices? How else can leagues, teams and individual players monetize the collectible market?

# Licensing Process

## WHY DO ORGANIZATIONS ENGAGE IN THE LICENSING PROCESS? <sup>67</sup>

Several key factors contribute to the mass appeal of licensed products:

1. Intangibility of sports
2. Consumer affinity for their favorite teams, leagues, celebrities and/or brands
3. Brand awareness

Licensing provides greater profit, promotion, and legal protection for the licensor. The licensor approves the product and collects the licensing fees and royalties. For example, Warner Brothers grants permission, for a hefty fee, to Electronic Arts to use the Harry Potter character for the development of video games. Yet in the business of licensing, both licensees and licensors see some advantages and disadvantages.

### Licensee advantages:

- Positive association with the sports or entertainment property
- Greater levels of brand awareness
- Help to build brand equity
- Receive initial distribution with retailers
- Expanded and improved shelf space
- May be able to charge higher prices
- Potential to lower advertising and promotional costs
- Increased possibility of success and profitability
- Connection with an athlete, sports team, entertainer, or corporation

### Licensee disadvantages:

- Athlete, league, celebrity, organization or sport may fall into disfavor
- Success depends on athlete/celebrity performance
- Styles change quickly
- Royalties and licensing fees can be expensive
- Manufacturing costs and risks
- Competition can drive up costs associated with licensing fees
- Competition can have a negative impact on market share

### Licensor advantages:

- Expansion into new markets
- Increase its brand equity
- Minimized risk
- Enhanced company image and publicity
- Increased profit from fees and royalties
- Increased brand awareness or recognition



### Licensors disadvantages:

- May lose some control over the elements of the marketing mix when an outside party sells products connected to the licensor's brand.
- Potential for licensee's manufactured products to be of poor quality, potentially creating a negative perception of the licensor's brand.

## How Does Licensing Work?

### Basic steps in the licensing process:

1. Licensees pay a licensing fee.
2. Fees include the ability to use specific logos, slogans or other trademarked images for use in the creation of company products.
3. Licensees take on production issues and assume the risk by manufacturing products.

### Licensing in the music industry:

1. When you hear a Missy Elliot or Busta Rhymes song while watching a Doritos/Mtn Dew [advertisement](#) during the 2018 Super Bowl, the brand likely invested a significant sum of money for the rights in a licensing fee for the rights to use the song in a commercial.
2. Examples of music licensing are all around us:
  - Listening to the radio
  - Watching a movie and hearing music during a particular scene
  - Listening to music on Spotify online
  - Hearing music in a restaurant or store
  - Watching American Idol contestants perform hit songs from various recording artists
3. The rights to use music through a license are bought and sold every day and can sometimes come at a significant cost.
  - According to Variety, the cost to advertisers for using licensed music in Super Bowl commercials ranges from \$100,000 to \$750,000 for more iconic songs with longer terms.<sup>30</sup>

## How Does Licensing Impact You As A Consumer?

### Counterfeit Goods

Counterfeit products are fake or unauthorized replicas of the real, actual brand-name product. Typically, these products are made with cheaper materials and are of lower quality and sold at a much lower price point. Because of high demand for licensed products and the wide distribution channels, both licensees and licensors are forced to deal with rampant counterfeiting. Authorities are often on the lookout for knock-off versions of licensed products, especially when the stakes are highest (playoff games, for example).

### Counterfeiting Examples:

- Soon after the announcement that the Atlanta Thrashers NHL franchise would relocate to Winnipeg, Jets merchandise began appearing all over the Internet, despite the fact the franchise had yet to begin manufacturing any licensed merchandise. In an article appearing in the Winnipeg Sun, the newspaper reported finding a sweater described by an online site as being authentic with a price of just \$28, however, officially licensed sweaters are expected to fetch closer to \$130.<sup>31</sup>

<sup>30</sup> <https://variety.com/2019/music/news/songs-for-screens-super-bowl-synchs-music-publishers-1203127755/>

<sup>31</sup> <http://aol.sportingnews.com/nhl/story/2011-08-07/counterfeiters-reportedly-forging-profits-from-winnipeg-jets-knockoffs#ixzz1UxIhV0eB>

- Major League Baseball uses a hologram sticker that makes a T-shirt or hat an official MLB product, making it easier for fans to identify counterfeit merchandise. MLB runs undercover investigations against merchandise counterfeiters year-round, but it ramps them up every year for All-Star week.<sup>32</sup>
- The NFL has adopted policies to help decrease the number of counterfeit products being sold online.
  - Anyone selling NFL licensed goods on Amazon now must list the licensee supplying the goods and the site includes a “turnoff switch” that can be employed if counterfeit products are detected.<sup>33</sup>
- According to the [Star Tribune](#), police screened more than 1,700 cars, seized 154 counterfeit tickets and confiscated 7,500 items of counterfeit merchandise at the 2018 Super Bowl in Minneapolis.
- Over \$2 million worth of fake World Cup merchandise was seized in 2018 as FIFA looked to take a more aggressive approach to combating counterfeiters, according to [Promo Magazine](#).
- According to [wnct.com](#), during the 2018 Stanley Cup Playoffs and Stanley Cup Final, the NHL removed more than 5,400 pieces of unauthorized merchandise from the market with an estimated retail value of approximately \$137,000.
  - In addition, over 2,900 listings for counterfeit NHL products were removed from online marketplaces during the postseason, representing an estimated \$385,000 in products
- In the month prior to the start of the 2020 Summer Games, Tokyo police [arrested](#) a man who had been selling 31 unlicensed Olympics-themed model planes and had raked in nearly \$3,000 in proceeds

To protect against counterfeiting, licensors often make sure to include a special tag or label that communicates to consumers that what they are purchasing is an “officially licensed” product. Many collegiate athletic programs have information online that encourages fans to “look for the label” when shopping for their favorite team-branded gear.

In another example of how the industry fights back against rampant counterfeiting, rockers Guns N’ Roses brought lawyers on tour with the band to find, and file lawsuits against, anyone illegally selling unlicensed merchandise. According to a story from [Bloomberg](#), the band says sales of counterfeit goods costs Guns N’ Roses tens of thousands -- sometimes hundreds of thousands -- of dollars in merchandise revenue every night they play a show. GNR has sold more than \$15 million of merchandise in the band’s history, and its website offers licensed goods ranging from from \$25 branded shirts to \$500 leather jackets, as well as a \$35 top-hat skull belt buckle, a \$30 Yo-Yo and a 500-piece jigsaw puzzle for \$25. Counterfeiters sell similar products for a fraction of those prices.



## Pricing

Licensing impacts you as a consumer more than just because of a risk of purchasing counterfeit goods. Because sellers inherit a higher cost to create products after paying licensing fees or royalties, that cost is passed along to you, the consumer. If a product is officially licensed, you (as a consumer) will spend more than you would for the same product that didn’t carry a label as officially-licensed merchandise.



### DISCUSSION TOPICS / LICENSING PPT

To help illustrate the impact licensing has on the price of consumer goods, consider accessing the “Licensing Impact” PPT discussion in the Lesson 6.4 folder. The PPT provides several comparisons of similar (or same) products and the price being charged for the consumer goods being offered.

<sup>32</sup> <http://www.scp.org/news/2010/07/08/counterfeit-stars/>

<sup>33</sup> <http://www.sportsbusinessdaily.com/Journal/Issues/2016/03/21/Marketing-and-Sponsorship/The-Lefton-Report.aspx>

## The 3 P's of Licensing

To maximize sales of licensed merchandise, both the licensee and licensor must pay careful attention to the 3 P's of licensing:<sup>34</sup>

1. Profit
2. Promotion
3. Protection

### Profit

- Determine price points that will establish higher profit margins.

### Promotion

- Merchandise does not sell itself.
- Trained sales staff and effective promotion are the keys to higher sales volumes.

### Protection

- It is important to copyright or trademark all names, logos, or slogans associated with the product.
  - Michael Jordan has owned the trademark on his name since May 1988.<sup>35</sup>

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<sup>34</sup> *The Ultimate Guide to Sports Marketing*, S. Graham, p. 199

<sup>35</sup> Rovell, Darren (@darrenrovell). "Fun Fact: Michael Jordan has owned the trademark on his name since May 1988." 19 February 12. 10:02 a.m. Tweet.



# Merchandising

## WHAT IS MERCHANDISING?

### Types of Merchandising:

1. In-house merchandising
2. On-site merchandising
3. Online merchandising

### In-house Merchandising

When the demand for licensed products is minimal, an organization may choose to handle their merchandising in-house.<sup>36</sup> In-house merchandising refers to managing the merchandising process within the organization itself, rather than outsourcing or acquiring licenses. The key benefit to this type of merchandising is the probability of increased profits.

#### Steps in the in-house merchandising process:

1. Design the logo and slogan or tagline (if it is not already available)
2. Determine merchandise type, quality and quantity
3. Interview local merchants (vendors) and select the company that can best fit the organization's needs (on the basis of quality, type, quantity, pricing etc.)
4. Determine distribution outlets
5. Train sales staff
6. Prepare on-site merchandising strategies

If an organization feels an in-house merchandising approach is not the most efficient strategy, they may choose to outsource the effort to a third party. For example, the Big 10 Conference signed an exclusive deal with sports retail vendor MainGate to sell merchandise for its football championship and the men's and women's basketball tournaments.<sup>37</sup>

### On-site Merchandising

On-site merchandising refers to the process of selling licensed goods at the physical location of the event. The primary purpose is to maximize income for a sports or entertainment event.<sup>38</sup>

#### Four key considerations for a successful on-site merchandising plan:

1. The location of where the merchandise is being sold
2. The physical layout and appeal of where the merchandise is being sold
3. How well the sales operation is performed
4. The appeal of the merchandise or product itself

#### Best practices for selling on-site merchandise:

- The heaviest traffic for merchandising is upon arrival and departure.
- Test marketing is important to ensure the effectiveness of a good or service.
- Training of sales personnel varies with the event.

<sup>36</sup> *The Ultimate Guide to Sports Marketing*, S. Graham, p. 204

<sup>37</sup> <http://m.sportsbusinessdaily.com/Journal/Issues/2011/08/22/Facilities/MainGate.aspx>

<sup>38</sup> NC Education Center, Objective 7.0266.

## Online Merchandising (E-commerce)

Online merchandising, or e-commerce, is the process of selling merchandise on the Internet and through social media channels. Making merchandise available online or through social media creates new sales channels for a sports or entertainment organization's fans to purchase related goods and services.

Organizations maximize income by providing a customized shopping environment and allowing consumers access to a wider variety of products and services. Global e-commerce sales reached \$2.3 trillion in 2019, and are expected to nearly double to \$4.5 trillion by the end of 2021.<sup>39</sup>

### Online merchandise sales examples:

- After Toronto won the NBA Championship in 2019, sales of Raptors merchandise shattered online records.
  - According to [Blake Murphy](#) of The Athletic, the Raptors broke an NBA Store merchandise sales record in the days following the team's championship win.
  - Sales of a "Board Man Gets Paid" t-shirt (\$39) worn by NBA Finals MVP Kawhi Leonard at the team's victory parade sold out within two hours of its release on New Balance's website, according to [Sports Illustrated](#).
- According to [sportbusiness.com](#), the Kansas City Chiefs are the second-best-selling Super Bowl Champion of all-time. In the first hour following their 2020 Super Bowl win, 82% of merchandise sales were purchased on mobile devices, setting a Fanatics record.

### Advantages to e-commerce:

- Easier to control inventory
- Opportunity to offer exclusive merchandise
  - According to USA Today, sales at the NASCAR.com Superstore jumped 359% after Dale Earnhardt Jr. announced he'd be joining a new team — even though images of the new merchandise weren't yet available.<sup>40</sup>
  - An Albuquerque Isotopes promotion in which they changed the team name to the "Green Chile Cheeseburgers" for one night was so successful that the team had a hard time keeping merchandise in stock from the moment they put it on sale.
    - Said the team's General Manager in an interview with [KOB4 News](#): "The sales for the Green Chile Cheeseburger merchandise has been unbelievable. The demand has been something that has blown us away. We've had a hard time keeping it on the shelves and we've had to place multiple re-orders and we've had orders from all around the country, all around the world in fact. It's been a really unbelievable experience. This green chile cheeseburger phenomenon has been something we thought was really going to be good, but it's been tremendous."
- Opportunities to reach out-of-market consumers
  - Minor League Baseball credits the advantages afforded by online merchandising for its sales growth (of the top 25 teams, all 25 have online stores using the MiLBStore.com platform).
    - According to Sandie Hebert, Minor League Baseball's Director of Licensing: "Our clubs continue to record online sales from around the world in addition to strong sales at their ballparks. The increasing popularity of Minor League Baseball, combined with the ease of online ordering, has created a tremendous amount of growth for our merchandise."<sup>41</sup>
  - Based on jersey sales, one of the most popular teams at the 2018 FIFA World Cup was Nigeria.
    - According to [CNBC](#), the kits (uniforms), designed exclusively for the tournament in Russia, sold out online in minutes as Nike received more than 3 million pre-orders
    - To put that into perspective, Manchester United (one of the most popular sports franchises in any sport in the world) sold the most soccer jerseys globally in 2016, with 2.85 million.

<sup>39</sup><http://www.emarketer.com/Article/Global-B2C-Ecommerce-Sales-Hit-15-Trillion-This-Year-Driven-by-Growth-Emerging-Markets/1010575>

<sup>40</sup> [http://www.usatoday.com/sports/motor/nascar/2008-02-07-earnhardt-jr\\_N.htm](http://www.usatoday.com/sports/motor/nascar/2008-02-07-earnhardt-jr_N.htm)

<sup>41</sup>[http://www.milb.com/news/article.jsp?ymd=20160613&content\\_id=183791642&fext=.jsp&vkey=pr\\_milb&sid=milb](http://www.milb.com/news/article.jsp?ymd=20160613&content_id=183791642&fext=.jsp&vkey=pr_milb&sid=milb)



Online merchandising provides a great opportunity for mega events to maximize sales of licensed merchandise given the limited number of fans that are able to travel to attend the event itself. E-commerce allows event properties to reach consumers around the globe.

In 2021, no spectators were allowed to attend the Tokyo Olympics. Making merchandise available at a variety of online shopping sites allows both the licensee and its licensors to reach as many potential customers as possible. According to data from market research firm [JungleScout](#), Amazon saw a massive uptick in shoppers searching for officially licensed Team USA merchandise during the 2020 Games. Some of the most shopped items, based on searches on the e-commerce giant's website, included:

- Team USA olympic apparel: up 2,681%
- Doll gymnastics set: up 545%
- USA basketball jersey: up 366%
- USWNT (U.S. Women's National Team): up 288%
- Megan Rapinoe jersey: up 232%
- Olympic party supplies: up 324%
- Olympic flag: up 165%

Overall, online retail sales of products using the keyword "Olympics 2021" on Amazon saw an astounding increase of 202,684% from the previous year.

#### Disadvantages to E-commerce:

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

The growth of e-commerce does not necessarily mean the end for brick and mortar retail however, as physical store fronts still provide organizations with a valuable opportunity to sell merchandise. Both brick and mortar and online retailers have gone "omnichannel", meaning customers can shop online from a desktop or mobile device, via phone, or in a brick-and-mortar store, and the experience would be seamless. Brands recognize that consumer habits have changed, and the way brands approach the shopping experience has evolved as a result.

#### Omnichannel merchandising example:

- Following the team's relocation and subsequent rebrand (the Mobile BayBears became the Rocket City Trash Pandas) upon their move to Huntsville, Alabama, the franchise set a sales record when they sold \$2 million in licensed merchandise.
  - According to [waff.com](#), the team's original retail location was too small to handle the number of visitors and they were forced to move to a new location.
  - Nearly 76% of all Trash Pandas merchandise was sold at the team's brick and mortar store.



#### INSTRUCTOR NOTES

As a fun way to wrap up unit six, ask your students if they have ever wondered how teams that have just clinched a championship win can be wearing championship hats and t-shirts just minutes after the victory. Obviously that merchandise has been printed in advance, but what happens to all the gear that was printed for the other team? For an interesting look behind-the-scenes, read [this](#) story.

## UNIT 6 KEY TERMS DEFINED:

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

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

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

**Licensee:** A company or individual paying for the rights to use the licensor's name or property

**Licensing:** Refers to an agreement which gives a company the right to use another's brand name, patent, or other intellectual property for a royalty or fee

**Licensor:** A company or individual granting the license

**Product Brand:** Represents a particular product of a company or organization





# Unit 7

## Introduction to Promotions & Sales

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### OVERVIEW

Unit seven provides a basic introduction to sales and emphasizes its importance to sports and entertainment business. A basis for a fundamental understanding of promotion is also explored. Students will be able to identify steps within the sales process, recognize the role of customer service and identify various forms of promotion. Students are encouraged to work through related class activities, particularly role plays or simulation exercises, to gain a clear comprehension of the sales process.

### OBJECTIVES

1. Define and give examples of sales
2. Identify three personal selling categories
3. Identify four sales methods
4. Name at least five steps in the sales process
5. Detail why customer service is important
6. Recognize some common characteristics of successful sales professionals
7. Define promotion
8. Identify the elements of the promotion mix
9. Describe and offer an example of five forms of promotion

### KEY TERMS

*B2B*

*Customer Service*

*Feature-Benefit Selling*

*Objection*

*Personal Selling*

*Promotion*

*Promotion Mix*

*Proposal Sales*

*Upselling*

### LESSONS

- |                                   |                                                                  |
|-----------------------------------|------------------------------------------------------------------|
| <a href="#"><u>LESSON 7.1</u></a> | <a href="#"><u>Understanding Sales</u></a>                       |
| <a href="#"><u>LESSON 7.2</u></a> | <a href="#"><u>The Sales Process</u></a>                         |
| <a href="#"><u>LESSON 7.3</u></a> | <a href="#"><u>Sales Strategies, Skills &amp; Techniques</u></a> |
| <a href="#"><u>LESSON 7.4</u></a> | <a href="#"><u>Importance of Customer Service</u></a>            |
| <a href="#"><u>LESSON 7.5</u></a> | <a href="#"><u>Sales Professionals</u></a>                       |
| <a href="#"><u>LESSON 7.6</u></a> | <a href="#"><u>Promotion</u></a>                                 |

# Understanding Sales



## DISCUSSION TOPICS

Often consumers have a negative perception of “sales” as a profession. The reality is, in almost any industry, sales are a part of almost everyone’s job, particularly in the world of sports and entertainment business. To help illustrate this concept, engage students in a quick classroom discussion. Begin by asking for a show of hands:

- How many students have had a negative experience with a salesperson?
- How many students enjoy having sales people approach them in a store?
- How many students think they could be a successful salesperson?
- How many students think they would want to be a successful salesperson?

Now, try re-positioning the idea of sales in a more familiar context using sports and entertainment as your platform:

- What does a head football coach need to do when recruiting a top prospect?
- Why does Emma Stone go on Jimmy Kimmel to promote a movie?
- Why does your favorite band do interviews with a local radio station?
- What do ESPN Radio hosts do just before a commercial break (tease an upcoming segment...)?
- Why do sports teams, music venues and movie theaters have a box office? What do you think those staff members are expected to do?
- Why do celebrities engage in sales efforts to sell their latest brand of perfume?

The bottom line is that sales is an important component to nearly any profession in the sports and entertainment industry. Everyone from a sponsorship sales representative for a NHL franchise to a front desk worker in a minor league baseball team’s office must have the ability to sell...and here’s a little secret: oftentimes the best way to break into the industry is an entry level sales position!

## SALES

**Sales** can be defined as the process of determining customer needs and wants through planned, personalized communication intended to influence purchase decisions and ensure satisfaction.

### Sales activities in the sports and entertainment field could include:

- Selling group tickets to a play
- Negotiating an event contract with a facility or venue
- Soliciting donations from alumni to fund scholarship opportunities
- Selling an event sponsorship package

### Why is selling important?

- Selling is the revenue-producing element of the marketing process
- Sales is the only true revenue-producing function for an organization
- Selling helps customers make informed buying decisions
- Can result in customer satisfaction and repeat business

A general rule of thumb among sports and entertainment companies is that everyone employed by the organization represents a salesperson on some level. If someone who works in accounting knows a friend interested in purchasing tickets, they would be expected to refer that friend to someone on the sales staff who can help them with their purchase.

# TYPES OF SALES

## Personal Selling

**Personal selling** entails any person-to-person communication in which the seller has an opportunity to influence the consumer's buying decisions. The personal selling process is a two-way communication between a sales professional representing an organization and a prospective customer.

### Example:

In a non-traditional example of personal selling, members of the Western Kentucky University football team went door-to-door selling football tickets. That season, players sold 300 season tickets and the Hilltoppers enjoyed the second-highest average attendance figures in school history. Since the introduction of the door-to-door selling effort, student attendance increased more than 80 percent.<sup>1</sup>

## What Makes Personal Selling Effective?

### Benefits to personal selling:<sup>2</sup>

- The salesperson can immediately tailor the message he or she is communicating based on the prospective customer's response, feedback and buying signals.
- It allows for the communication of more information specifically relating to the customer needs than any other form of promotion.
- Potentially confusing or complex information can be explained, and the salesperson can be assured that the prospective customer has a complete understanding of the information being conveyed.
- The likelihood of the customer paying attention to the information being shared is greatly increased because the communication is face-to-face.
- Personal selling provides the best opportunity to establish solid working relationships, enhancing the probability of developing long term relationships with consumers.

# PERSONAL SELLING CATEGORIES

## Inside Sales

**Inside sales** professionals typically sell company products and services over the phone, online, or other means of communication from inside the company's office. They either make outgoing calls to prospective customers or receive incoming orders or phone calls pertaining to company products or services.

- In team sports, an inside sales staff is often utilized for products and services that require minimal investment levels, such as mini ticket packages.
- In most instances, an inside sales staff consists primarily of telemarketers.
  - Telemarketers are sales professionals that make outbound telephone calls to prospective customers in order to sell company products and services.

### Inside sales example:

According to a [report](#) from two Illinois State University researchers, the most successful collegiate athletic departments make as many as 3,500 outgoing phone calls each week to try to sell more tickets, an effort that their research suggests can generate \$1 million or more in additional revenue for the school's athletics program.

<sup>1</sup> <http://myespn.go.com/blogs/ncfnation/0-9-296/Western-Kentucky-goes-door-to-door----again.html>

<sup>2</sup> Sports Marketing: A Strategic Perspective, M. Shank, p. 249



## Outside Sales

**Outside sales** professionals primarily communicate with potential customers in person, either onsite or at the prospect's place of business.

- Outside sales positions could include a ticket sales or sponsorship sales position.
- Can also be referred to as “field sales” or “external sales”.

## Box Office Sales

Those sales professionals located on site at a venue or facility who sell to customers in person at the event or to future events.

- Movie theaters sell most of their tickets through box office sales, although more and more consumers are buying movie tickets in advance online through services like Fandango.

## SALES METHODS

### Feature-Benefit Selling

Product attributes (or features) are the basic, physical, and extended characteristics of an item.<sup>3</sup>

- **Example:** Many professional sports teams sell tickets in club seating levels where the seats often have distinct product attributes that set them apart from general seating, such as wider seats, taller seat backs or video screens on the seats in front of them.

Customer benefits are the advantages or personal satisfaction a customer will get from a good or service.

- **Example:** Comfort, convenience, and space are benefits of club seating.

The feature-benefit selling process involves matching specific product attributes to a customer's needs and wants.

- **Example:** A company may have purchased club seats to entertain clients and would want to reward them for their business by allowing them to sit in the most comfortable seats possible at the game or event.

### Full Menu Marketing

- The selling of a variety of products or services that meet virtually any customer needs and/or wants.
  - A sales professional working for a minor league sports team may meet with a company and have the ability to offer a small sponsorship, a major sponsorship featuring exclusivity benefits, season tickets, group tickets, VIP tickets, parking or a combination of those options.

### E-Commerce

- The buying and selling of goods and services on the Internet.
  - Any consumer who is a fan of Disney may go online and purchase DVDs, plush toys, action figures, watches, ornaments or many other products.
- Sports teams, arena management companies and touring bands sell everything from merchandise to tickets online.
  - To encourage fans to purchase season tickets, the Portland Trail Blazers [website](#) outlined the benefits to being a season ticket holder and also featured a short video featuring exciting game highlights throughout the team's history as they prepared to celebrate the 50<sup>th</sup> anniversary of the franchise in 2019-20.

<sup>3</sup> NC Education Center, Sports & Entertainment Marketing I, ME 6670, Objective 4.01

## Direct Mail

- Direct mail is a sales effort conducted exclusively by mail.
- Characteristically sent to large numbers of prospective customers soliciting orders for company products and services.
- To be effective, the direct mail approach must be:
  - Targeted
  - Personal
  - Measurable
  - Testable
  - Flexible
- Direct mail examples:
  - Ticket brochures
  - Pocket schedules and team posters
  - Solicitation (sales) letters
  - Fliers, postcards and additional print media
- In an effort to leverage the team's accomplishment of earning a playoff berth, the NHL's Tampa Bay Lightning utilized a direct mail strategy to boost ticket sales by sending 30,000 specially designed postcards to area businesses (the postcards featured each recipient's company name on the name plate above a player's locker in the Lightning locker room).
- As a result, the team generated over \$500,000 in new ticket revenue through their direct mailing campaigns. Said Lynn Wittenburg, VP of Marketing for the Lightning in an interview with the National Sports Forum, "The direct mail campaign was a quick and effective way for us to make the phones ring."<sup>4</sup>
- To communicate the team's decision to drop concessions prices at their new stadium, the Atlanta Falcons sent direct mail pieces to potential ticket buyers that included a \$2 bill (many of the new concessions items will be offered at a \$2 price point, including stadium staples like hot dogs).<sup>5</sup>
- A creative spin on traditional direct mail
  - Under the guidance of sports marketing guru Jon Spoelstra, the New Jersey Nets basketball team sent rubber chickens wearing tank tops featuring a special message to season ticket holders who had not yet renewed for the upcoming season. The tank tops read: "You're about to foul out! However, you can avoid the bench and keep on playing. Just read the attached." Included in the package was a renewal letter. The result of the campaign was a 93 percent renewal rate, up from an average of around 80% in the years before Spoelstra took over as team president.<sup>6</sup>

## Digital/Electronic Sales And Marketing

- E-mail marketing and other digital strategies can be incredibly productive for a sports or entertainment property.
- Social media platforms are increasingly providing value for sports and entertainment properties as an additional avenue for generating sales.
  - For example, the Atlanta Hawks made a limited number of playoff tickets available exclusively on Twitter for a playoff run several years ago, becoming one of the first teams in professional sports to sell tickets through a social media platform
  - A number of collegiate athletic programs, such as Ohio University, have a Twitter handle dedicated specifically to ticketing (@OhioTicketSales).
  - The University of North Carolina actually has a Twitter handle devoted to service and another dedicated to sales (@UNCTix and @UNCTicketSales).

<sup>4</sup> "Tampa Bay Lightning and Full House Turn Emotional Playoff Run Into New Sales." (7 March 2012). National

<sup>5</sup> <http://money.cnn.com/2016/05/17/news/nfl-atlanta-falcons-concessions/>

<sup>6</sup> *Marketing Outrageously: How To Market A Product Nobody Wants*, Spoelstra, p. 214-217



# The Sales Process

## THE SALES PROCESS

### Steps in the sales process:

1. Understand the product or service
2. Identify prospective customers and develop leads
3. Qualify and gather information about a prospective customer
4. Contact prospective customers (the sales call)
5. Establish credibility, rapport and a reason to communicate with the customer
6. Identify and confirm a customer's needs
7. Presentation and proposal
8. Ask prospective customers to act on an interest in company products or services
9. Handle objections
10. Close
11. Follow-up
12. Fulfillment and service
13. Evaluation



### INSTRUCTOR NOTE: INFOGRAPHIC ALERT

Consider using the “Sales Process” infographic provided in the Lesson 7.2 folder to help guide you as you introduce the sales process to your students.

### Understand The Product Or Service

- What inventory (seat locations etc.) is available to be sold?
- How much does the product or service cost?
- What are the features and benefits to your product or service?

### Identify Prospective Customers And Develop Leads

- Leads are the names of individuals and companies who could become future customers.
- This step is often referred to as prospecting.

### Qualify And Gather Information About A Prospective Customer

- Do they have experience with your team, venue, or event?
- What influence do they have over the purchasing decision?

## Contact Prospective Customers (The Sales Call)

- The sales call is the initial form of communication in which the salesperson makes contact with the prospective customer.
- Sales calls can take place via telephone, e-mail or in person.
- Utilized by both inside sales and outside sales representatives.
- Often salespeople will use a pre-written script to help guide them with a telephone sales call .

## Establish Credibility, Rapport, And A Reason To Communicate With The Customer

- Secure a sale or schedule a face-to-face appointment.
- The face-to-face appointment provides a valuable opportunity for the sales professional to build rapport and establish a relationship with the customer.

## Identify And Confirm A Customer's Needs

- Sales people often conduct a “needs analysis” to determine where company products and services may be able to assist a prospective customer in meeting their organization’s goals and objectives.

## Presentation & Proposal

- In this step, the sales professional will increase customer awareness and interest in company products and services.
- This communication takes place in some form of a presentation.
- This information can be presented in the form of a proposal.
- A proposal is a written recommendation of products or services his or her organization may offer to meet those customer needs uncovered in the needs analysis.
- Each proposal is customized to meet specific customer needs.

## Ask Prospective Customers To Act On An Interest In Company Products Or Services

- Asking for acceptance of the proposal or for a purchase decision.
- The sales professional must be prepared for any hesitation from the potential customer.

## Handle Objections

- Objections are a prospective customer’s concerns or hesitations in making a purchase decision.
- Objections occur when there is lingering doubt or unanswered questions in the mind of the prospect.
- The prospective customer may be favorably inclined to make a purchase but needs clarification, more concessions, or approval by another party.
- It is the responsibility of the sales professional to uncover and overcome each objection to the customer’s satisfaction.

### Objection examples could include:

- “I’m not a sports fan”
- “I don’t have time to attend games”
- “We don’t have a budget for sponsorship...”
- “I need to discuss this with my boss...”
- “I can get the same results for less money by doing something else...”
- “Tickets are too expensive...” (19.1% of respondents to ESPN’s “State of Sports” survey indicated that ticket prices were the “biggest rip-off” in sports)



## Close

- The close is the stage of the sales cycle where the prospective customer and the sales professional come to an agreement on pricing and services, in which the customer typically commits to a purchase of some kind.
- The close is when the prospective customer becomes an official client.
- Sales professionals often make the mistake of thinking this is the last step of the sales process.

## Follow Up

- The follow up stage is critical to ensure a satisfied and happy customer
- The organization is responsible for ensuring all services agreed upon throughout the sales process are fulfilled
- Much new business for any organization comes from existing business

## Fulfillment & Service

- Fulfillment is the process of following through and delivering on all promised services to the customer.
- Meeting and exceeding customer expectations is integral to retaining their business in the future
  - In a [Wall Street Journal story](#), Jay Fishman, Chairman and Chief Executive Officer of Travelers explained why Travelers decided to extend its sponsorship of a PGA Tour event through 2024: "The tournament has grown tremendously in the last seven years and has exceeded our expectations. With this agreement, we will continue to build on this world-class event for the fans, the players, our employees and our community."
- Renewal is the agreement between the organization and customer to continue the business relationship for a predetermined, often contractual, period of time.
  - In addition to sponsorship and media rights, renewals also occur between ticket holders and an organization.
  - As season tickets are a key revenue driver for many sports teams, renewing these customers is often a top priority.
  - Teams offer incentives to entice season ticket holders to renew seats.
  - Incentives typically include benefits available exclusive to season ticket packages.
    - Could include such incentives as private autograph sessions, early entry into games, additional ticket discounts, flexible payment plans, concession and merchandise credits, better seating locations, access to team practices and private events, etc.
    - Columbia University rolled out a unique season ticket benefit with the announcement of "[Zip Pass](#)", a private concessions line accessible only to season ticket holders (a trend that has caught on with many sports teams and venues).
    - The NHL's Dallas Stars and Washington Capitals treat season ticket holders to a day at the local six flags amusement park, while the NBA's LA Clippers spent a day with season ticket holders at Universal Studios.
  - Many organizations are turning to more creative and unique benefit offers to help retain customers.
    - In 2019, the Minnesota Timberwolves offered season ticket holders a once-in-a-lifetime [experience](#) by inviting them to Paisley Park, a private concert, and the chance to interact with the team's players as the franchise unveiled their Prince-inspired "city edition" Nike uniforms.
    - In 2020, the LA Galaxy enlisted the help of their international star player, Zlatan Ibrahimovic, to help encourage season ticket holders to renew.
      - The team [emailed](#) season ticket holders with a pre-recorded message from the famously brash soccer star that simply stated "Dear (Season Ticket Holder), You will renew now. – Zlatan".
      - Click [here](#) to see a video of Zlatan in action on the phone on the Galaxy's YouTube page.

## Evaluation

- Measuring the results of a promotional investment (season tickets, luxury suites, sponsorships, endorsement agreements) help an organization determine its effectiveness.
- Evaluations are typically objective (sales fluctuations) but can also be subjective (increased media attention or public awareness).
- It is important for the sales professional to be involved in this step of the process to gain a better understanding of whether or not they are meeting client needs.
- Many sports and entertainment organizations set ticket, merchandise, and concessions sales objectives with daily, weekly, and monthly targets. The sales data is then compared with information from the same date for the previous year.
  - Disneyland might set a daily guest target of 50,000 visitors during the winter months based on sales results during that period in previous years, then establish similar goals for weekly merchandise sales and monthly concessions sales.
  - For example, the addition of “Rule 40” (a new rule that allows individual athletes to partner with non-Olympic sponsors) could potentially hinder the value of McDonald’s current deal with the International Olympics Committee.
    - John Lewicki, who oversees McDonald’s global Olympic sponsorship program, says the company will use these games to evaluate whether to continue future Olympic deals.
    - Said Lewicki in a recent [Reuters](#) story: “If we find rule 40 impacts the value of our sponsorship, we could always go back and renegotiate for the future.”<sup>7</sup>



### ACTIVITY IDEAS

Have students split up in pairs. One person will begin by making a mock phone call to the other in which they are playing the role of sports marketer while the other is playing the role of the fan (consumer). Using the steps provided in this lesson, the goal is to sell the other student season tickets to their favorite sports team. After one student has gone through the sales process, have them switch roles.

<sup>7</sup> <http://www.reuters.com/article/us-olympics-rio-under-armour-insight-idUSKCN0ZF1NI>

# Sales Strategies, Skills & Techniques

## THREE TYPES OF PERSONAL SALES STRATEGIES:

### Collaborative Selling

In collaborative selling the salesperson and client take time to understand one another and develop a relationship according to the salesperson's offer and the client's needs.

### Transactional Selling

In transactionals selling the salesperson and client have limited interaction and the sale is based mostly on price or a specific element.

### Team Selling

Team selling is a variation of collaborative selling that includes multiple people from the selling or buying organization, or both.

## Sales Skills & Techniques

**Basic sales skills and techniques used in sports and entertainment include:**

- Prospecting
- Referrals
- Networking
- Cold calling

## Prospecting

Prospecting is the process of consistently researching for and seeking out new customers for an organization's products and services. This is a very detail-oriented process requiring careful research and analysis.

**Sales professionals may explore several avenues when prospecting to develop quality sales leads:**

- Trade Shows
- Industry Events
- Networking Events
- Consumer Lists
- Directories
- Industry Publications

## Referrals

**Referrals** occur when an existing customer recommends another organization or individual to a sales professional as a potential customer. Referrals provide an extremely effective means for generating new sales. Between 60% and 70% of all fitness industry sales are the direct result of referrals.<sup>11</sup>

- According to a Bleacher Report [study](#), 36% of U.S. soccer fans aged 26-39 became soccer fans due to influence from their friends.
- To encourage referrals, the Vancouver Whitecaps offered a 12% discount on season ticket packages and a 6% "commission" (credited to their account) for fans who refer friends to purchase season tickets.

- Click [here](#) for an in-depth look at the Whitecaps' referral program from the National Sports Forum.
- According to the [Nashville Post](#), Tennessee State launched a 'Drive for Five' campaign with the goal to increase season ticket sales to 5,000 by the start of the 2019 football season, leaning heavily on referral business to help them reach that goal.
- To incentivize referrals, the program offered 50 percent off TSU merchandise at a home game to anyone who referred someone to purchase a season ticket package.

## Networking

**Networking** occurs when a group of like-minded business professionals gather to help each other to cultivate sales.

**Business-to-business (also known as B2B) marketing** involves activities one business makes in effort to sell their products and services to another business, rather than to the individual consumer.

Sales people often involve themselves in local organizations and functions to connect with as many new people as possible. Organizations like the Chamber of Commerce provide an exceptional means for meeting other business professionals who could become future customers or offer referrals. For example, ticket sales staff for the Portland Trail Blazers are likely to network at events with business professionals involved with organizations like Portland Executives Association, Portland Business Alliance, Oregon Executives Association, Portland Area Networking Group, and Women Entrepreneurs of Oregon.

## Cold Calling

**Cold calling** refers to a sales professional's effort to generate new business through outgoing telephone calls without any previous communication with the prospective customer. This technique is generally a less productive means for generating sales than other techniques (networking and referrals) because the personal relationship element is non-existent.

# Importance of Customer Service



## DISCUSSION TOPICS

Think about the last experience you had with a customer service representative. What was the interaction like? Were they accommodating? Was it a positive experience or negative experience? Did the customer service representative's assistance resolve your issue? Do you think that company's customer service should be improved? Why or why not?

## WHY IS CUSTOMER SERVICE IMPORTANT?

**Customer service** is the action taken by the seller to make the relationship between the organization and its customers satisfactory. Many organizations strive to meet and exceed customer expectations, often integrating service goals with company mission statements. Service represents a critical step in the sales process and is ultimately about gaining and retaining the customer base.

It is much harder to find new customers than to keep the ones you already have, and exceeding customer expectations is critical to the success of any sports organization.

It is the role of the customer service professional to help customers enjoy and value their relationship with the sports or entertainment organization.

## WHO ARE THE CUSTOMERS?

In sport, a customer is anyone who purchases a product or service. This is the end user for whatever product is being manufactured or service that is being provided.

**Examples of sport customers could include:**

- Season ticket holders
- Runners registering for a marathon
- Businesses sponsoring an event
- High school athletes purchasing equipment
- A fan purchasing a jersey of their favorite player online

## CUSTOMER SERVICE BENEFITS

A sports or entertainment organization that provides excellent customer service and benefit in a variety of ways:

- Increased levels of customer retention and cost reduction
- Decline in negative associations with organization via word-of-mouth advertising
- An opportunity to provide a source of differentiation
- Amplified levels of profitability
- Creation of brand loyalty
- New sales opportunities through positive word-of-mouth associations

# WHY IS CUSTOMER SERVICE IMPORTANT?

Sales professionals work hard to connect with customers. Once an organization gains a new customer, it is important to build loyalty and trust to maintain a solid base of core customers. **Retention** (renewal) is crucial to any sports team as season ticket and sponsorship revenue is a vital piece of the organizations' financial viability.

## Some interesting statistics to consider:

- According to the Customer Service Institute, it can cost up to five times as much to acquire a new customer than it does to service an existing one.
- According to the same institution, customers tell twice as many people about a bad experience over a good one.
- 68% of all customers will eventually switch service providers (entertainment options, advertising outlets etc.)
- It takes twelve positive service incidents to make up for one negative incident.

Sport organizations recognize the importance of customer service. Companies invest significant time and money in customer service training programs to make sure they have staff that can and will provide customers with the best possible experience. Providing fans with exceptional service is a top priority.

Jim Bathey, Vice President of Ticket Sales for the Milwaukee Brewers, once told the National Sports Forum (e-newsletter) that the key to retaining new customers and attracting new ones is to provide “over the top” customer service, saying “We have been successful at selling tickets over the last couple of years because our focus is to provide over the top customer service and because our (sales staff) develops personal relationships with our (customers).”

Service is a priority, but that does not mean getting it right is easy. Understanding the customer becomes incredibly important, especially in sport where there are so many aspects to the consumer experience where frustration can occur. Organizations must learn when and where these frustrations could arise and develop a plan accordingly for how best to satisfy the customer.

To illustrate this point, Turnkey Sports & Entertainment (a marketing research company) published a report suggesting a season ticket holder's overall satisfaction was negatively impacted by a simple lack of knowing who to contact when they had a concern.

## Turning Service Into Sales

An effective customer service plan can help an organization to turn service into sales.

- For most segments of the sports industry, 70% of consumers are referred by word of mouth from existing customers.<sup>8</sup>
- Sports and entertainment marketing professionals have a responsibility to retain those customers to grow the fan base

Many organizations create marketing strategies that cater to both existing and new customers with an emphasis shifting toward existing customers. Positive relationships with an organization's customer base enable them to effectively implement and utilize referral programs.

- The minor league hockey franchise Corpus Christi Hooks offered a free, personalized team jersey to any ticket holder who referred up to three people to purchase Hooks season tickets.<sup>9</sup>
- DirecTV, a longtime leader in delivering sports programming to fans, offers its customers \$100 in credit toward their cable bill for every new customer they refer while providing a significant “new subscriber” discount.<sup>10</sup>

<sup>8</sup> *Sales Success in Sports Marketing*, Miller, Shaad, Burch, Turner, p.94

<sup>9</sup> <http://www.milb.com/index.jsp?sid=t482>

<sup>10</sup> <http://www.directvreferral.com>



“Up-selling” opportunities become more frequent with happy customers. Up-selling is the process of selling additional products to a customer at the time of the order. For example, a theatre fan might call to purchase tickets to an upcoming performance. During the conversation, the sales representative may suggest group tickets to that event or additional tickets to another upcoming play.

- The NHL’s Phoenix Coyotes created up-selling opportunities when they advertised seats with a partially obstructed view for only eight dollars, then turned those seats into 12 game mini plans, and then sold those same fans seats with better views of the ice (at an additional cost).<sup>11</sup>

### Empathetic approach to sales and service (listening to fans)

By recognizing the day-to-day challenges facing most consumers (fans) and understanding what consumers want, some organizations take an empathetic approach to sales and service.

- The Seattle Sounders soccer franchise gives season-ticket holders the opportunity to vote out the team’s GM every four years if they are disappointed in team performance, an approach that has helped cultivate one of the most loyal fan bases in American sports.
- Per game, the Sounders outdraw the Mariners almost 2 to 1, their attendance of nearly 39,000 would place eighth in the English Premier League, merchandise sales are on a par with the Seahawks, and NBA commissioner David Stern called the Sounders “the most successful expansion team in the history of sports.”<sup>12</sup>
- The [Review Journal](#) reported when UFC fighter Jon Jones was taken off the main event at UFC 200 for a doping violation, the organization offered fans an opportunity to receive a refund for their tickets.

Many sports and entertainment organizations proactively solicit feedback to help improve anything from customer relations and fan experience to the product itself.

- NBA Commissioner Adam Silver encouraged fans to email him directly ([Adam@NBA.com](mailto:Adam@NBA.com)) with any ideas they had to improve the quality of the NBA All-Star Game.
- Fans were also encouraged to share ideas through Facebook and Twitter.
- When the NLL announced in 2019 that the city of New York would be getting a new franchise, the front office decided to let fans determine the new team name.
  - The team asked fans to vote on the franchise website, and overwhelmingly the community [selected](#) “Riptide” as the new name for the team.
- When the Minor League Baseball Kannapolis Intimidators sought to rebrand the franchise in 2019 as part of its “Branded by You” campaign, the team penned an open letter to fans requesting feedback on a new name.
  - Click [here](#) to read the letter in its entirety.
- When developing a branding strategy and determining a nickname for its expansion NHL franchise, the Seattle Kraken leaned heavily on feedback from fans.
  - Said Tod Leiweke, the team’s CEO, in a [statement](#): “The Kraken is a name born of the fans. It was suggested and championed by the fans.”
- To add more perceived value for season ticket holders, the NHL’s Ottawa Senators’ solicited the opinions of its season ticket customers on a potential change to the team’s logo.
- Click [here](#) to see some of the new logo ideas shared with ticket holders from Chris Creamer’s SportsLogos.Net website.
- In 2019, the Baltimore Ravens added 16 new escalators in the stadium in response to fans who had been [complaining](#) for years about the challenges in reaching the venue’s 500 level.

<sup>11</sup> <http://www.sportsbusinessdaily.com/Journal/Issues/2016/03/14/Facilities/Coyotes-seating.aspx?hl=upsell&sc=0>

<sup>12</sup> [http://espn.go.com/sports/soccer/story/\\_/id/7929299/soccer-seattle-sounders-prove-mls-put-fans-seats-espn-magazine](http://espn.go.com/sports/soccer/story/_/id/7929299/soccer-seattle-sounders-prove-mls-put-fans-seats-espn-magazine)



# HOW CAN CUSTOMER SERVICE IMPROVE?

According to a “State of the Industry” poll conducted by the Sports Business Journal, 20% of sports business executives think the sports industry is behind the rest of the business world when it comes to customer service. So how can organizations improve levels of customer service?<sup>13</sup>

Overall, levels of customer service can be improved when organizations proactively take the steps necessary to meet and exceed the expectations of the customer.

1. Create and maintain an open line of communication with fans.
2. Exceeding levels of customer expectation.
3. Provide a comfortable environment for fans.
4. Listen and respond to customer feedback (includes suggestions, criticism, compliments and complaints).
5. Incorporate the customer service element into the organization’s mission statement
6. Respond quickly to customer complaints.
7. Take a proactive approach in making sure the stakeholders (ticket holders, sponsors, donors etc.) know the organization appreciates their support.
8. Determine appropriate staff size dedicated to customer service.
9. Effectively utilize technology.

## Create And Maintain An Open Line Of Communication With Fans

- [Turnkey](#) Sports & Entertainment published a report (and subsequent infographic) suggesting a season ticket holder’s overall satisfaction was negatively impacted by a simple lack of knowing who to contact when they had a concern.
  - Click [here](#) to view the infographic

## Exceeding Levels Of Customer Expectation

The best sports and entertainment organizations make exceeding levels of customer expectation the rule, not the exception throughout the entire organization (establishing a service culture).

- To improve their level of customer satisfaction, Michigan International Speedway front office staff attended customer service training at the Disney Institute, according to a [Sports Business Journal](#) report.<sup>14</sup>
- One young football fan from Oklahoma (where no NFL team currently calls home) sent a letter to every NFL team asking why he should root for them...click [here](#) to read how the Carolina Panthers (as the only NFL team to respond) probably earned a loyal fan for life.

## Provide A Comfortable Environment For Fans

- Venues and facilities should be clean, music volume should not be too loud, and temperature should be comfortable (indoor events).

<sup>13</sup> <https://www.sportsbusinessdaily.com/Journal/Issues/2017/11/27/Reader-Survey/State-of-Industry.aspx>

<sup>14</sup> The 2001-02 NBA Marketing Plan, distributed by the NBA league office to each NBA franchise

## Listen And Respond To Customer Feedback (Includes Suggestions, Criticism, Compliments And Complaints)

- The owner of the Washington Capitals, Ted Leonsis, took a proactive approach to encouraging valuable fan feedback. To engage the consumer to maximize the organization's level of customer service, he turned to the web and used an online message board. He asked, "If you could change one thing about your experience with the Caps, what would it be?" His staff reviewed the fan input and created a response forum called "You Asked for It." The most popular suggestions were listed with the team's response which included the Caps' plans for changes, new developments and ideas for new programs.<sup>15</sup>
- In its last "Ultimate Standings" (in which the now defunct ESPN the Magazine would rank the best franchises in sports) report, ESPN crowned the Nashville Predators as the best team in all of sports, a decision that was heavily influenced by the team's approach to customer service and willingness to give the fans a voice.
  - The formula used to determine the ranking includes factors like fan relations (described as courtesy by players, coaches and front offices toward fans) and honesty from ownership (loyalty to core players and the community).<sup>28</sup>
    - Click [here](#) to see the entire rankings at espn.com.
- Major League Soccer's expansion Portland Timbers took the league by storm in 2011 from an attendance perspective, selling out every single home game (and every game since then), in large part because the organization worked closely with the team's loyal group of fan supporters (the Timbers Army) in the development of the critical early stages of a marketing campaign.<sup>16</sup>
  - In 2020, to help celebrate the franchise's 10<sup>th</sup> year as a MLS club, the team brought back the marketing campaign they used in the league's first season which celebrates the Timbers' relationship with its fans.
  - The team hosted a photo shoot with fans holding an axe (20,000 photos were taken of 3,000 people, some of whom [reportedly](#) lined up for four hours to participate) and the "[winning](#)" photos were placed on billboards throughout the city.
  - As part of the 10-year anniversary promotion, the team partnered with the Oregon Historical Society, establishing a Timbers exhibit that would highlight team artifacts sourced from fans, former coaches and players.
- The Executive Chef at Miller Park (home of the Milwaukee Brewers) took to the [Brewers' blog page](#) to interact with fans and address questions and concerns on the message board relating to concessions items after a review of the stadium food was posted online.
- According to the [Oregonian](#), the Oregon State Beavers basketball program ranked first in overall season ticket holder satisfaction and by polling fans to find out what suggestions they had to improve the overall game experience, they are sure to maintain high levels of brand loyalty and customer retention.
  - According to the news story, the most common suggestions for the program were a better sound system, improved concessions and cheaper parking. As a result, the Beavers contracted a new concessionaire to offer new food items and more concession locations for home games next season.
- Soliciting fan feedback isn't only important in the context of season ticket and sponsorship renewal, but also every other aspect of running a successful organization.
  - According to [Sports Business Journal](#), in 2019, Major League Soccer conducted market research to study the characteristics and consumer behavior of soccer fans in the U.S.
  - The data collected helped the league to create "internal report card(s)" for each individual franchise to measure how well the team is meeting the needs of its fanbase.

<sup>15</sup> <http://www.sportsbusinessjournal.com/article/65044>

<sup>16</sup> [http://mobile.oregonlive.com/advorg/db\\_/contentdetail.htm?contentguid=mxkM6K4v&full=true#display](http://mobile.oregonlive.com/advorg/db_/contentdetail.htm?contentguid=mxkM6K4v&full=true#display)



## Incorporate The Customer Service Element Into The Organization's Mission Statement

- For example, the Chicago Bulls place an emphasis on service in their mission statement as part of their organizational philosophy.
  - “The Chicago Bulls organization is a sports entertainment company dedicated to winning NBA Championships, growing new basketball fans, and providing superior entertainment, value and service.”
    - Click [here](#) to read the team's mission statement in its entirety.

## Respond Quickly To Customer Complaints

Successful sports and entertainment organizations take a proactive approach in making sure the stakeholders (ticket holders, sponsors, donors etc.) know the organization appreciates their support.

- Many athletic programs, the California Men's Basketball team, make annual [phone calls](#) to personally thank ticket holders for their support.
- When student-athletes representing all 20 of the University of California, Santa Barbara intercollegiate athletics teams called donors to the Gaucho Fund during the annual Thank-a-Thon, raising \$2.2 million, the second highest single year of funds since the launch of the Campaign for UC Santa Barbara in 2005.
  - The University also received a record single gift to athletics of over \$2 million for scholarship support for both tennis programs that year.<sup>17</sup>
- One of the biggest challenges facing sports and entertainment marketing professionals during the pandemic was determining ways to “make good” relationships with team partners when seasons were canceled and postponed.
  - Without games being played in front of fans or on television, sponsors were not receiving the exposure and connection with fans that they had paid for and teams were forced to consider “make good” strategies to keep partners happy.

## Determine Appropriate Staff Size Dedicated To Customer Service

- [Sports Business Journal](#) reports the Philadelphia Union set records in renewal percentage and revenue after beefing up their customer service staff last season.
  - The staff increase meant instead of just 1 service rep available per 1,400 ticket holders, the team would provide 1 rep for every 500 ticket holders.
  - In large part to the increased attention to service, the team's 86% renewal rate far exceeded the league average of 80%.

## Effectively Utilizing Technology

- The Atlanta Braves integrated a customer service “bot” into their ballpark app, allowing the team to collect fan feedback and provide answers to basic questions about parking, concessions, ticketing and other stadium-related topics.
- Last season, Minor League Baseball signed a deal to create bilingual chatbots that will provide in-venue, real-time customer service for its partner ball clubs.
  - According to Kurt Hunzeker, former MiLB vice president of marketing strategy and research, in an interview with the [New York Business Journal](#): “It's all about using technology to help our clubs be more responsive and better serve our fans and allow them to have a more personalized experience at the ballpark.”

<sup>17</sup> <http://ucsbgauchos.com/genrel/spec-rel/Giving-Release-2014>

# Sales Professionals

## WHAT MAKES A GOOD SALES PROFESSIONAL?

A good sales professional typically embodies some combination of the following traits and characteristics:

- Belief in the product
- Good listener
- Sense of humor
- Self-motivated and self-disciplined
- Strong work ethic
- Personable
- Knowledgeable
- Someone who asks questions and listens
- Self-confident (not to be confused with arrogant!)
- Strong ability to build relationships
- Capable of handling the inevitable frequent rejection
- Effective time management skills

### Sales Skills

In addition to a common set of personality traits and characteristics, successful sales professionals develop and hone their sales skills over time. For example, good salespeople will never lose contact with prospective customers.

**Other skills that successful sales professionals develop include:**

- Consistently ask for the sale
- Follow up with customers after the sale with the same dedication they demonstrated before the sale (building strong relationships)
- Developing a “game plan” to devise a sales strategy that best caters to their strengths
  - A quality game plan includes gaining knowledge not only of company products and services, but of the backgrounds of prospective customers
- Devise and implement effective time management plans

## WHAT CHARACTERISTICS DO EMPLOYERS LOOK FOR IN SALES PROFESSIONALS?

Rick Campbell, former Vice-President of Premium Seating for Comcast-Spectacor (Philadelphia Flyers and Philadelphia 76ers), offers insight on characteristics that shape an effective sales professional: *“We look for sales people who are self-driven with a desire to learn, along with a sense of self confidence, knowledgeable about the industry, and a likeable personality. Building, maintaining and nurturing relationships are incredibly important to the sales cycle, so we want someone we know can be effective in that area. Finally, we want someone who can display a track record of excellence and can show how a strong work ethic led to those previous successes.”*<sup>18</sup>

<sup>18</sup> Campbell, R. (2005) Telephone interview. Jan. 6

# Promotion



## DISCUSSION TOPICS

What role do you think promotions play in sports and entertainment organization's marketing strategies? Can you think of an example of a promotion for a sports or entertainment event you recently attended (movie, game, play etc.)?

## WHAT IS PROMOTION?

**Promotion** is any form of communication used to inform, persuade, or remind people about company products or services. It plays a significant role in the creation and maintenance of the levels of commitment and emotional involvement consumers have with the brand. Effective promotions can help generate sales while creating opportunities to engage and connect with consumers. They can also help to create or maintain a positive image for a sports organization or brand.

## THE PROMOTION MIX

The **promotion mix** consists of any combination of advertising, sales promotion, publicity, direct marketing, and personal selling. It could also include trade shows and other exhibition events.

### Key factors that affect decisions regarding the promotions mix:<sup>19</sup>

- Stage of product life cycle
- Distribution channels
- Competitor strategies
- The product or service being promoted
- Organization resources
- Accessibility of various promotional methods

## FORMS OF PROMOTION

In traditional marketing, there are four basic types of promotion:

- Advertising
- Sales Promotion
- Personal Selling
- Publicity

<sup>19</sup> Fundamentals of Sport Marketing, Pitts, Stotlar, Auxiliary Materials, PowerPoint Presentation, Slide #123

Sport organizations, however, often include a variety of unique forms of promotion, with the most common being sales promotion. Other forms of promotion seen frequently as part of a sports organization's marketing strategy could include:

- Sales promotions
- Onsite promotions
- Event promotions
- Offsite promotions
- Media promotions

## Sales Promotion

**Sales promotion** involves activities or communications that encourage consumers to purchase products or services. These promotions are usually short-term, encouraging consumers to act quickly. For example, a local health or fitness club may run a sales promotion offering "limited-time" membership opportunities.

### Forms of Sales Promotion:

- Limited or Special Editions
- Giveaways
- Contests and sweepstakes
- Sampling
- Point of purchase
- Discounts and couponing



## Limited or Special Edition Promotions

Another popular example of sales promotion includes the offer of “limited” or “special” edition products (or “for a limited time only”). As part of the global ad campaign for its sponsorship of the UEFA Champions League, Pepsi produced limited-edition cans featuring the likeness of soccer stars Paul Pogba, Raheem Sterling, Lionel Messi and Mo Salah.



Apparel and footwear brands often engage in sales promotion featuring limited or special edition products to align with the Boston Marathon.

- For the 2019 Boston Marathon, a number of brands offered special edition versions of running shoes (such as Adidas’ customizable sneaker that let runners print up to 10 characters — or their personal record post-race — on the side of the shoe).<sup>20</sup>
- Brooks Running Company introduced a limited edition Boston-themed variation of one of its popular running shoes featuring a [lobster](#) design while New Balance made a few thousand special edition pairs of running shoes available with the word “[Fastah](#)” emblazoned on the sole and the city’s skyline printed on the insole.
- In 2019, Dunkin’ and Saucony, two iconic Boston-based brands, collaborated on a limited-edition shoe release to celebrate the Boston Marathon that came in a shoe box that resembled a Dunkin’ doughnut box.
  - The shoes quickly sold out, generating not only sales but publicity and brand awareness for two companies that were not official sponsors of the race.

## Giveaway Promotions

Sports teams love giveaway promotions to help boost attendance. Popular giveaways include replica jerseys, bobbleheads, posters, magnetic schedules and hats.

- Examples of premium giveaways include free bats to the first 2000 fans through the gate at Yankee Stadium, or “swag bag” giveaways containing cosmetics and other gifts given out to attendees at the Cannes Film Festival.
- [Promotions](#) range from traditional (like the aforementioned “bat day” promotion) to the wacky and bizarre (such as the 2014 Charleston RiverDogs’ “[Disco Demolition 2: You better believ it](#)” event where fans were offered \$1 tickets for bringing in Miley Cyrus or Justin Bieber music and merchandise to be blown up after the game)

<sup>20</sup> <http://www.bostonglobe.com/lifestyle/2015/04/14/special-edition-sneakers-hit-street-before-boston-marathon/Uo3HpVvNj0FOU8hP0ML8H/story.html>



# 2021 promo schedule highlights



## RETURNING SEASON-LONG PROMOTIONS

**\$1 Hot Dog Wednesdays** presented by Securian Financial  
**Free T-Shirt Thursdays • Friday Fireworks** (excludes 4/23 and 8/27)  
**Family Sundays** presented by Coca-Cola (excludes 8/29)

SAVE THE DATE!

 <b>4/10 vs. ROYALS</b> <b>White Sox Puffy Vest</b> <small>Presented by Guaranteed Rate</small>	 <b>4/24 vs. RANGERS</b> <b>White Sox Hoodie</b> <small>Presented by Coca-Cola</small>	 <b>5/29 vs. ORIOLES</b> <b>Tim Anderson Bat Flip Bobblehead</b> <small>Presented by Guaranteed Rate</small>	 <b>6/5 vs. TIGERS</b> <b>White Sox Hawaiian Shirt</b> <small>Presented by Beggars Pizza</small>	 <b>6/25 vs. MARINERS</b> <b>Rock 'N Roll Night and Post-Game Fireworks</b> <small>Presented by Guaranteed Rate</small>
 <b>7/16 vs. ASTROS</b> <b>Country Music Night and Post-Game Fireworks</b> <small>Presented by Coca-Cola</small>	 <b>7/30 vs. INDIANS</b> <b>Elvis Night and Post-Game Fireworks</b> <small>Presented by Beggars Pizza</small>	 <b>7/31 vs. INDIANS</b> <b>White Sox 312 Hat</b> <small>Presented by Goose Island (For fans 21+)</small>	 <b>9/10 vs. RED SOX</b> <b>Sugar Skull Bobblehead</b> <small>Presented by Modelo (For fans 21+. Drink responsibly. Modelo Especial® beer. Imported by Crown Imports, Chicago.)</small>	 <b>9/12 vs. RED SOX</b> <b>Los White Sox Soccer Jersey</b> <small>Presented by Coca-Cola</small>

PROMOTIONAL DATES AND GIVEAWAYS ARE SUBJECT TO CHANGE GIVEN UNCERTAINTIES SURROUNDING THE ONGOING PUBLIC HEALTH CRISIS



## DISCUSSION TOPIC

To help guide your conversation on sales promotion in class, consider accessing the “Game Day Giveaway” PPT discussion from the Lesson 7.6 folder. The presentation reviews a lineup of giveaway promotions offered by the San Diego Padres last season, offering a great visual as you explore the concept of sales promotion with your students.

## Contests And Sweepstakes

- In keeping with the trend of creating unique fan experiences for consumers, Jack’s Links rolled out a Major League Fishing “[Ultimate Dream](#)” sweepstakes providing a chance for 30 fans to go fishing with a MLF pro.<sup>21</sup>
- Denny’s launched a sweepstakes as part of a “Solo: A Star Wars Story” movie tie-in promotion that encouraged Star Wars fans to come to a local restaurant and play a virtual dice game for a chance to win prizes including movie tickets and autographed movie posters.
- Nestle Waters teamed up with WWE for a co-branded “Choose Water” campaign that featured a sweepstakes offering a trip for four to the WWE SummerSlam event in Toronto in 2019.
  - According to [Media Post](#), fans just needed to follow WWE on Twitter or Instagram and post using a branded hashtag about how they were making healthier beverage, food or lifestyle decisions to enter the sweepstakes.
- In 2020, the Pringles and Cheez-It teamed up with the Overwatch League for a sweepstakes promotion to reach the rapidly growing esports fan base despite the cancelation of live esports events during the pandemic.
  - Fans who entered the sweepstakes had a chance to win a trip for two to the 2020 Overwatch Grand Finals and 250 jerseys from Overwatch League teams were given away at random to participating consumers.

<sup>21</sup> [http://www.majorleaguefishing.com/news\\_details.aspx?id=15570](http://www.majorleaguefishing.com/news_details.aspx?id=15570)

## Sampling

- RockTape, a brand of athletic tape, sponsored the 2017 Reebok CrossFit Games and one of the components of the sponsorship enables the brand to distribute samples at CrossFit events.
- As part of their three-year deal with U.S. Ski & Snowboarding, Clif Bar (the energy bar), will not only be available to athletes in abundance, but samples will be provided to fans attending the various USSA events.<sup>22</sup>
- Every year during the college football season, Texas Pete Hot Sauce sponsors a tailgate tour, providing tailgating fans at ACC, Big Ten, Big 12 and Pac-10 schools with samples of its products.<sup>23</sup>
- As presenting sponsor of the Dew Tour, Mountain Dew provides product samples at all participating event venues.<sup>24</sup>
- As part of La Roche-Posay's sponsorship of the 2021 Australian Open as the official sunscreen [partner](#) of the event, the company set up Sunscreen Stations at the venue offering free samples for tennis fans in attendance.

## Point Of Purchase (Also Known As Point Of Sale)

- Each year, grocery stores around the country often feature creative point of purchase displays featuring a Super Bowl or March Madness theme.
- According to [Hollywood Reporter](#), Mtime (Warcraft's exclusive merchandising partner in China) credited their use of POP displays for helping them sell over \$10 million in merchandise prior to the Warcraft film's release.
  - In addition to 20 large-scale interactive exhibitions in upscale shopping malls, Mtime created 130 movie specialty stores in Chinese cinemas and then brought in another 150 pop-up stands during the movie's first week.
  - Moviegoers were given a 15% discount if they presented a Warcraft ticket stub.

## Discounts & Couponing

- The latest fan engagement study (conducted by Catalyst) revealed that 44% of soccer fans "liked" or "followed" a brand on social media as a result of the brand posting a coupon or discount offer online.<sup>25</sup>
- After Damian Lillard dropped 61 points in the bubble during the 2020 NBA season restart, Adidas [offered](#) a one-day only sales promotion by dropping the price of the "Dame 6" sneakers to \$61, a discount of nearly 50%.
- Two seasons ago, the Minnesota Twins experienced one of the biggest attendance drops in Major League Baseball to start the season, according to [USA Today](#). To combat the decline in ticket sales, the Twins launched a discounted ticket program, reducing ticket prices to \$5 for select tickets to all the team's home games for the month of May. As a result of the "flash sale" promotion, the team [sold](#) all 34,000 seats that were available in less than 48 hours.



<sup>22</sup> <http://www.sportsbusinessdaily.com/Daily/Issues/2016/06/23/Marketing-and-Sponsorship/USSA.aspx?hl=sample&sc=0>

<sup>23</sup> <http://www.sportsbusinessdaily.com/Journal/Issues/2010/10/20101011/SBJ-In-Depth/Sponsors-Become-Part-Of-Tailgate-Experience.aspx?hl=texas%20pete%20hot%20sauce&sc=0>

<sup>24</sup> <http://business.transworld.net/news/dew-tour-announces-partners-2016-summer-skateboard-competition-weekend/#VQRHELJcPaFUhmE0.99>

<sup>25</sup> <http://www.sportsbusinessdaily.com/Journal/Issues/2014/10/13/Research-and-Ratings/Sports-Fan-Engagement-Study.aspx>



### ACTIVITY IDEAS

To have some fun teaching the concept of promotion, consider sharing the “Promotion – The MiLB Name Game” lesson plan bundle, complete with a lesson plan guide, PPT and activity rubric. The activity will allow for the re-introduction of concepts you have covered in previous units, including industry trends, branding, licensing, and merchandising. You can find the bundle in the lesson 7.6 folder.



### ACTIVITY IDEAS

Challenge students to bring an example of at least four of the sales promotions above to class, whether it is a picture they take at the local grocery store of a point-of-purchase display, a coupon they clip from a magazine, or a give-away item they received at an event.

## ONSITE PROMOTION

Onsite promotions take place at or around a venue on game or event days.

### In-Game Promotion

**In-game promotions** take place on the playing field and typically occur when there is a break in the action, like half-time. Many sports organizations consider the on-field promotions to be one of their most valuable and profitable pieces of sponsorship inventory.

#### Fan engagement promotion examples:

- The New York Mets host a “Family Sundays” promotion which allows fans 12 and under to run the bases following the conclusion of the game.
- Half-court shot promotions
  - A VCU student once made a half-court shot at half time of a VCU home basketball game to win a free Papa John’s pizza for every fan in attendance that night (the retail value of the 7,248 pizzas was around \$100,000).<sup>26</sup>
- Races
  - The Milwaukee Brewers feature a wildly popular “Sausage Race” at Miller Park home games. Four people in sausage costumes race around the infield warning track between the sixth and seventh innings at Brewers’ games to entertain fans.<sup>27</sup>
  - After a video of the Atlanta Braves’ popular “Beat the Freeze” race promotion went viral, it quickly became one of the most talked about (and popular) promotions in sports.
    - Click [here](#) for an ESPN story describing how the Braves landed the “hottest promotion in sports”.
  - The Atlanta Hawks found success with a similar promotion.
    - While it wasn’t a “race”, the concept was the same when the team challenged a fan pulled from the audience to try to stop local And1 Mixtape streetball legend ‘Hot Sauce’ from scoring for 24 seconds.

<sup>26</sup> [www2.timesdispatch.com/business/2010/feb/24/b-papa24\\_20100223-214807-ar-6175/](http://www2.timesdispatch.com/business/2010/feb/24/b-papa24_20100223-214807-ar-6175/)

<sup>27</sup> <http://www.thebaseballpage.com/features/2002/wiener.htm>

- According to the [Atlanta Business Journal](#), the premise was simple: stop Hot Sauce from scoring, and the fan would win a set of tires from team sponsor, Kumho Tire Co. Inc. However, it took nearly the entire season before someone did score, but the team enjoyed tons of publicity locally and nationally from the promotion.
- In a creative twist during COVID-19 as fans were not allowed to attend Minor League Baseball games because of the ongoing pandemic, the Saint Paul Saints re-created all their popular on-field promotions virtually from the homes of the team's staff as part of their "[Nopening Day](#)" promotion.

## In-Venue Promotions

Promotions taking place at areas within a facility not directly associated with the playing field.

### In-Venue promotion examples:

- MasterCard might have a booth set up somewhere on the concourse of an NBA arena offering a free t-shirt bearing the name of the home team for those willing to sign up for a credit card.
- The Bridgeport Bluefish minor league baseball team partnered with Citibank on a special ticket promotion where all purchases made at a predetermined game at the ballpark using a Citi credit or debit card received a \$2.00 ticket discount. Fans were also eligible to receive the same discount on advance tickets purchased that day for any remaining home games this season by using their Citi card.<sup>28</sup>

### Other onsite promotions could include:

- Contest giveaways
- Lucky game program or lucky seat
- Giveaways at the door
  - According to [Custom Ink](#), there were 801 giveaway promotions at MLB ballparks scheduled for the 2018 season
  - Like any other promotions, giveaways range from the traditional (such as bobblehead nights) to the bizarre (the San Antonio Missions once gave away a dozen used cars to randomly selected fans including a 1991 Jaguar and a 1990 Cadillac during a "Used Car Night" promotion).<sup>29</sup>
  - From team jerseys and replica championship rings to garden gnomes and bobbleheads, finding the next "hot" giveaway item can have a significant impact on game day attendance.
    - 2012 marked the revival of the bobblehead craze as Major League Baseball teams offered bobblehead giveaways more than any other promotional giveaways for the first time since 2005.<sup>30</sup>
    - The trend continued in 2018 with Major League Baseball teams hosting 140 different bobblehead nights throughout the season (which is close to double the number of bobblehead promotions the MLB offered in 2010), according to Custom Ink's 2018 MLB [promotions study](#).
    - Bobblehead promotions have run the gamut of traditional giveaways featuring the likeness of popular players to more unconventional variations like the Lake Elsinore Storm's promotion of an Arnold Schwarzenegger bobble-biceps and Washington Nationals Jayson Werth bobble beard.
      - Click [here](#) for an ESPN story, "How the Sharks Reinvented the Hockey Bobblehead" with their creative twist on the popular stadium giveaway promotion in 2018.
    - A garden gnome giveaway that resembled the New York Mets' star pitcher, Noah Syndergaard, helped the team attract the largest crowd in Citi Field history.
    - The Chicago Cubs [found that](#) 71 percent more fans entered the stadium in the hour before first pitch on bobblehead days, helping boost sales of food, beverage and merchandise.

<sup>28</sup> Veritix Sports Marketing Newsletter - July 29, 2010. Volume 9, Issue 27.

<sup>29</sup> <http://bleacherreport.com/articles/41967-minor-league-baseball-crazy-promotions-continue-to-bring-in-fans>

<sup>30</sup> <http://www.sportsbusinessdaily.com/Journal/Issues/2012/11/12/Research-and-Ratings/Bobbleheads.aspx>





- According to a story that appeared in the [Sports Business Journal](#), Major League Soccer's NYCFC club invested a "mid-six figures" for promotional giveaways for the 2020 season, representing a significant emphasis in creating ways to attract more fans to the stadium.
  - Prior to the pandemic, the team planned a series of giveaways that would give fans the opportunity to collect five posters as part of the first-ever NYCFC Poster Series. Each poster in the collection reimagined an iconic NYC movie, blending together matches, moments and players from the Club's past, present and future.

## EVENT PROMOTION

Event promotions focus on a single event, as opposed to multiple events. Events could include things like fireworks displays, movie nights, entertainment acts and special appearances.

Event promotions have the potential for an enormous impact on attendance.

- In an effort to boost attendance at a men's basketball game, the New Mexico State Athletics Department staged a "[pajama party](#)" which later erupted into a pillow fight. The event generated a lot of excitement among students, ultimately resulting in over 1800 students attending, a 125% increase over the per game average.<sup>31</sup>
- According to a presentation on the Lake County Captains' website, the team's "Fireworks night" game promotions attract the largest crowds of the season, typically resulting in a sellout<sup>55</sup>
  - Many teams offer extravagant event promotions in celebration of 4<sup>th</sup> of July weekend, one of the reasons minor league baseball has enjoyed so much success from an attendance perspective over the last few years
    - 2017 marked the second time in three years that MiLB teams drew more than one million fans over the two-day span surrounding July 4<sup>th</sup>. In 2017, 10% of MiLB teams set franchise records for single-game attendance during the holiday.
      - Click [here](#) to read more from ballparkdigest.com.
    - In the last season before the pandemic hit, MiLB teams drew just shy of 1 million fans, with 994,983 baseball fans going to the park, not a bad draw considering the 4<sup>th</sup> of July fell on a Wednesday
      - Additionally, MiLB teams attracted nearly 2.4 million fans for the week, marking the third-highest attendance total for a single week in the last 11 seasons
    - MiLB's Fort Wayne TinCaps broke the franchise attendance [record](#) at their 4<sup>th</sup> of July game in 2019, surpassing the mark set on July 4<sup>th</sup> five years earlier
- MiLB's Akron RubberDucks typically stack their promotional schedule to help attract more fans to their games, including fireworks event dates, pop culture themed bobblehead giveaways (like Shooter McGavin from the film 'Happy Gilmore' or Willie Mays Hayes "bobble-legs" from the film 'Major League'), theme nights for kids (superhero nights and princess nights), a 5K event at the ballpark and national entertainment acts like the popular ZOOperstars and Myron Noodleman.
- Two years ago, the Bowie Baysox drew 2,000 fans to the ballpark for their popular Star Wars night promotion even though the game was canceled due to rain.<sup>32</sup>
- According to [Custom Ink](#), there were over 1,800 special event promos across Major League Baseball in 2018, with the San Diego Padres leading the league with 166 different special event promotions.
  - Click [here](#) for a graphic illustrating which MLB teams offered the most special event promos during the 2018 season.

<sup>31</sup> [http://www.sports-forum.com/newsletter/previous/index.html?article\\_id=418](http://www.sports-forum.com/newsletter/previous/index.html?article_id=418)

<sup>32</sup> <https://www.washingtonpost.com/express/wp/2016/05/26/for-the-bowie-baysox-minor-league-baseball-goes-best-with-majorly-weird-promotions/>

- Following a May home game in 2019, the Baltimore Orioles hosted a “League of Their Own” movie night at the ballpark, including a [giveaway](#) that featured “There’s no crying in baseball” t-shirts to the first 20,000 fans.
- According to [wtop.com](#), the West Michigan Whitecaps typically draw between 5,500 and 5,800 fans per game over the last four seasons. That figure increases by about 60% when the team hosts their annual “Star Wars Night” promotion, when they average more than 9,000 fans per game.

## OFF SITE PROMOTION

Offsite promotions refer to any promotional activities that occur away from an organization’s facility, venue, or offices. Clinics, camps, school functions (assemblies etc.) could all represent examples of an offsite promotion. Research indicates offsite promotions enhance fan identification (the emotional attachment an individual fan has toward a particular team or athlete). Exhibition games are another popular form of off site promotion as they can provide valuable exposure to the product to an audience who has not been exposed in the past.

### Exhibition games:

- An exhibition game between global soccer powers Manchester United and Real Madrid in 2014 at the University of Michigan’s football stadium sold out in less than a day and set a U.S. soccer attendance record with 109,318 fans, providing exposure for the growing sport of soccer and two global European soccer franchises looking to expand a fan base in new markets.<sup>33</sup>
- In 2017, the city of Miami played host to “El Clasico”, an exhibition match between two of the most popular soccer clubs in the World (Real Madrid vs. FC Barcelona).
  - The event not only attracted a sell-out crowd at Hard Rock Stadium (with upper level seats selling for over \$500 on the secondary market), but also drew thousands of fans in the days leading up to the game just to watch the team’s practice.
- In 2018, a sold-out [NBA exhibition](#) game in Africa was broadcast live in the U.S. and in Africa in an effort to build excitement for the league throughout the country (and promoted through a number of social channels like [nba.com/africa](#); [Facebook.com/Africa](#) and Twitter [@NBA\\_Africa](#) using the hashtag [#NBAAfricaGame](#)).
- Recognizing an opportunity to gain out-of-market fans on the heels of one of the most improbable seasons in sports history, the Las Vegas Golden Knights [hosted](#) a hockey camp for children in Boise, Idaho.
- Off-site promotions help build relationships between properties and sponsors by helping to drive traffic to a sponsor’s place of business.
- When the Minnesota Vikings and sponsor Buffalo Wild Wings teamed for a “[Back to Football Week at Buffalo Wings Wings](#)” promotion, they scheduled a number of player and “street team” appearances at BW/W locations throughout the Minneapolis/St. Paul metro area.

## FULL SEASON PROMOTION

Unlike event promotions, full season promotions take place at every game, match or event throughout an entire season. Full season promotions are effective because of the increase in the number of impressions and an elevated level of fan/consumer awareness. Higher frequency equates to increased exposure, resulting in an increased likelihood of the message having an impact with fans.

- Washington Wizards home games used to feature a “Fowl Shot” promotion where, if a player on the opposing team misses two free throws in a row, the crowd would win a free sandwich compliments of Chick-fil-A (team sponsor).<sup>34</sup>

<sup>33</sup> [http://www.mlive.com/sports/ann-arbor/index.ssf/2014/08/manchester\\_united\\_and\\_real\\_mad\\_1.html](http://www.mlive.com/sports/ann-arbor/index.ssf/2014/08/manchester_united_and_real_mad_1.html)

<sup>34</sup> Rovell, Darren (@darrenrovell). “New favorite promotion: The Chick-fil-A Fowl Shot Promotion at Wizards game. If opponent misses 2 FT’s in a row crowd gets free sandwiches.” 4 Dec 2012, 6:25 p.m. Tweet.

One popular sports promotion features a restaurant partnership with a team or league that offers a free food item if its partner team reaches a certain milestone at any point during the season.

- For example, as part of its “Bloomin’ Monday” promotion, NASCAR fans could visit any Outback Steakhouse for a free bloomin’ onion appetizer whenever Kevin Harvick finished in the top 10 in a race..
- Taco Bell promised fans a free Doritos Locos tacos as part of their “Steal a Game, Steal a Taco” and “Steal a Base, Steal a Taco” promotions that coincided with the NBA Finals and MLB World Series.
  - According to [QSR Magazine](#), the World Series promotion helped provide a 12% increase to its restaurants.
- Last college basketball season, the upstart burger chain “Burgers Grilled Right” [launched](#) a “Bricks for Burgers” full season promotion with a unique spin. Rather than celebrating a highlight or milestone for the home team, they wanted to create a disadvantage for the opponent. Thus, “Bricks for Burgers” was born, where every fan in attendance would win a free burger if a player on the visiting team missed two free throws in a row at any point in the last eight minutes of the game.

## MEDIA PROMOTION

Media promotion refers to any promotional activities that involve a media sponsor or tie-in. The presence of media promotion allows an organization to maximize attendance and event support throughout the community, ultimately helping the organization meet its goals and objectives.

- Portland, Oregon’s annual Blues Festival is sponsored by the local newspaper (Oregonian), local radio stations (Kink FM and KBOO), local television station (KOIN 6) and a local online news provider (OregonLive.com).
- Every year, Blues Festival attendees donate thousands of pounds of food (translating to more than 2 million meals) while typically raising \$1 million or more to benefit the homeless.<sup>35</sup>

<sup>35</sup> <http://www.waterfrontbluesfest.com/News/2013-Waterfront-Blues-Festival-a-sensational-success>



## UNIT 7 KEY TERMS DEFINED:

**Business-to-business (also known as B2B) marketing:** Involves activities one business makes in effort to sell their products and services to another business, rather than to the individual consumer.

**Customer Service:** The action taken by the seller to make the relationship between the organization and its customers satisfactory.

**Feature-Benefit Selling:** Involves matching specific product attributes to a customer's needs and wants.

**Objections:** A prospective customer's concerns or hesitations in making a purchase decision

**Personal Selling:** Any person-to-person communication in which the seller has an opportunity to influence the consumer's buying decisions.

**Promotion:** Any form of communication used to inform, persuade, or remind people about company products or services.

**Promotion Mix:** Any combination of advertising, sales promotion, publicity, direct marketing, and personal selling.

**Proposal:** A written recommendation of products or services his or her organization may offer to meet those customer needs uncovered in the needs analysis.

**Sales:** The process of determining customer needs and wants through planned, personalized communication intended to influence purchase decisions and ensure satisfaction.

**Upselling:** The process of selling additional products to a customer at the time of the order.

# Unit 8

## Sports & Entertainment Communications

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### OVERVIEW

Unit eight explores the concept of sports and entertainment sponsorship and celebrity endorsement. Throughout unit eight, students will begin to understand the significance of sponsorship and its impact on the financial viability of sports, entertainment and event properties. Students will also gain an understanding of why companies make the decision to engage in sponsorship as a promotional opportunity for their business, as well as the decisions required to ensure their sponsorship program is a sound investment. In addition, unit eight provides a glimpse of several concepts important to the sponsorship field, including cause marketing, ambush marketing and a brief background on endorsements.

### KEY TERMS

*Ambush Marketing*

*Cause Related Marketing*

*Endorsement*

*Gross Impression*

*Sponsorship*

### OBJECTIVES

1. Define and offer examples of sponsorship
2. List three ways a company might implement sponsorship programs
3. Identify three factors that have impacted the growth of sponsorship
4. Define and offer an example of cause marketing
5. Understand why a company would engage in sponsorship
6. Explain what criteria must be met for a sponsorship to be effective
7. Illustrate the concept of ambush marketing
8. Describe sponsorship inventory
9. Define endorsement

### LESSONS

- |                                   |                                                                  |
|-----------------------------------|------------------------------------------------------------------|
| <a href="#"><u>LESSON 8.1</u></a> | <a href="#"><u>Sponsorship</u></a>                               |
| <a href="#"><u>LESSON 8.2</u></a> | <a href="#"><u>Sponsorship Growth</u></a>                        |
| <a href="#"><u>LESSON 8.3</u></a> | <a href="#"><u>Sales Strategies, Skills &amp; Techniques</u></a> |
| <a href="#"><u>LESSON 8.4</u></a> | <a href="#"><u>Ambush Marketing</u></a>                          |
| <a href="#"><u>LESSON 8.5</u></a> | <a href="#"><u>Pricing Sponsorships</u></a>                      |
| <a href="#"><u>LESSON 8.6</u></a> | <a href="#"><u>Endorsements</u></a>                              |

# Sponsorship

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## WHAT IS SPONSORSHIP?

**Sponsorship** is a form of marketing in which companies align their name, brand, or logo with sports/entertainment properties or events for the purpose of achieving future profits.

Sponsorship is not the same as advertising. Advertising is more direct and aims to stimulate a purchase in the short term while sponsorship aims to generate a bond between company and customer. It is an agreement that provides a partnership between two parties. This partnership gives the sponsoring company an opportunity to align its brand with the sponsored organization. For example, when a brand like Pepsi pays the Cleveland Guardians a certain amount of money for the opportunity to have its logo present and product available at Progressive Field, the two parties have entered into a sponsorship agreement.

### Sponsorship examples:

- Kaiser Permanente investing in naming rights to rebrand the 11-acre plaza surrounding the Golden State Warriors' new Chase Center arena as "Thrive City" — after Kaiser's "Thrive" health and wellness slogan
- Major corporations sponsoring NCAA college football bowl games
- Mountain Dew sponsoring the Action Sports Tour
- Visa spending millions to sponsor the 2021 Summer Olympic Games in Tokyo

## Sponsorship Packages

### Brands can align with the sponsored party in a variety of ways, including:

- Right to use team or event marks, logos, names, or trademarks
- Potential for exclusive association
- Opportunity for title or presenting sponsorships
- Right to use various designations or phrases
- Right to conduct promotional activities

### Packages can also include:

- Additional forms of company exposure and media time (billboards, commercials)
- Product and merchandise (game tickets, licensed merchandise)

## Right To Use Team Or Event Marks, Logos, Names Or Trademarks



As an official partner of the Portland Timbers Major League Soccer franchise, Alaska Airlines rebranded an airplane using the Timbers name, logo and team colors.

### Potential For Exclusive Association

**Exclusivity** provides a sponsor the unique opportunity to be the only company sponsoring in a particular product category. If Bank of America holds exclusivity rights as part of its package to sponsor a golf event, no other bank will have an opportunity to participate in the event as a sponsor.

#### Example:

- In 2021, Mastercard invested in an exclusive esports sponsorship with Riot Games to become the exclusive financial services partner for the League of Legends Championship Series. As part of the [sponsorship](#), Mastercard introduced “Together Start Something Priceless,” a League of Legends community driven content series that will showcase unique stories of League of Legends players around the world.

### Opportunity For Title Or Presenting Sponsorships

The 2022 Major League Baseball All Star Game will be Presented by Mastercard. Click [here](#) to read the news release on mlb.com.



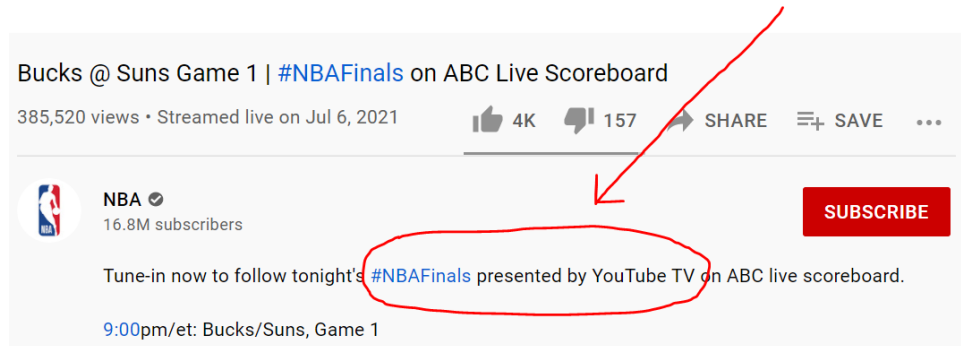
Major League Baseball has announced that the 2020 All-Star Game presented by Mastercard, which was scheduled to be hosted by the Los Angeles Dodgers and the City of Los Angeles, is being cancelled. With the Atlanta Braves already named as host of the 2021 All-Star Game in Atlanta, the Dodgers will host the next available Midsummer Classic in 2022. Based on the health circumstances created by the COVID-19 pandemic that are beyond MLB's control along with governmental directives prohibiting large gatherings, the league determined it is unable to conduct the All-Star Game and its week of surrounding fan activities this year.

## Right To Use Various Designations Or Phrases

Pepsi and their long-time sponsorship of the National Football League provides the company with the rights to market the brand as the “Official Soft Drink of the National Football League.”

Other popular designations or phrases that connect a brand to a property or event include:

- “Official broadcaster of...”
- “Official product of...”
- “Official sponsor of...”
- “Brought to you by...”
- “Presented by...”



## Right To Conduct Promotional Activities

For example, Bank of America launched a promotion that featured a Major League Baseball trivia competition in conjunction with the brand’s sponsorship of the league.



### INSTRUCTOR NOTES

Consider visiting (or encouraging your students to visit) [http://www.nascar.com/en\\_us/sponsors.html](http://www.nascar.com/en_us/sponsors.html) for a link to a comprehensive listing of NASCAR sponsors. The list provides a great example of partnership possibilities available to corporations via sponsorships.



## ACTIVITY IDEAS

Encourage students to go online and find ten different examples of sponsors using the designated phrases listed above. If possible, try to find a different property (NFL, Oscars, Grammys, World Cup etc.) or different designation (“official sponsor of x” or “presented by”) for each partnership example. For some examples, click [here](#) to visit our “official sponsors” board on Pinterest.

## What Makes Sponsorship Effective?

Sponsorship can be an effective marketing tool because it allows companies to reach consumers by appealing to their lifestyle. Also, the sponsor’s message is often communicated more effectively when consumers are participating in something they enjoy, such as attending a sporting event or a movie. This is also where brand loyalty comes into play. Because sports and entertainment properties often enjoy high levels of brand loyalty, an affiliation as a sponsor can help to drive sales.

Sponsorships can help companies to reach segments they normally would not.

### Take for example Audi’s approach to sponsorship:

- Audi signed sponsorship agreements with equestrian events, ski races and sailing because research showed that participants and followers of those sports fit the profile of typical Audi buyers.<sup>1</sup>
- When Lothar Korn, Head of Marketing Communications for Audi was asked how an affiliation with sailing adds to Audi’s image, he responded by saying: “Sailing has a lot in parallel with the image of Audi. It can strengthen some aspects of our brand: if you look at the dynamism, at the elegance and the design of the boats, if you look at the technology... Audi is ‘Vorsprung durch Technik’ -‘Lead through Technology’-, and technology is also very important for the MedCup too, it is a high-tech sports environment. Lightweight plays an important role for the boats, they make good use of carbon, and so light weight is also one of Audi’s main strengths, so there are a lot of parallel elements.”<sup>2</sup>

Traditional marketing efforts have proven to be less effective while more creative approaches, such as sponsorship, offer a more creative and successful means for connecting with consumers.

### Five common ways businesses implement sponsorship programs:<sup>3</sup>

1. Retail promotions
2. Brand awareness (impressions)
3. Venue/event on-site promotion
4. Relationship management
5. Introduce new products

## Retail promotions

The goal of a retail promotion is to drive traffic to a sponsor’s place of business or boost in-store sales at other retail locations like supermarkets. This includes point of sale promotions.

- Walmart created a “Race Time” platform at stores that provides NASCAR fans the ability to purchase NASCAR tickets, merchandise, snacks and beverages to take to the race, making Walmart a one stop destination to purchase everything they need to enjoy NASCAR events.<sup>4</sup>

<sup>1</sup> *Sport Marketing*, Mullin, Hardy, Sutton, 2nd ed., p. 261

<sup>2</sup> <http://www.yachtsponsorship.com/2009/08/lothar-korn-talks-about-why-audi-sponsor-sailing/>

<sup>3</sup> *It's Not Just a Game Anymore*, Schaaf, p. 110

<sup>4</sup> <http://www.forbes.com/sites/aliciajessop/2013/03/11/nascar-sees-growth-in-fan-involvement-from-partnership-with-walmart/>

- Each year, snack and beverage brands roll out creative point of purchase displays at supermarkets and grocery stores in the lead up to the Super Bowl and March Madness.

## Brand Awareness

**Brand awareness** refers to the number of people the sponsorship will reach, essentially measuring the promotion's level of visibility. Typically, a sponsorship will focus on maximizing impressions, which describes the total number of consumers exposed to the promotional activity.<sup>5</sup>

- Hankook Tire America Corporation immerses itself in a number of sports marketing programs. The company's rationale is provided on its Website: "Hankook enjoyed more than four billion impressions through its Sports Marketing Programs in baseball, hockey, basketball and football. This level of impressions has brought the Hankook name to millions of households, both reinforcing the Hankook brand while introducing the Hankook name to countless households nationwide."<sup>6</sup>
- According to [Apex Marketing Group](#), Jeff Ruby Steak House gained over \$1.1 million in brand value at the 2019 Kentucky Derby, in large part because of the large number of impressions, by sponsoring jockey Mike Smith (who was Justify's jockey in 2018 when they won the Triple Crown).
- When Muscle Milk signed a deal with one of the top picks in the NFL Draft, Miami's Tua Tagovailoa, the company suggested the marketing campaign around the star quarterback would generate over 1.8 billion impressions, according to a story from [Marketing Daily](#).

However, while impressions are still important, they are no longer an exclusive motivation for a sponsor to engage in a relationship with a sports or entertainment property with activation playing a more significant role in a successful sponsorship strategy.

- In an interview published in the Sports Business Journal, Michael Kelly, Executive VP of marketing for Phillips-Van Heusen said: "The days of slapping your logo on a sport and counting the impressions are over... Our partnership with the Izod IndyCar Series is a good example of how to simultaneously activate our brand at Macy's and re-energize a sport — we are so intertwined that what benefits one will ultimately be good for all three."<sup>7</sup>

## Venue/event on-site promotion

Engaging in promotional activities at venues (stadiums, ballparks, arenas) will allow a company to connect with the audience of the event. This is important because it helps fans to recognize which companies are supporting the event and engage with the brand in a way that traditional advertising would not provide.

Companies are essentially buying fan enthusiasm, access to spectators (crowds), and media benefits associated with the event. This also provides opportunities for a company to network with other sponsors.

- The Portland Trail Blazers teamed up with sponsor Green Sports Alliance to host an Eco Summit event where over 20 of the team's sponsors were invited (as well as all company employees) to participate.<sup>8</sup>
  - Educational and interactive booths along with panel discussions generated networking opportunities for all in attendance.

<sup>5</sup> *It's Not Just a Game Anymore*, Schaaf, p. 110-114

<sup>6</sup> [http://www.hankooktireusa.com/press\\_view.asp?ID=24](http://www.hankooktireusa.com/press_view.asp?ID=24)

<sup>7</sup> <http://www.sportsbusinessjournal.com/article/66355>

<sup>8</sup> [http://mlb.mlb.com/news/print.jsp?ymd=20120618&content\\_id=33496830&vkey=allstar2012](http://mlb.mlb.com/news/print.jsp?ymd=20120618&content_id=33496830&vkey=allstar2012)



## Relationship Management

Sponsors often leverage their affiliation with sports and entertainment as a way to build and maintain positive relationships with those individuals who are important to the business.

### **Sponsorship can assist in relationship management by helping to:**

1. Maintain an existing customer base
  - A Houston area business might choose to reward existing customers by inviting them to enjoy a Rockets game in the company's luxury suite or premium seats.
2. Attract new customers
  - A business with a national client base might encourage its sales staff to entertain prospective customers in the company's hospitality area at the Indianapolis 500.
3. Enhance employee relations and motivate/reward staff
  - A Washington D.C. area business might reward its employees with a group outing to see the Nationals play.
  - According to a Sponsorship Decision-Makers study by IEG, Inc. and Performance Research, 64% consider measuring "employee/internal response" as a valuable metric when evaluating the effectiveness of a sponsorship.<sup>9</sup>

## Introduce new products

Sports sponsorships are a great marketing tool for companies to introduce new products because, generally, sports promotions can provide a quantifiable demographic.

### **Examples:**

- Ford may sponsor a test drive promotion at a NASCAR event, offering an opportunity for fans to drive a new car model. The promotion enables Ford to capture the information of an identifiable number of the program's participants.
- Chobani Greek Yogurt sponsored Team USA and used the Rio Olympic Games to launch three limited edition Rio-inspired flavors: Limited Batch Guava, Limited Batch Watermelon and Chobani "Flip" Greek Yogurt Limited Batch Mango Passion Power.<sup>10</sup>
- As part of their sponsorship of the Boston Marathon, Almond Breeze offered race participants and spectators samples of the brand's new yogurt product, before the product even hit the market.<sup>11</sup>

<sup>9</sup> <http://www.emarketer.com/Article/Sponsorship-May-Hard-Define-Marketers-Still-Invest/1010046>

<sup>10</sup> <http://www.dairyreporter.com/Retail-Shopper-Insights/Chobani-sponsors-Olympic-Team-USA-with-launch-of-new-yogurt-line>

<sup>11</sup> <https://apnews.com/Business%20Wire/1cc62f52aa484ff5b74cc4a818ed6713>



# Sponsorship Growth

Sponsorship spending in North America shows consistent growth over the past 20 years. According to IEG's annual [report](#), sponsorship spending is expected to continue to outpace traditional marketing/promotion and advertising spending.

## Growth of sponsorship in North America (includes sports, entertainment and events):<sup>12</sup>

- 1980 - \$ 300 million
- 1987 - \$ 1.75 billion
- 1996 - \$ 5.4 billion
- 2001 - \$ 9.3 billion
- 2007 - \$ 14.91 billion
- 2015 - \$21.4 billion
- 2018 - \$24.2 billion
  - Sports - \$17.05 billion
  - Entertainment tours and attractions - \$2.4 billion
  - Causes - \$2.14 billion
  - Arts - \$1.03 million
  - Festivals, fairs and annual events - \$936 million
  - Associations and membership organizations - \$635 million

## Global sponsorship growth

Pre-pandemic, one [study](#) predicted the spend on sports sponsorship to increase five percent in 2020, reaching more than \$48 billion globally, the strongest growth in a decade. According to the 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.

However, with the sports and entertainment industry coming to a screeching halt in 2020 due to the COVID-19 pandemic, the outlook for sponsorship growth significantly slowed. Last year, IEG [estimated](#) 38% of the annual U.S. sponsorship value (\$10 Billion) will need to be made up following the health crisis. As of July, there were already 120,000 active sponsorship agreements in limbo and more than 5,000 brands were faced with decisions on how to recoup lost value.

Yet, despite the brief downturn and industry impact, sponsorship growth appears to be poised to rebound quickly. In 2018, the global sports sponsorship market was valued at \$46 billion, and it is [expected](#) to reach \$49 billion by 2023. A [report](#) from sports data agency, Two Circles, suggests global spending on sports sponsorships will increase by 6% on average every year through 2024.

## How much do businesses spend on sponsorship?

Sponsorship is a primary source of promotion for many major corporations. As a result, some companies spend millions each year sponsoring global sports, events and entertainment.

<sup>12</sup><http://www.sponsorship.com/Report/2018/01/08/Signs-Point-To-Healthy-Sponsorship-Spending-In-201.aspx>

According to the latest report from IEG, companies with the highest levels of investment in U.S. sports sponsorship programs include:<sup>18</sup>

1. PepsiCo: \$370-375 million
2. Anheuser-Busch: \$360-365 million
3. Coca-Cola: \$275-280 million
4. Nike: \$260-265 million
5. AT&T: \$200-205 million

## What factors influence sponsorship growth?

- Unique promotional platform
- Technology and increased media interest
- Commercialization of sports and entertainment
- Introduction of new media outlets
- Growing frustration with traditional media
- Increased levels of consumer acceptance
- Global nature of sports and entertainment

Sponsorship offers a unique promotional platform (“outside the box” mentality), providing some separation from traditional media. Technology and increased media interest in sports and entertainment programming also help to fuel sponsorship growth while the industry has also been bolstered by the increased commercialization of sports and entertainment.

Introduction of new media outlets (vs. traditional media like television and radio) also influence sponsorship growth, allowing for activation through a variety of channels including:

- Pay per view
- Satellite television and radio
- On Demand programming
- Streaming audio and video
- Social media

### Growing frustration with traditional media:

Companies began feeling that it was too challenging to distinguish themselves from the large number of additional companies advertising. The average individual sees 5,000 sales messages daily, making it hard for companies to get consumers to remember their products.<sup>13</sup>

### Increased levels of consumer acceptance:

Studies have indicated that public perception of sponsorship is far more positive than traditional forms of advertising.

## CAUSE MARKETING

**Cause marketing** refers to marketing efforts that tie an organization with a charitable cause. It is a strategy that has proven to be extremely effective, and sponsorship provides a valuable platform for cause marketing programs.<sup>22</sup> Cause marketing has become one of the most popular trends in sports and entertainment marketing. In 1990, cause marketing sponsorship spending in the U.S. totaled only \$120 million, according to the IEG Sponsorship Report. By 2019, spending on cause marketing reached \$2.23 billion (up nearly 5% from 2018).

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<sup>13</sup> *Sport Marketing*, Mullin, Hardy, Sutton, 2nd ed., p. 257

## Cause Marketing vs. Philanthropy

**Cause marketing** is not pure **philanthropy** or an event sponsorship without expectation of a return on investment (ROI). Cause marketing typically features a mutually beneficial relationship between a for-profit business (sponsor) and a non-profit organization.

Conversely, philanthropy usually involves a corporate donation to a non-profit charitable organization (usually tax deductible) where the relationship exists purely through the transfer of funds.

### How can you tell if marketing is cause related marketing?

- There is a marketing objective associated with the campaign
- The marketing activity surrounding the campaign is being measured and/or ROI is being tracked
- The campaign is actively promoted

### Cause marketing examples:

- After watching footage of children playing soccer with a ball of trash in Darfur, Tim Jahnigen launched the “[One World Futbol](#)” program which distributes specially made soccer balls that will never go flat. The program received a giant boost when Chevrolet, as part of their sponsorship of Manchester United, agreed to sponsor the distribution of 1.5 million of the balls.<sup>14</sup>
- Associated Bank teamed up with the Milwaukee Brewers Community Foundation to launch a program called “Hits for Homes” in which the bank donates \$250 for every recorded hit by Brewers players during home games (up to a total of \$100,000) with the goal of encouraging fans to open checking accounts and apply for debit cards through the bank at Miller Park.
- Shawn Mendes partnered with SmileDirectClub just prior to the 2019 Grammy Awards in a campaign with the goal of helping people to build, saying in a statement that he wanted to collaborate with a company “that aims to build confidence and spread positivity in an authentic way”.
  - A portion of the campaign proceeds were [donated](#) to organizations dedicated to the improvement of children’s physical and mental health.
- According to [Sports Business Journal](#), former NASCAR driver Justin Marks is starting a new Cup Series team called Trackhouse that is planning to start as soon as 2021 and will have a unique cause-marketing focus around promoting STEM education.
- Subway [launched](#) a program in partnership with the NFL and Deion Sanders supporting the NFL’s “Play 60” initiative, pledging to donate up to \$1 million to NFL Play 60 programs
  - As the Official Sandwich Sponsor of the NFL, Subway challenged players to celebrate big game moments by pledging to donate \$50,000 every time the “Footlong Shuffle” was performed in the game by an NFL player

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<sup>14</sup> <http://www.cnbc.com/id/47649933>



### INSTRUCTOR NOTES

**Cause marketing** can be one of the most effective marketing strategies in the sports, events and entertainment industry and is expected to have a significant impact on the way companies approach sponsorship in the future. To further engage your students as it relates to the topic of cause marketing, consider distributing the Internet activity marked “Unit 8 - Internet Activity-Cause Marketing” and/or the project marked “Cause Marketing Project”.

Sports Business Program members could consider taking things one step further by developing (or contributing to) an actual cause related campaign in your community by teaming up with a local business.

## Sponsorship as a unique marketing tool

What differentiates sponsorship from traditional media? There are a variety of factors that distinguish sponsorship as a unique medium for helping brands to connect with consumers.

- Allows a company to tap emotional and intimate appeals of customers.
- Integrates the positive feelings of sports and entertainment events with company products, services and staff.
- Sponsorships help reach segmented targets that mass media typically proves ineffective.
  - Spotify offers companies an opportunity to sponsor their most popular playlists to align marketers with a specific target audience.
    - [Adweek](#) reported Kia was one of the first companies to sponsor a playlist (New Music Friday), which led to an ad click through rate for the Kia Sportage that was twice the original expectation.
- Showcases a company’s products and services in an environment representative of a consumer’s particular lifestyle.

# Sales Strategies, Skills & Techniques

## WHY SPONSOR?

**Why do companies make the decision to engage in sponsorship programs?**

Companies make the decision to sponsor based on the desire to achieve certain marketing goals and objectives. Traditionally, businesses will use sponsorship as a vehicle to:

- Increase brand loyalty
- Create awareness and visibility
- Change or reinforce image
- Drive retail traffic
- Drive sales
- Showcase community responsibility
- Display brand attributes
- Entertain clients and hospitality
- Recruit and retain employees
- Create merchandising opportunities
- Build company awareness
- Differentiate products
- Associate with particular lifestyles
- Business-to-Business marketing
- Distinguish from the competition
- Introduce a new product or service to a large audience
- Enter new markets

## WHAT TO SPONSOR?

As sponsorship continues to grow, companies continue to be inundated with sponsorship requests. It becomes imperative that a business filter through proposals and determine which partnership opportunities present the best opportunities to effectively promote their brands and achieve desired marketing goals and objectives.

**Examples:**

- Vans successfully reaches their target audience (young action sports fans) through a sponsorship with the U.S. Open of Surfing in California. Conversely, it would not make sense for Vans to partner with the PGA for a seniors golf tournament.<sup>15</sup>
- Columbia Sportswear makes products for outdoor enthusiasts. As such, promoting those products through endorsements with NBA athletes wouldn't make sense. Instead, Columbia [sponsors](#) anglers and golfers.

<sup>15</sup> <http://www.usopenofsurfing.com/>



## CASE STUDY COCA-COLA

Coca-Cola is one of the biggest and most valuable brands in the world. The company's iconic logo is instantly recognizable almost anywhere on the planet. One of the most effective marketing tools in the brand's marketing toolkit has been sponsorship. Its sponsorship of international events dating back to 1928 has helped the company to reach new audiences, drive sales, and establish its brand. Coca-Cola's [website](#) declares "Sport & Entertainment partnerships are part of the DNA of The Coca-Cola Company", including investments in entertainment dating back to 1900.

**1928:** Starting with the 1928 Olympic Games in Amsterdam, Coca-Cola has sponsored every event since, making the company the longest standing partner of the Olympic Games.<sup>16</sup>

**1958:** Coca-Cola made its debut as a FIFA World Cup sponsor at the 1958 event hosted by Sweden.<sup>16</sup>

**1976:** Coca-Cola sponsored FIFA's new "global sponsorship project", an initiative that helped develop grassroots soccer programs around the world while also providing FIFA with the necessary resources to make soccer the global game we know today.<sup>16</sup>

**1991:** Coca-Cola sponsored the inaugural FIFA Women's World Cup in 1991, and has supported the event ever since.<sup>16</sup>

**1996:** Coke's worldwide sponsorship expenditure on the Atlanta games in 1996 nearly reached \$650 million (the company's headquarters are in Atlanta).<sup>17</sup>

**1998:** Coke's sponsorship of the 1998 soccer World Cup in France approached \$250 million.<sup>18</sup>

**2004:** Coke's sponsorship of the Athens games in 2004 came in at \$145 million.

**2006:** Coca-Cola launches the FIFA World Cup Trophy Tour, visiting hundreds of countries to provide fans a chance to see the real FIFA trophy in person.<sup>16</sup>

**2008:** Coke's sponsorship of the Beijing games in 2008 was reportedly in the \$400 million range.

**2008:** Coca-Cola created a signature music program in several countries featuring live studio-recorded music performances by established and emerging artists. To this day it is the longest-running annual television music show in Pakistan.<sup>16</sup>

**2010:** IEG estimated that Coke spent roughly \$600 million on their sponsorship of the 2010 FIFA World Cup in South Africa.<sup>19</sup>

**2012:** While Coca-Cola did not disclose their overall investment in the London games in 2012, they did roll out Olympics-themed marketing campaigns in 110 different countries.

**2018:** Coca-Cola continued their investment with the Olympics with a sponsorship of the PyeongChang Games in 2018 (key sponsors reportedly pay in excess of \$100 million each for rights and spend more than double their rights fees on activation) and hold Olympic rights through the 2021 Summer Games in Tokyo.

The payoff? Thanks in part to the company's sizable and significant investment in global event sponsorship, Coke's corporate logo is recognized by 94% of consumers across the globe. That's more than the Olympic rings, which are recognized by 92%.

<sup>16</sup> <https://www.coca-colacompany.com/shared-future/sports-and-entertainment>

<sup>17</sup> <http://www.hotpolitics.com/olympic2.html>

<sup>18</sup> <http://www3.interscience.wiley.com/cgi-bin/fulltext/76508507/PDFSTART>

<sup>19</sup> [http://online.wsj.com/article/NA\\_WSJ\\_PUB:SB10001424052748704569204575328983721865268.html](http://online.wsj.com/article/NA_WSJ_PUB:SB10001424052748704569204575328983721865268.html)



## Naming Rights

**Naming rights** are a form of sponsorship that occurs when an entity pays for the rights to re-name a venue (stadium, arena etc.) in a way that provides a specific benefit (or benefits) to the company. Many companies invest in naming rights deals to maximize the amount of exposure gained through the sponsorship or to build brand awareness.

### Naming rights examples:

- 2018: The NBA's Milwaukee Bucks secured a naming rights partner prior to opening their new \$524 million arena.
  - The team announced a 25-year deal with Fiserv Co. (a financial tech firm) for the recently completed Wisconsin Entertainment and Sports Center in downtown Milwaukee, a month before it opens. The arena will be known as Fiserv Forum and will be home to the Bucks, Marquette University basketball, and host big name performers like Justin Timberlake, Pink, Elton John, Fleetwood Mac and the Foo Fighters in its inaugural year, according to an [ESPN](#) story. Financial terms were not disclosed.
- 2019: MLB's San Francisco Giants announced Oracle would take over the naming rights to their ballpark in 2020 (the team's deal with AT&T expired at the end of the 2018-19 season).
  - Sports Business Journal estimates the 20-year "Oracle Park" deal could be worth nearly \$300 million to the club at a price of roughly \$15 million per season.<sup>20</sup>
- 2020: According to Forbes, SoFi is investing a [reported](#) \$30 million per year over a period of 20 years for the naming rights to the Los Angeles Rams new stadium while Allegiant Airlines is spending an estimated \$25 million per year for naming rights to the Raiders new stadium in Las Vegas.
- 2021: Financial services company UBS partnered with the New York Islanders for naming rights to the team's new stadium, scheduled to open in time for the 2021-22, for a [reported](#) \$275 million over at least 20 years.
- 2021: After the naming rights deal to the home of the New Orleans Saints expired the previous year, a new partner was announced in time for the start of the 2021-22 NFL season when the stadium became the Caesars Superdome in a deal [reportedly](#) worth \$138 million over 20 years

Naming rights sponsorship opportunities are not limited just to the name of the facility or venue. Before beginning its pandemic-abbreviated 2021 season, the NHL offered a creative twist to naming rights by selling the rights to each of the league's divisions after a conference realignment. While [reportedly](#) intended for a one-year only sponsorship, the partnership helped the league generate revenue in a season in which the league was playing short-handed with limitations on fan attendance.

The divisions were renamed as: Scotia NHL North Division, Honda NHL West Division, Discover NHL Central Division and MassMutual NHL East Division.



### INSTRUCTOR NOTES

Just four NFL stadiums do not currently have a naming rights partner. What are they?

1. Soldier Field, Chicago Bears
2. Lambeau Field, Green Bay Packers
3. Arrowhead Stadium, Kansas City Chiefs
4. Paul Brown Stadium, Cincinnati Bengals

Use this information to revisit the concepts of commercialization in sports (Lesson 2.7) and the sales process (Lesson 7.2) and have students discuss whether any of these stadiums should even consider selling naming rights, and, if so, what types of companies might represent a good prospect as a potential partner. For more background on each stadium, click [here](#).

<sup>20</sup> <https://www.sportsbusinessdaily.com/Journal/Issues/2019/03/04/Marketing-and-Sponsorship/Marketing-and-Sponsorship.aspx?hl=renewal&sc=0>

Sponsorship requires a significant investment. Therefore, it is critical that a business invests the time to evaluate which sponsorship opportunities provide the best fit with the organization's mission and marketing goals and objectives. To be effective, sponsorship programs must meet the needs of the sponsoring party.

**The most common criteria companies consider when deciding what to sponsor include:** <sup>21</sup>

- Image compatibility
- Lifestyle associations
- Audience
- Media impact
- Social media presence
- Exclusivity
- Impact on sales

## Image compatibility

- Does the property offer the imagery the company wants to establish?<sup>22</sup>
  - WWE reported that a decision to create on air content suitable for a younger audience (the rating for “Raw” was changed from TV-14 to PG) generated a significant spike in interest from more new sponsors.<sup>23</sup>
  - In 2018, Yum! Brands was [reportedly](#) reconsidering whether to renew the naming rights deal for KFC Yum! Center, because of negative publicity surrounding the arena's main tenant, the University of Louisville men's basketball program.
  - In 2020, several brands [pressured](#) the NFL's Washington Football Team to drop the 'Redskins' nickname because they did not want any association with the negative publicity surrounding the franchise.
    - The first brand to demand the team change its name was FedEx (who is the team's naming rights partner), and others like Pepsi and Bank of America quickly followed suit, while brands like Nike, Walmart and Target all stopped selling the team's licensed merchandise.

## Lifestyle association

Does the sponsorship align with a lifestyle with which the company wants to be associated? In addition, are the co-sponsors companies with which the company would want to be associated?

- Brands like Quiksilver, Billabong, O'Neill, Volcom and Hurley sponsor [World Surf League](#) events each year because the surfing lifestyle is one for which they strive to be associated with.

## Audience

How large is the potential audience that the partnership can help the sponsor to reach? How many impressions will the sponsorship generate?

**Gross impression** refers to the frequency in which a company product or service is associated with the event or entertainer. <sup>39</sup> Each time a consumer sees a company logo or hears the name of a brand throughout the course of a sporting event, movie, television broadcast or other event, the brain records that image.

<sup>21</sup> *Sports...More Than Just the Score*, McCauley, p. 21-25

<sup>22</sup> <http://www.stonecreekllc.com/creative/sponsorship-plan-consultants.html>

<sup>23</sup> <http://www.sportsbusinessjournal.com/article/66027>

- Apex Marketing [reported](#) that World Cup sponsors (Hyundai, Qatar Airways, Visa, Adidas, Coca-Cola, WANDA) collectively received \$27 million in media exposure thanks to the LED signage placed on the field for the 2019 FIFA Women's World Cup Final.
- Research from Joyce Julius & Associates shows corporations with naming rights in MLB averaged \$12.3 million in exposure in just the first six weeks of the season in 2019 as a result of frequent impressions.
  - According to [Forbes](#), the average naming rights deal is costing those corporations \$5.2 million annually, positioning naming rights as an effective marketing strategy for generating brand awareness.
- According to data from [Zoomph](#), Ralph Lauren, the official outfitter of the Championships, generated 757,000 impressions at Wimbledon in 2021

The goal of a sponsorship is for consumers to remember that image the next time they make a purchase. Yet, while impressions are an important ingredient to a successful sponsorship, other criteria must also be met for the partnership to yield the results most sponsors are looking for.

## Social media presence

Similar to audience size, what type of social media presence will the partnership help the sponsor to tap into?

- For example, a San Francisco 49ers Instagram post following Super Bowl LIV in 2020 included an image of Hard Rock's logo (the game was played at Hard Rock Stadium in Miami), generating \$632,000 worth of social media exposure for the brand (according to [MVPIIndex](#)).
- As one of the most popular sports teams in the world (the team has over 150 million followers on social media), Barcelona FC is one of the most desirable franchises among sponsors.
  - In 2016, Nike extended their sponsorship agreement with the club through 2026 for a reported \$173 million per year, making it the most lucrative deal of its kind in the world.<sup>24</sup>
  - As of last year, Barcelona made more in a year through sponsorship deals than any other sports franchise in the world, according to a [Forbes](#) report (the La Liga champions are currently making \$247 million per season through sponsorship).

## Exclusivity

Sponsors must consider whether they are the only brand within a specific category (soft drink, bank, insurance provider etc.) sponsoring the event or property. Categories can be very specific. For example, the Stance brand [announced](#) a partnership with the NBA to become "official on-court sock provider" (note the right to use an "official" designation phrase), but it is not just the "official sock" provider.

### Exclusivity examples:

- To capitalize on the fierce in-state rivalry between the schools, the University of Oregon and Oregon State University offers sponsorship exclusivity in five specific categories for its games – automotive, casino/resort, financial, health care and grocery.
  - According to [Sports Business Journal](#), last year's sponsors – PacificSource Health Plans, Toyota, Safeway/Albertsons, Spirit Mountain Casino and First Interstate Bank – all enjoy a strong presence in the state of Oregon.

According to a study from [SponsorHub](#), category exclusivity is the number one benefit sponsors hope to receive from a sponsorship.

- Click [here](#) to see an infographic with more results from the poll offering insight as to what sponsors look for in a partnership.

<sup>24</sup> <https://www.theguardian.com/football/2016/may/21/barcelona-nike-lucrative-new-kit-deal>

Without exclusivity, it might not make sense for a company to sponsor if a competing brand is sponsoring the same property or event. Exclusivity is a sponsorship component that sports teams/properties take very seriously, so much so that Manchester United (sponsored by Pepsi) [refused to take the field](#) for a match because the scoreboard was flashing advertisements for Coca-Cola (a stadium sponsor). Eventually game officials were able to strike an agreement that both parties agreed so the game could be played.

## Sales impact

Does the sponsorship create the potential to increase consumer sales? While no sponsorship can guarantee an increase in sales, an effective sponsorship can most certainly help to provide a boost.

- According to a Tweet from Alicia Jessop (@RulingSports), Visa said travelers spent \$182 million on their cards in Brazil from June 12-26 during the World Cup, a 152% increase over the year
- Marketing Dive [reported](#) that sales of adidas-branded products jumped 12%, with soccer-themed merchandise being particularly popular, thanks in part to their sponsorship of the 2018 FIFA World Cup

## SPONSORSHIP ACTIVATION

Sponsorship activation refers to the action taken to escalate its impact and to increase the overall value of the sponsorship. The most effective campaigns combine the sponsorship and events that activate them with additional advertising, direct marketing, PR and merchandising to make sure consumers are aware of the affiliation and engaging with the brand.

Companies must engage in promotion of the event prior to the actual event date for the program to be successful. For example, AT&T, one of Team USA's largest sponsors for the past 30 years, activated their sponsorship nearly three months prior to the 2016 Olympic games in Rio. Fans could sign up to be included in the #ATTfanmate experience where they would connect with and receive special messages from various AT&T athletes as they prepared for the games. In another example, Visa began activating their 2019 Women's World Cup sponsorship a full six months before the tournament began by offering tournament tickets in a pre-sale (prior to going on sale to the general public) exclusively to Visa cardholders.

Successfully activating the sponsorship comes at a cost. Most companies will spend between \$1-3 per dollar spent on the total sponsorship fee to activate the partnership.<sup>25</sup>

## Activation Strategies

Companies can activate a sponsorship in a variety of ways. Popular activation strategies include:

- Pop-ups
- Exhibits and displays
- Social media
- Endorsement campaigns
- Advertising campaigns

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<sup>25</sup> <http://blog.powersponsorship.com/index.php/2010/04/budget-for-sponsorship-leverage/>

## Pop-ups

To activate its sponsorship of the 2016 Summer Games, Samsung built several pop-up areas across Brazil that allowed guests to play with the brand's latest tech and try out various Olympic sports through virtual reality experiences.

## Exhibits and Displays

According to the [LA Times](#), one of the best attractions at Comic Con in San Diego in 2018 wasn't an exhibit or autograph signing; it was a Taco Bell sponsorship activation. The brand created a futuristic Taco Bell pop-up that featured a neon-lit futuristic replica of the restaurant seen in the 1993 Sylvester Stallone sci-fi pic "Demolition Man," recreated in lavish detail for the film's 25th anniversary, complete with bright blue cocktails, robot waiters and Crunch Wraps from the "future."<sup>26</sup>

## Social Media

According to IEG (a sponsorship firm) and Performance Research, 88% of companies worldwide used social media as a channel for activating sponsorships.<sup>44</sup>

## Endorsement campaigns

In some cases, part of the activation strategy may include the use of a spokesperson (or spokespersons).

### Examples:

- Goldman Sachs golfer Patrick Cantlay is the first brand spokesperson for the company leading up to the 2020 Memorial Golf Tournament (Cantlay was the returning champion).
  - Click [here](#) to see the ad from Goldman Sachs YouTube channel.
- After Papa John's abruptly ended their sponsorship with the NFL last season, Pizza Hut quickly stepped in to replace the brand as the league's official pizza provider and activated the partnership at the NFL Draft by teaming up with Pittsburgh Steelers' wide receiver Juju Smith-Schuster as ambassador of Pizza Hut's "Doorbell Dance" campaign.
  - Click [here](#) to see the inaugural "Doorbell Dance" commercial.
  - Click [here](#) for more on how Pizza Hut has continued to activate their NFL sponsorship and the positive results they have seen as an official league partner.

## Advertising

As part of their Portland Timbers sponsorship activation strategy, Alaska Airlines created an outdoor advertising campaign and introduced the "Timbers Jet", a Boeing 737 featuring a paint theme featuring the team's name and logo in the franchise's trademark colors. In addition, Alaska Airlines celebrated the new airplane and their relationship with the team by granting early boarding to Portland International Airport passengers wearing an official Timbers jersey.

In a similar activation strategy, JetBlue (the official airline of the Boston Bruins) unveiled "Bear Force One" in 2020, an AirbusA320 aircraft, the first airplane to feature NHL branding.

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<sup>26</sup> <http://www.latimes.com/entertainment/herocomplex/la-et-hc-comic-con-activations-marketing-20180720-story.html>



## DISCUSSION TOPICS

When brands invest so much in partnerships with sports, entertainment and event properties, it is crucial that they develop an effective activation strategy. Major events like the NBA All-Star Weekend provide great opportunities for the league's partners to showcase their brands while creating valuable touchpoints to engage fans.

To help illustrate the concept of activation, we created a PPT featuring several notable sponsor activations from the 2019 NBA All-Star Weekend in Charlotte along with some suggestions for class discussion questions to help guide the conversation. The file is accessible from the Lesson 8.3 folder. For more examples, check out this recap of activations from the 2018 NBA All-Star Weekend in Los Angeles from bizbash.com by clicking [here](#).



## ACTIVITY IDEAS

Either as a class or individually, either attend or watch a sports or entertainment event. Pay close attention to which brands are sponsoring the event, then make a list of how each brand is activating the sponsorship. Alternatively, consider asking students to identify and discuss the sponsorship activation examples in the stories below (please note, both articles have references to alcohol-related sponsors).

# SPONSORSHIP SUCCESS

When companies spend a significant amount of money on sponsorship programs, it is important that they contribute as many resources as possible into making sure the sponsorship successfully provides a return on investment (ROI).

## What are the keys to a successful sponsorship?

- Aligning with the right property
- Investment in activation
- Company commitment
- Commitment for the right reasons
- Communication
- Consumer (fan) connection

Previously in this lesson, we explored what criteria companies consider when deciding what to sponsor. The first step to a successful sponsorship is making sure the business does the research and determines which properties offer the best fit as a company partner. Then, they must establish an effective activation strategy.

## Additional keys to a successful sponsorship include:

### Company commitment

- Sponsorships are typically ineffective without long-term commitment.
  - Successfully creating a link between the sponsor and the event takes time, several years in some cases.
- Companies sometimes make the mistake of pulling the sponsorship if they do not see an immediate return on the investment.
  - The sponsorship should be a company-wide effort.
  - Support is essential from the entire organization, including staff.

## Commitment for the right reasons

- Organizations cannot afford to make the mistake of committing sponsorship dollars to a property simply because the company president or CEO is a fan of a particular sport, entertainer or event.

## Communication

- Communication between the sponsor and sponsee (event provider, entertainer or property) is essential for success.
- A clear understanding must be in place of what is included and what is not included in any sponsorship agreement to eliminate false expectations.

## Consumer (fan) connection

- A connection should take place between the fans (consumers) and the sponsor, without the feeling of products or services being advertised, so the fans feel the sponsors are adding value to the event.

Successful sponsorships can effectively communicate the message that the event would not be possible without the sponsor's support.

- This is why we frequently hear statements like the one posted on the [website](#) for Toronto's Scream Literary Festival that reads: "The Literary Festival would not be possible without the kind and generous support of our private and public sponsors, and we thank them all immensely".
- Similarly, an advertisement appearing in an issue of the Sports Business Journal stated: "Vail Resorts thanks our partners for a tremendously successful ski season."
- Executives of the Kentucky Speedway dedicated a billboard to thank NASCAR's eight-year title sponsor, Sprint.
- Jon Cox, VP of Corporate Sales and Marketing for the Kentucky Speedway said, "It's just been a great partnership overall for us. It only makes sense to thank Sprint. We did it just because it's the right thing to do."<sup>27</sup>

# SPONSORSHIP RISKS

Sponsorship does not come without risk.

**Some of the challenges sports and entertainment marketing professionals might face when working with sponsorships could include:**

- Difficult in measuring your return on investment (ROI)
- Potential as an impulse purchase internally by an executive as a result of fandom influencing the decision.
- Ineffective results despite forecasting that might suggest otherwise.
- Clutter in the sponsorship space.
- Emergence of social media overshadowing sponsor awareness and fan connection.
  - According to Sarah Wood in an interview with [bloomberg.com](#), co-founder of Unruly, which tracks videos online and helps companies get their content watched and shared, producing an ad that goes viral can be worth more than a sponsorship.
    - Of the top 11 most-shared soccer ads online during the 2014 World Cup, only six were FIFA sponsors.
- Potential of being "ambushed" by non-sponsoring companies.

<sup>27</sup> <http://www.sportsbusinessdaily.com/Daily/Issues/2016/07/08/Marketing-and-Sponsorship/Kentucky-Speedway-Sprint.aspx>



# Ambush Marketing

## WHAT IS AMBUSH MARKETING?

**Ambush marketing** occurs when one brand pays to become an official sponsor of an event and other competing brands attempt to connect with the same event, without paying direct sponsorship fees. It is a strategy that results in the perception that companies are affiliated with an event when they actually are not.

In some cases, an ambush strategy allows for a brand to penetrate events in which a competitor may have exclusivity rights, which can devalue the property or event while offering non-paying brands what equates to essentially a certain amount of free advertising. While the practice is legal, some question whether the strategy is ethical.

### Ambush marketing is:

- Sometimes referred to as “guerilla” marketing
- A strategy that has historically proven to be very successful for brands
- A technique that presents many challenges for those hosting the event

## When does ambush marketing occur?

Ambush marketing typically occurs during major sporting events, like the Olympic Games, FIFA World Cup, Tour de France, March Madness, or the Super Bowl. A brand may try to align with an event, without paying sponsorship fees for the rights to be designated as an official partner or use the event name or logo in their marketing.

## Notable events in the history of ambush marketing

- 1992 Olympics
  - Michael Jordan (sponsored by Nike), covered the Reebok logo on his apparel with the American flag during the gold medal ceremonies.
- 2000 Olympics
  - Adidas ‘thorpedoed’ Nike at the 2000 Sydney Olympics. Nike was the official clothing supplier while Adidas sponsored the swimming super-hero, Ian Thorpe. At the medal presentation, Thorpe “accidentally” draped his Adidas towel over the Nike logo on his official team tracksuit. Thus Nike was nowhere in the famous photograph that was seen by millions of people in Australia and all over the world.<sup>28</sup>
- 2002 Boston Marathon
  - As Adidas-sponsored runners crossed the finish line under full coverage of cameras, they were treated to spray painted Nike ‘swooshes’ honoring the day of the event without mentioning the race itself.<sup>29</sup>
  - More than 300 college students sporting Reebok-branded tattoos on their foreheads were seeded into the crowd along the Marathon route. Reebok-endorsed “office” linebacker Terry Tate (featured in prominent Reebok television spots) led the charge along the running route. The ambush was effective, with Reebok forming a sea of red (via more than 2,500 consumers turned into walking billboards) along the route and creating its own “unofficial” sponsorship of the Marathon, much to the chagrin of Adidas.<sup>30</sup>
- 2006 FIFA World Cup<sup>31</sup>

<sup>28</sup> [http://www.brandchannel.com/features\\_effect.asp?pf\\_id=98](http://www.brandchannel.com/features_effect.asp?pf_id=98)

<sup>29</sup> [http://www.murdoch.edu.au/elaw/issues/v8n2/kendall82\\_text.html#Ambush%20Marketing:%20What%20Is%20It%20Why%20Does%20It%20Matter\\_T](http://www.murdoch.edu.au/elaw/issues/v8n2/kendall82_text.html#Ambush%20Marketing:%20What%20Is%20It%20Why%20Does%20It%20Matter_T)

<sup>30</sup> [http://www.eventmarketermag.com/BEST\\_P\\_R\\_\\_EVENT.925.0.html](http://www.eventmarketermag.com/BEST_P_R__EVENT.925.0.html)

<sup>31</sup> <http://socccnet.espn.go.com/news/story?id=371466&cc=5901>

- Hundreds of Dutch fans had to watch their team's 2-1 win over the Ivory Coast in their underwear at the 2006 World Cup in Germany after security at entry points to the stadium caught wind of an ambush marketing ploy.
- The fans arrived at the game wearing orange lederhosen displaying the name of Dutch brewery Bavaria and were ordered to remove them by stewards before being allowed to the stadium.
- Anheuser Busch's Budweiser was the official beer for the tournament and FIFA has a reputation for fiercely protecting its sponsors from brands which are not event or organization partners.
- 2008 Olympics
  - Chinese sportswear maker Li Ning signed an agreement with Olympic Sports Channel, affiliated with State-owned China Central Television (CCTV). Under the deal, journalists, presenters and guests appearing in the studio would wear Li Ning's clothes with visible logos throughout the Olympic coverage, despite adidas' presence as official sponsor of the Games.
- 2016 Olympics
  - Despite not being an official sponsor of the Summer Games in Rio, Under Armour partnered with several athletes to create the "Rule Yourself" campaign that went viral during the games.
    - The campaign generated a lot of publicity and stole the spotlight from Nike, an actual sponsor of the 2016 Olympics.
    - The spot with the US Women's Gymnastics team generated over 3 million views in the first week it was released.
      - Click [here](#) to view the commercial on YouTube
    - The UA "Rule Yourself" spot starring Michael Phelps generated nearly 6 million views in the first week it was released (nearly 12.5 overall).
      - Click [here](#) to view the commercial on YouTube

## Ambush marketing tactics

**Brands can ambush an event through a variety of different tactics. The most common tactics include:**

1. Sponsorship of sub-categories in an event
2. Purchasing advertisements at a competitor's event
3. Engage in non-sponsorship promotions that coincide with the event
4. Create visibility without "official" affiliation with an event in non-traditional ways
5. Align with an event through social media

### **Sponsorship of sub-categories in an event:**

- Some companies, such as Nike, will strategically sponsor individual teams and individual athletes without sponsoring the event.
  - This strategy allows the company to gain exposure at the event without the major investment.
- The results of this form of sponsorship are often equally as effective as sponsoring the event itself.
- Must be aggressively marketed to be successful.

### **Purchasing advertisements at a competitor's event:**

- For the 1996 Atlanta Olympics, Nike went to the extreme of purchasing all the outdoor poster sites in Atlanta to ambush Adidas, the official sponsor of the 1996 Games.<sup>32</sup>
- During broadcasts of the 2014 FIFA World Cup matches, Volkswagen aired commercials showing fans dressed in their country colors singing the traditional soccer chant "Olé, Olé, Olé" on their way to a soccer stadium while Hyundai spent millions as the official partner of FIFA World Cup Brazil.<sup>33</sup>

<sup>32</sup> [http://www.murdoch.edu.au/elaw/issues/v8n2/kendall82\\_text.html#The%20Law%20Prior%20to%20the%20Sydney%202000%20Act\\_T](http://www.murdoch.edu.au/elaw/issues/v8n2/kendall82_text.html#The%20Law%20Prior%20to%20the%20Sydney%202000%20Act_T)

<sup>33</sup> <https://www.thedrum.com/news/2014/06/16/volkswagen-uses-video-world-cup-ambush-marketing-video-campaign>

- While Adidas was the official sponsor of the 2015 Boston Marathon, New Balance launched a major ambush campaign (dubbed “Nobody Runs Like Boston”), canvassing the area around the event at bus shelters and mass transit areas with advertising while buying ad space at the Prudential Center, outside of Fenway Park, and initiating a social media campaign that encouraged fans to post their own #OnlyinBoston references.
  - Click [here](#) to read more about New Balance’s “guerilla marketing” strategies from nysportsjournalism.com.

### Engage in non-sponsorship promotions that coincide with the event:

- Competitors use mainstream media advertising and additional promotions to gain exposure for their company during the event.
  - According to [adage.com](#), Coca-Cola stole Pepsi’s thunder during the 2014 Oscars when Coke’s logos appeared on three pizza boxes delivered to host Ellen DeGeneres during a skit during the broadcast, despite the fact that Pepsi had just taken over the sponsorship rights as the exclusive soft-drink sponsor of the Academy Awards on ABC.<sup>34</sup>
  - Last year, PepsiCo Inc. pulled an ad featuring former NCAA and NBA star (and CBS announcer) Grant Hill after it [reportedly](#) rankled executives at CBS, Turner, and longtime NCAA sponsor Coca-Cola.
    - The Mountain Dew ad showed Hill, one of the lead March Madness analysts on CBS/Turner, taking shots at the NCAA’s trademarks around March Madness and sponsoring a product with no ties to the NCAA Tournament.

### Create visibility without “official” affiliation with an event in non-traditional ways:

- At the 2018 Super Bowl in Minneapolis, Cargo, a startup that sells snacks and toiletries in ride-share cars, offered free samples of Red Bull to customers as part of its expansion into Minneapolis. The company also said rideshare drivers could earn an additional \$500 a month from commissions, referrals and performance bonuses for selling products to riders, drawing attention away from the companies and brands that were actual NFL sponsors for the event.
  - According to [Mobile Marketer](#): “The Cargo promotion shows how brands are exploring creative tactics for getting in front of Super Bowl fans outside of investing the significant bucks required to snag a Super Bowl sponsorship or commercial.”
- Geico once paid several lower-ranked men’s and women’s tennis players up to \$5,000 to wear “ambush advertising patches during high-visibility matches” at Wimbledon. Because lower ranked players earn only minimal wages, many were willing to slap the Geico logo on their uniform, in part to help pay travel expenses.<sup>35</sup>
- Social media now affords guerilla marketers with another channel for which to deploy ambush tactics, like Hormel’s “[Sir Can A Lot](#)” video posted on YouTube, tying the Spam brand to the “[madness of March](#)” despite the fact that Hormel was in no way financially supporting or sponsoring the event.<sup>36</sup>

### Align with an event through social media:

- In 2019, Chipotle ambushed the NBA Finals, giving away \$1,000,000 in free burritos during a game broadcast through social media, despite Taco Bell’s position as an official partner of the NBA.
- Tums ambushed the 2020 Super Bowl by launching a sweepstakes promotion on Twitter, encouraging fans to use an emoji to rate the moments during the game that gave them the most heartburn.
  - According to [Mobile Marketer](#), the brand was offering a grand prize of \$54,000 to one winner, while six others would receive free trips. According to contest rules, Twitter users had up to five chances to enter — each quarter of the game and the halftime show.
- After six years of advertising during the Super Bowl, Avocados From Mexico opted to sit out the Big Game in 2021. Instead, the brand created a retail and digital marketing campaign surrounding the biggest sporting event

<sup>34</sup> <http://adage.com/article/media/coca-cola-steals-pepsi-thunder-oscars-pizza-stunt/291951/>

<sup>35</sup> [http://www.nydailynews.com/sports/more\\_sports/2008/06/25/2008-06-25\\_insurance\\_racket\\_hits\\_a\\_bad\\_patch.html](http://www.nydailynews.com/sports/more_sports/2008/06/25/2008-06-25_insurance_racket_hits_a_bad_patch.html)

<sup>36</sup> <http://www.marketingpilgrim.com/2013/03/social-media-marketing-turns-into-ambush-marketing-for-march-madness.html>

of the year and launched the “Guac Bowl”, starring several star football players and sports newscasters Troy Aikman and Erin Andrews.

- According to a [press release](#), the strategy paid off as the campaign delivered over two billion social impressions during just the first week, eventually setting a record for the brand of 7.6 billion social impressions in total (more than the total number of impressions generated by the company’s ads in the three previous Super Bowl ads combined).

## Impact of ambush marketing

When properly executed, ambush marketing can be extremely effective for a company. However, the question of whether ambush marketing is an ethical practice is an on-going debate among industry professionals. Ambush marketing could threaten the ability to sell event sponsorships for event organizers, ultimately cutting into event profitability.

- Despite Coca-Cola’s presence as an official sponsor at the 2018 FIFA World Cup, Pepsi’s #LoveltLivelt campaign was ranked No. 1 in terms of likeability and attention for brand campaigns, according to one analysis. Coca-Cola brand Powerade “Unstoppable” and Coca-Cola’s “Get Ready for the #FIFA World Cup” ranked second and third.  
37
- At the NFL Scouting Combine (sponsored by Under Armour), adidas announced that they would give a private island (up to \$1 million in value) to any draft prospect who broke the 40-yard dash record, provided they were wearing the brand’s “adizero 5-Star 40” cleats
  - This isn’t the first time Adidas ambushed the NFL combine. The brand has offered incentives for anyone who broke the 40-yard dash record for years.
    - Jeremy Darlow, a branding expert and former PR specialist for Adidas, said in an [interview](#) with WARC: “We’ve been the most talked-about brand at the NFL Combine for three years in a row – four years in a row, if you count the first year on the shoe deal.”



### DISCUSSION TOPICS

Based on what you just learned about ambush marketing, do YOU think it is an ethical practice? Do you think event organizers should have more legal protection to fight ambush marketing tactics? Why or why not?



### ACTIVITY IDEAS

Begin by having students look online to identify who the official apparel provider is for the NBA, NFL, MLB, NHL and MLS. Then have them use the Internet to find five to ten different examples of professional athletes wearing a particular sneaker brand (encourage them to find athletes representing each of the major professional U.S. sports leagues). Then, compare and contrast to see which athletes are wearing shoes and apparel that coincide with the league’s official apparel sponsor.

## How do companies and/or governing bodies combat ambush marketing?

Ambush marketing is an exceedingly difficult marketing strategy to combat but event organizers do all they can to implement measures that protect sponsors.

37 <https://www.marketingdive.com/news/pepsis-soccer-themed-marketing-scores-despite-coke-being-world-cup-sponsor/527878/>

## Examples:

- FIFA fined the Swedish National Soccer team over \$70,000 when players wore non-approved socks at the 2018 World Cup and Croatia was fined when a player took a non-sponsor's drink onto the field.<sup>38</sup>
- The city of Columbus created a “clean zone” in the city's downtown area for the 2018 NCAA Women's Final Four to help prevent ambush marketing by requiring a special permit to sell licensed or special event-related goods and services during the event.<sup>39</sup>
- Wimbledon prohibits fans from bringing in certain items that could conflict with the event's sponsors – fans are denied entry or ejected if they do not follow the rules.
  - Click [here](#) to see the list of items that are banned from Wimbledon.
- ESPN imposed a strict new rule at the 2019 NFL Draft to help protect its official sponsors and advertisers, banning the popular practice of draftees wearing non-sponsored products or adorning their home draft parties in brands not affiliated with ESPN.
  - According to sports business [reporter](#) Darren Rovell, ESPN told player agents that they wouldn't do any live shots of a player receiving a call from the team that was drafting them if brands were visible anywhere.
  - In 2020, with the entire draft going virtual because of the pandemic, the NFL cracked down on ambush attempts even harder, threatening fines of up to a [reported](#) \$50,000 if a non-league sponsor logo appeared on-screen during the event.
    - Draft prospects [reportedly](#) received a welcome kit of products from NFL partners to provide added visibility for those sponsors, including Pepsi, Mountain Dew, Bubly, Gatorade, Frito Lay snacks, Skittles, Snickers and M&M's.



### ACTIVITY IDEAS

Split your class into at least three groups. One group will play the role of the league or governing body of a major sports organization like the International Olympic Committee. Another group will play the role of an official sponsor of the league or major event (like the Olympic Games). The third group will play the role of a non-sponsor, but a competing brand with the group representing the official sponsor. If you have enough students, create two more groups as a sponsoring brand and a competing brand. Have the “official sponsor” group create a marketing campaign tied to the event, the non-sponsor group create an ambush campaign, and the league or governing body develop a strategy for combating ambush attempts. Then have each group present their ideas to the rest of the class.

<sup>38</sup> <https://bakersfieldnow.com/sports/content/fifa-fines-in-world-cup-cases-can-leave-priority-questioned>

<sup>39</sup> <https://www.bizjournals.com/columbus/news/2018/01/17/city-must-create-clean-zone-downtown-during-ncaa.html>



## CASE STUDY

# AMBUSH MARKETING

To illustrate ambush marketing, let us look at the marketing strategy surrounding two different events by the same brand.



In the first example, Avocados from Mexico signs a sponsorship agreement with the Milwaukee Bucks, becoming the “Official Avocado” of the franchise.



In the second example, the brand aligns itself with the Super Bowl with the launch of a “Guac Bowl” promotion, despite not advertising during the Big Game nor having any official affiliation with the event.



In the third example, the brand aligns itself with March Madness with a campaign that kicks off just prior to the start of the tournament using basketball as a theme, through images and word play (such as “Slam Dunk of Flavor”) without paying the NCAA for the rights to be considered an official sponsor of the event.

Why do you think Avocados from Mexico chose not to invest in official sponsorships of the NCAA or NFL? Do you think the company’s ambush marketing strategy paid off? Why or why not?



# Pricing Sponsorships

## WHAT IS INVENTORY?

**Inventory** defines exactly what assets an event or property has available to sell. Defining inventory is the first step any organization must take when developing a sponsorship strategy, detailed by establishing an inventory sheet.

An inventory sheet outlines each specific piece of inventory available for sale. Inventory could include many sponsorship elements, such as advertisements in game programs, on-site signage or broadcast opportunities.

### Inventory could include:

- Signage
- Advertisements
- Tickets and hospitality

### Signage:

**Signage** refers to advertisements placed in or around a sports or entertainment venue that provides exposure for sponsors. This is often one of the most valuable pieces of sponsorship inventory and appears in a variety of forms.

- Rutgers secured a lucrative stadium naming rights deal in 2019, reportedly a 7-year agreement starting at \$1.25 million in the first year and increasing by \$100,000 annually to \$1.85 million in 2025-26 (according to [nj.com](http://nj.com)) to rename the teams' football/lacrosse venue SHI Stadium.
  - As part of the deal, the University said SHI International Corporation would "enjoy significant brand exposure through signage in and around the stadium, including exterior stadium signage, scoreboard signage, campus directional signage and logo placement on the field."

In some cases, sponsors seek ways to make signage stand out at venues to maximize exposure for their brand, forcing sports and entertainment organizations to become a little more creative in ways to expand their inventory.

- TaylorMade Golf Co. designed an 80-foot replica of a new golf club and attached it to the foul pole at Petco Park to increase visibility at San Diego Padres games. The nine-story tall structure was part of a three-year marketing agreement between the golf gear maker and the ball club where the goal is to drive home the message that the launch of its R11 driver was "larger than life," TaylorMade chief executive Mark King said in a statement.<sup>40</sup>

However, without fans in stadiums, the value of on-site signage drops significantly, creating a challenge for sports properties and their sponsors. This was the case in 2020 as the pandemic prevented venues from hosting fans.

- While Major League Baseball charted a path to starting their 2020 season amidst the pandemic, the league considered several new opportunities to introduce virtual signage inventory that would provide visibility for sponsors during broadcasts.
  - According to [Sports Business Journal](http://Sports Business Journal), those potential positions for virtual signage inventory included behind the pitching mound; the foul territory between the first- and third-base coaching boxes and home plate; behind home plate above the traditional rotational signage; on the "batter's eye"; and another outfield position.

<sup>40</sup> <http://www.waggleroom.com/2011/4/21/2125520/its-no-peskys-pole-but-petco-parks-r11-foul-pole-will-shock-and-awe>



- After COVID-19 forced the league into an abbreviated spring training, Major League Baseball found a presenting rights sponsor, [announcing](#) “Spring Training” would become “2020 Summer Camp presented by Camping World”.
- As the Columbus Crew finalized approvals for their move to a new home, the franchise [released](#) renderings of the venue that included a new piece of inventory in the form of large signage on the stadium roof.

### Virtual Signage

As the sports and entertainment properties search for ways to offset the revenue shortfalls as a result of the COVID-19 pandemic, new opportunities will continue to emerge. One such example is virtual signage. According to a [study](#) from GumGum sports, “in-ice” virtual signage delivered \$2.8 million in sponsor media value across the 2020-21 season for NHL sponsors. Blue line virtual signage and signage behind the goals generated an additional \$3.8 million in media value.

### Pricing sponsorships

Pricing is complex because of the variety of elements included in a property or event’s inventory. After determining what inventory is available, values are then assigned to each piece of inventory.

- Click [here](#) for a brief video discussing which piece of inventory might be most valuable to NBA sponsors.

A rate card is a printed list of sponsorship fees charged by a sports or entertainment property for association rights.<sup>61</sup> The rate card is essentially an inventory sheet with associated values. Assigning value can be challenging because sponsorship as a medium is generally considered to be intangible.

Sponsorship pricing can be dependent upon event attendance and other similar factors (the sponsee’s public image etc.), contributing to the challenge of determining and maintaining effective price points. The overall sponsorship package can be described as the sum of all benefits attributed to a particular sponsorship, including tickets, hospitality, signage, merchandise, program ads etc.

#### Considerations when pricing sponsorships:

- Price should be based on value, not on budgets or needs
- Rights and benefits included in the package
- Value should be placed only on those elements that can be successfully fulfilled
- Cost/benefit ratios

# Endorsements



## ACTIVITY IDEAS

For a fun way to introduce the concept of endorsements, try playing the PPT game marked “Buy This! Celebrity Endorsement Game” in the unit 8 folder.

## WHAT IS ENDORSEMENT?

A **product endorsement** is a partnership between an athlete and a company in which the athlete receives compensation in return for their support and approval of a company product or service. The athlete agrees to allow the company to use his or her likeness to promote company goods and services.

For example, Gatorade pays athletes to represent the brand in its marketing initiatives, like the “I Can Do Better” campaign launched in 2021 (click [here](#) to see the advertisement).

While very similar conceptually, an athlete or celebrity endorsement is not the same thing as influencer marketing. With endorsement, a brand aligns with an athlete or celebrity for the positive association, prestige, and status while an influencer campaign is generally more of a word-of-mouth strategy for reaching consumers. In this case, the athlete or celebrity does not need to be a “specialist” in that particular product category for the campaign to be effective.

For example, Serena Williams does not need to be a science expert to recommend Gatorade as a performance beverage while Roger Federer does not need to be a watch expert to convince fans to buy a Rolex. However, when a brand sends chef bloggers their newest products to review and include in their recipes as part of an influencer campaign, the brand has a very specific targeted approach for reaching consumers in a very authentic way.

## Endorsement Examples

Gatorade features current and retired athletes like Serena Williams, Usain Bolt, JJ Watt, Jimmie Johnson, Paul George, Mia Hamm, Bryce Harper, Derek Jeter and Lionel Messi in various promotional campaigns.

- Click [here](#) to see more “athletes and ambassadors” from Gatorade’s website.

## What Celebrities Appeal To Marketers?

Sports and entertainment marketers seek a defined set of characteristics among celebrities to determine which athletes and entertainers provide the best fit for their company.<sup>41</sup>

<sup>41</sup> Sports Marketing: The Money Side of Sports, Pemberton, p. 137-142

### Criteria an organization might evaluate could include the following:

- Success and high levels of performance
- Media following (awareness)
- Social media following
- Work ethic and personal values
- Personality traits
- Image
- Market size and team performance
- “Q Score”

### Success And High Levels Of Performance:

- Coco Gauff: The 15-year-old sensation emerged as a potential face of American tennis in 2019 after she surprised fans by winning several matches at Wimbledon.
  - Companies who hope a partnership with the future star will be good for business (including New Balance, pasta brand Barilla, and racket maker Head) have reportedly contributed to Gauff’s \$1 million in endorsement earnings in 2019, according to [Forbes](#).
- Patrick Mahomes: The Kansas City Chiefs’ star QB has taken the league by storm and become the new face of the NFL, winning a regular season MVP award and a Super Bowl MVP in just two year.
  - After the Super Bowl victory and subsequent MVP award, Mahomes’ endorsement opportunities skyrocketed, [reportedly](#) positioning him to earn an estimated \$7 million in additional earnings.
- Sabrina Ionescu: The former University of Oregon Duck Sabrina became the first player in NCAA history to reach 2,000 points, 1,000 assists and 1,000 rebounds and notched her record 26th career triple-double just hours after speaking at Kobe Bryant’s memorial service in 2020.
  - As one of the most decorated collegiate players in women’s basketball history, a story in the [Athletic](#) suggested brands were lining up for the opportunity to partner with the former Ducks star for endorsement deals as she prepared to enter the WNBA.
  - Soon after Ionescu was selected by the New York Liberty as the first pick in the 2020 WNBA draft, Nike signed her to a multi-year endorsement deal.
  - Ionescu starred alongside NBA star Chris Paul in a series of State Farm commercials in 2021
- After winning the Masters in 2021, some industry analysts [predicted](#) Hideki Matsuyama could earn a potential \$600 million in global endorsements

### Media Following (Awareness):

Companies will consider whether the prospective brand ambassador is in the “limelight.” Brands want to be part of the conversation, and it is important that they select a spokesperson who is well-known.

For example, a hot topic at the 2018 Major League Baseball All-Star Game surrounded the popularity of the league’s best player, Mike Trout. Critics blame the league for inadequate marketing of its stars, with the Washington Post proclaiming in a headline “Baseball’s dilemma: Mike Trout is MLB’s ultimate all-star, and yet he is not a star.”

- According to the [Washington Post](#) story, Trout scored a 22 in Q Scores’ awareness category (Q Scores measure the marketability of athletes and celebrities), which means just one in five Americans know who he is. By comparison, per Q Scores’ research, a comparable NBA player was Brooklyn Nets forward Kenneth Faried, who played only 14 minutes per game last season and is no longer even in the NBA (the comparison, however, was highly debated among those in the media).
- Meanwhile, sports fans tuned in to ESPN’s docu-series ‘The Last Dance’ featuring Michael Jordan’s last season with the Chicago Bulls in record numbers, drawing a huge audience for each of the six episodes and putting the basketball icon back in the spotlight.

- According to GumGum Sports, an analytics company that measures the value of brand sponsorships in sports, Jordan's brand partners received an estimated \$1.1 million bump from the logos shown in the fifth episode alone. That episode looked at the creation of the Jordan brand and also featured commercials for Gatorade and McDonald's.
  - As reported by [Adweek](#), Nike received the most value, receiving an estimated \$487,000 worth of brand exposure from the swooshes shown in that episode.
  - Jordan Brand received an estimated \$283,000 in value.
  - Gatorade's exposure resulted in around \$245,000 in estimated value.

## Social media following:

Social media following has a significant impact on how attractive an individual athlete or entertainer is to brands considering an endorsement campaign. Brands will not only evaluate the number of followers, but also how active the celebrity is on social media, which platforms they use, and the type of content they post.

- According to a [tweet](#) from [MVP Index](#) (a company that measures and evaluates the value of social media), UFC star Daniel Cormier generated over \$550,000 in social media value for his sponsor, Monster Energy, in the last year (Cormier has almost 650,000 followers on Twitter alone).
- Last year, Puma was one of the most-mentioned brands on Instagram, in large part because its products were often featured in posts by celebrities with huge followings on social media.
- Selena Gomez, who last year was the most popular woman on Instagram with 144 million followers, helped Puma with a single post that spurred 7.5 million interactions (via [Mobile Marketer](#)).
- According to sports business branding agency [Opendorse](#), a Ronaldo tweet generates an equivalent advertising value of \$868,604 per post and his tweets are, on average, \$200,000 more valuable than his nearest competitor.
  - Spanish soccer star Andres Iniesta ranked second with an estimated value per Twitter post of \$590,825.
  - Brazilian soccer star Neymar ranked third at \$478,138 per post.
  - LeBron James' posts are worth an estimated \$470,356.
  - India-born cricketer Virat Kohli rounded out the top five most valuable brand ambassadors on Twitter with an estimated value per tweet of \$350,101.

## Work ethic and personal values:

- After featuring the iconic crocodile logo as its ambassador for nearly 85 years, Lacoste appointed tennis star Novak Djokovic as their official brand ambassador in 2017.
  - "When we choose an ambassador, we first choose values, and Novak has the simplicity, humility and family values we were looking for," said Lacoste Group CEO Thierry Guibert in an [interview](#).
- When Tua Tagovailoa was signed to an endorsement deal with Muscle Milk as a NFL rookie, the brand explained why they chose to partner with the former University of Alabama star QB in an interview with [Marketing Daily](#): "The strength he's shown on and off the field really makes him perfect to tell the story of Muscle Milk and what an athlete can do," with the athlete "really embody[ing] the brand and its characteristics."

## Personality traits:

### Considerations:

- How articulate is the celebrity?
- Does the performer have celebrity "status" (recognizable)?
- How popular is the celebrity?

Every year, ESPN releases a [report](#) ranking the world's most famous athletes

- They begin by evaluating a list containing 600 of the biggest names in sports, drawn from 68 different countries. ESPN's Sports Analytics Group then ranks them based on a proprietary formula that considers three "fame factors": How frequently each athlete is searched online, how much they earn in endorsements, and how many followers they have on social media
  - Here are the most famous athletes in the world, according to ESPN's latest study:
    - Cristiano Ronaldo
    - LeBron James
    - Lionel Messi
    - Neymar
    - Conor McGregor
  - To see ESPN's latest ranking of the "100 most famous athletes in the world", click [here](#).

### Image:

- Some athletes are more polarizing than others, meaning some are equally loved and loathed by the public.
- For example, in Brazil, Neymar is almost universally loved while many fans around the world dislike him for his trend of faking injuries during soccer matches.
  - During the 2018 World Cup, one of the most well-known athletes in the world was consistently scorned on social media for his antics, even prompting a #NeymarChallenge in which fans would post videos of themselves rolling around on the ground in mock agony.
    - KFC South Africa even posted a commercial poking fun at the practice of faking injuries during the World Cup (the post quickly went viral, racking up over 1 million views in less than a week).
      - Click [here](#) to see the commercial.
    - Click [here](#) to see a player at Wimbledon's take on the challenge during a 2018 doubles match.
- When an athlete or celebrity embodies a number of positive characteristics valued by advertisers, they are likely to find endorsement success.
- Li Na, the first Chinese player to win a Grand Slam event when she won the French Open, became a quick target for corporations around the globe. Mercedes-Benz signed her to a deal worth reportedly \$5.8 million over three years while her agent summarized his client's rise in popularity by telling the Sports Business Journal, "She has captivated a country. We could do 25 deals."<sup>42</sup>
- Shaquille O'Neal has [endorsed](#) more than 50 different products AFTER his NBA career ended, ranging from Gold Bond to Oreos.
  - As of 2020, Shaq's business empire includes 150 car washes, 40 24-hour fitness gyms, 17 Auntie Anne's, a CityPlex12 movie theatre in his hometown of Newark, NJ, a Big Chicken restaurant in Las Vegas, a 'Shaquille's' burger place in Los Angeles and one point, 155 Five Guys restaurants (which he has since sold).
  - In addition to his role as an investor in 9 Atlanta-area Papa John's restaurants, the company will [pay](#) him \$8.25 million over the next three years as a brand ambassador.
    - Click [here](#) to learn more about how Shaq amassed his business empire from money.com.
- Peyton Manning [topped](#) the list as the highest earning NFL player from marketing and royalties last year...and he has not played a snap in four years but because he has a number of characteristics that brands look for in brand ambassadors, he continues to ink endorsement deals

<sup>42</sup> <http://www.sportsbusinessdaily.com/Journal/Issues/2011/06/20/Marketing-and-Sponsorship/Li-Na.aspx?hl=eisenbud&sc=0>

## Market size and team performance:

- While most industry professionals agree that the size of the market in which an athlete plays has a much lower impact on endorsement potential than it did a decade ago, some brands still might be hesitant to partner with someone playing for a small market team
  - If a team is winning, they appear in more “prime time” games on television and generate more exposure through social media conversations, boosting the appeal of a product pitch person from that franchise.
- For example, industry experts speculate the Baltimore Ravens MVP-winning quarterback Lamar Jackson has the potential to become a breakthrough marketing star, but the [Baltimore Sun](#) suggests that “playing in Baltimore’s relatively small market has somewhat limited Jackson’s exposure, as have the Ravens’ rare prime-time appearances on NBC’s Sunday Night Football and ESPN’s Monday Night Football.”
  - In August of 2020, Jackson landed his first major endorsement deal when he signed with Oakley, telling [Yahoo Sports](#) he’s been a fan of Oakley products for the majority of his life. “It is the ultimate sign of swagger,” Jackson said. “Oakley is the best in the shield and eyewear game and sets the standard – that is what I am all about. The best in the game.”

## Q Score

Marketers might evaluate a prospective endorsers’ “q score” to determine the individual celebrity’s marketing potential. According to the company website, the q score “measures the familiarity and appeal of personalities in a variety of categories to determine targeted audience attraction.”<sup>43</sup>

Similar to a Q Score, the Nielsen company also provides analytics relating to the popularity and attitudes toward certain athletes and celebrities by offering N Score ratings.

- For example, despite winning the NFL MVP and appearing in a Super Bowl, the Atlanta Falcons’ quarterback Matt Ryan is still relatively unknown to the general public, based on his N-Score.<sup>44</sup>
  - Ryan has an N-Score of 62 and awareness score of 32, right about the average for NFL football players.
- The New England Patriots’ quarterback, Tom Brady, on the other hand is the most well-known current football player with an awareness score of 73, compared with the football average of 30.
  - However, Brady’s likability score is just 48, putting him in the bottom 5% of all celebrities for likability.
- According to [Billboard](#), Nielsen Music’s N-Score for Rihanna is 78 — ranking her far higher than the average music celebrity.



### EXTENDED LEARNING

To help students see how the endorsement process all comes together, consider assigning them to read the article titled “Everything you wanted to know about Brooks Koepka’s Q Score” from the [Herald-Tribune](#). It shares valuable insight into how Brooks Koepka, a rising star on the PGA Tour, has attracted a variety of endorsement deals.

<sup>43</sup> <http://www.qscores.com/performer.asp>

<sup>44</sup> <http://www.nielsen.com/us/en/press-room/2016/niensens-n-score-now-provides-enhanced-talent-analytics-based-on-fan-affinity.html>

## ENDORSEMENT RISK

Finding the right athlete or celebrity to align with the brand can be very challenging and comes with a certain amount of risk. If the athlete or celebrity says or posts something controversial on social media, the company is at risk because of their association with the individual.

- Last year, NASCAR driver Kyle Larson was [dropped](#) by his sponsors, including McDonalds, Credit One Bank and Chevrolet, after using a racial slur during a live-streamed virtual race during the pandemic.
- Two years ago, Dannon and Gatorade, both brands are endorsed by Cam Newton, were forced to distance themselves from the Panthers' quarterback after he told a female reporter "It's funny to hear a female talk about routes. It's funny."
  - According to an ESPN report, Dannon suggested they would "no longer work" with Newton following the disrespectful comment while Gatorade issued a statement that said, "Cam's comments were objectionable and disrespectful to all women and they do not reflect the values of our brand. Gatorade fully supports women who compete in, report on, coach for, or play any role in sport -- on or off the field."<sup>45</sup>
- There is also a risk that the contracted athlete or celebrity may find themselves in the tabloids for inappropriate behavior or involvement in some type of scandal. In this case, the sponsorship company or brand will typically attempt to quickly disassociate the company with the individual with the hope of avoiding any negative publicity.
- After being banned for life from cycling for his part in a long running doping scandal that broke in 2013, Lance Armstrong lost nearly all of his endorsements while industry experts suggest he will likely never sign another endorsement deal for the rest of his life.<sup>46</sup>
- After it was reported in 2016 that Maria Sharapova had failed a drug test at the Australian Open, several sponsors quickly ended their endorsement deals with the tennis star (including Nike, Porsche and TAG Heuer).<sup>47</sup>
- When the athlete or celebrity fails to live up to the expectations of the partnership, a sponsor will likely choose to part ways with the individual.
- Head, one of the world's largest tennis racket providers, [parted ways](#) with Bernard Tomic after his incredibly poor showing at the 2017 Wimbledon tournament.
  - Tomic was eliminated in straight sets and during his post-match press conference, claimed he was bored of the sport and even admitted to cheating during his match (he used a medical timeout for non-medical reasons)

## SUCCESSFUL ENDORSEMENT CAMPAIGNS

The most successful campaigns will feature athletes or celebrities who actively promote the product or brand.

### Examples:

- Despite just having won an incredibly emotional match, Roger Federer (who has long endorsed Rolex) paused to put on his Rolex brand watch moments after clinching the Wimbledon crown (and before accepting the championship trophy).
- In 2019, boxer Andy Ruiz Jr. shocked the world when he beat Anthony Joshua to become the world heavyweight champion, a victory he credited to his affinity for Snickers (his Twitter profile picture pre-fight was the candy bar logo).<sup>48</sup>

<sup>45</sup> [http://www.espn.com/nfl/story/\\_/id/20924019/cam-newton-loses-sponsor-comment-female-reporter](http://www.espn.com/nfl/story/_/id/20924019/cam-newton-loses-sponsor-comment-female-reporter)

<sup>46</sup> <http://www.ussport.gov.au/fulltext/2000/cjsm/v4n2-3/hoেকে43.htm>

<sup>47</sup> <http://www.usatoday.com/story/sports/tennis/2016/03/08/nike-tag-heuer-suspend-ties-sharapova/81469616/>

<sup>48</sup> <https://nypost.com/2019/06/04/andy-ruiz-jrs-snickers-dream-deal-moving-closer-to-reality/>





- Popular singer/songwriter Ed Sheeran — a self-declared lifelong Heinz Ketchup lover who has the Heinz logo tattooed on his arm — teamed with the brand in 2019 to create limited-edition “Edchup” bottles.
  - In addition to [replacing](#) “Ketchup” with “Edchup,” the label of the bottles featured a Sheeran-inspired emoji, and the limited-edition bottles (available for purchase at [HeinzEdchup.com](#)) were announced on Instagram on National Ketchup Day.
  - The cause marketing campaign raised money for East Anglia’s Children’s Hospices as well as Rise Against Hunger, according to [Page Six](#).

Consumers must believe the athlete or celebrity uses the product or service otherwise the campaign’s credibility risks being undermined. For example, years ago, Tiger Woods was a brand ambassador for Buick before the company cut ties with him after a scandal. However, during the time period where he was prominently featured in the brand’s ads, did consumers actually believe an extremely wealthy Tiger Woods actually drove a Buick? Later, Craig Bierley, Buick’s director of advertising and promotions, would admit to Ad Week in an interview: *“I’m not sure anyone really believed that Tiger Woods drove a Buick. I think you start to push the limits of credibility.”*<sup>49</sup>

### Additional credibility examples:

- Supermodel Gigi Hadid’s McDonald’s endorsement was not very well received among her fanbase, drawing [criticism](#) for promoting fast food and questioning whether she actually would eat McDonald’s french fries (Hadid famously follows an intense workout regime and strict diet).
- Many fans might wonder if LeBron James really does drive a Kia after seeing him promoting the brand in a number of television commercials.
  - According to a news story from [espn.com](#), it was James who initiated the conversation about driving a Kia, not the other way around as many might suspect (especially considering LeBron’s personal collection of cars includes Bentleys worth nearly \$200,000). A Kia representative in the story is quoted as saying: “We were not actively seeking another endorser, but LeBron told us, after driving the car around this summer, that he liked it so much that we decided to partner with him. He brought us instant credibility.”
    - However, the article also suggests that the deal requires James to show up at Cavaliers games in a Kia, similar to a deal Tiger Woods’ had in place with Buick which required that he arrive at events driving the car brand.
  - In 2016, James and Kia continued their partnership and launched a series of commercials that addressed the skepticism.
    - The brand’s goal was to convince skeptical fans that James does indeed drive a Kia.
    - Click [here](#) to see a sample of the commercials.
  - Alternatively, there is no question what brand of shoes Giannis Antetokounmpo, LeBron James or Kevin Durant would actually wear because they wear Nike sneakers in games.
  - When PUMA signed Israel Adesanya to an endorsement deal in 2021, the rising MMA star [said](#) “I only work with companies that align with my values and goals and PUMA is an awesome fit.” “I express myself when I fight, when I dance and through my style and I’ve always loved rocking PUMA. I never conform to society’s expectations of who I should be – individualism is key. I love that PUMA is all about individuality, daring to stand out, fearlessness and pushing the limits. Exactly my kind of brand and I’m hyped to see the partnership unfold.”

Companies invest a lot in celebrities to promote their products so aligning with the right athlete or entertainer is paramount. Today, the highest-paid athletes earn just as much or more from endorsement deals as they do on-the-field.

<sup>49</sup> <http://www.adweek.com/news/advertising-branding/get-real-139908>

- Before the 2019 NBA draft, Duke's Zion Williamson was touted as a "can't miss" prospect, resulting in a bidding war between brands like Nike, Jordan Brand, adidas and Puma for his services before he ever stepped on an NBA court.
  - According to sports business reporter Darren Rovell, Zion eventually signed with Jordan Brand for a [reported](#) \$75 million over five years.
- According to the Forbes report, the 50 highest-paid athletes earned a combined \$2.8 billion in 2021, which was 16% more than the previous year, also setting an all-time record.
  - The athletes who earned the most from endorsement deals last year, according to the 2021 Forbes [report](#):
    - Connor McGregor (MMA) - \$158 million
      - Compare that to the \$22 million he earned playing tennis
    - Roger Federer (tennis) - \$90 million
      - According to Forbes, sponsors pay between \$3 and \$30 million to align their brands with the global tennis icon
    - LeBron James (basketball) - \$65 million
    - Tiger Woods (golf) - \$60 million
      - Nearly all of Tiger's income last year came from endorsement deals
    - Naomi Osaka (tennis) - \$55 million

## ENDORSEMENT IMPACT ON SALES

Studies have shown that celebrity endorsements can be extremely effective in helping a company to successfully drive sales of its products and/or services.

- A [study](#) by the Harvard Business School revealed that celebrity endorsements generate a 4 percent increase in sales on average for brands while the [book](#) Contemporary Ideas and Research in Marketing found that 85 percent of consumers admitted that a celebrity endorsement upped their confidence in a brand, and 15 percent said endorsements affected their purchasing decisions.
- In a [study](#) released by NPD last year, it was revealed that fans of a given celebrity are 50 percent more likely to buy and use the products that celebrity does.
- In 1984, Puma sold only 15,000 tennis racquets a year. In 1985, following Becker's first victory in Wimbledon and his backing of Puma rackets, sales jumped to 150,000 rackets.<sup>50</sup>
- In 2000, Nike Golf signed Tiger Woods to play its golf ball. By 2005, Nike Golf enjoyed revenue growth of an astounding 24 percent per year.<sup>51</sup>
  - Orders doubled for Callaway Fusion drivers after Phil Mickelson won the 2006 Masters with one<sup>52</sup>
- Given the incredible sales success of his branded grills, George Foreman now sorts through as many as 20 endorsement offers per week.<sup>53</sup>
- According to a story in the [NY Post](#), Rihanna (considered by some as the most marketable celebrity endorser in pop culture) helped Puma see a 40% increase in sales of women's shoes last year's release of her 'Creeper' and 'Eskiva' shoe lines.
- After signing on with Converse, Dwyane Wade's support of the brand made an immediate impact as his likeness contributed to an 82 percent increase in sneaker sales in the first two years of the campaign.<sup>54</sup>

50 <http://www.ausport.gov.au/fulltext/2000/cjsm/v4n2-3/hoecke43.htm>

51 <http://www.pga.com/news/industry/businessinsider/bizinsider070605.cfm>

52 [http://espn.go.com/espn/story/\\_/id/7882836/tk](http://espn.go.com/espn/story/_/id/7882836/tk)

53 [http://www.businessweek.com/magazine/content/04\\_51/b3913093.htm](http://www.businessweek.com/magazine/content/04_51/b3913093.htm)

54 <http://www.cbssports.com/general/story/9552307/2>

- 1-800-Flowers teamed up with Justin Bieber for what was originally intended to be a small Valentine's Day promotion. It turned into one of the biggest campaigns in the company's history and led to an annual relationship with the teen pop sensation.<sup>55</sup>
- In 2016, the New York Times reported that, upon making tennis star Rafael Nadal global brand ambassador of Tommy Hilfiger underwear, the company saw sales of underwear and men's accessories double in the first month following the announcement.<sup>56</sup>
- According to [Forbes](#), LeBron James' involvement in Blaze Pizza as an investor, franchisee and endorser helped the chain become the fastest growing restaurant franchise ever in the U.S.
- According to [footwearnews.com](#), New Balance sold out their initial inventory of Kawhi Leonard's OMN1S basketball sneakers in less than a minute, despite having an unannounced release date.
- McDonald's Travis Scott "celebrity meal" was so popular that it caused [shortages](#) in Quarter Pounders, disrupting the brand's supply chain



### VIDEO SUGGESTIONS

ESPN's popular "30 for 30" series featured an amazing documentary called "Sole Man" on Sonny Vacarro, widely recognized as an industry pioneer responsible for connecting the sneaker industry with professional basketball stars. The film is available on Netflix and iTunes and might be worth watching to see if there are segments you'd like to share in class. AS ALWAYS, please view programs like this in their entirety before sharing in class to determine whether it is inappropriate for your students. Click [here](#) to visit espn.com to view a few clips from the show.



### ACTIVITY IDEAS

Come up with a list of 10-15 different consumer products and have students select an athlete or celebrity who they think would be a good match as someone to effectively promote the brand or product. Be sure to have them explain why they selected each athlete or celebrity.

<sup>55</sup> [http://adage.com/entertainment-alist2010/article?article\\_id=143996](http://adage.com/entertainment-alist2010/article?article_id=143996)

<sup>56</sup> [http://www.nytimes.com/2016/04/05/fashion/sports-athletes-marketing.html?\\_r=0](http://www.nytimes.com/2016/04/05/fashion/sports-athletes-marketing.html?_r=0)

## UNIT 8 KEY TERMS DEFINED:

**Ambush Marketing:** Occurs when one brand pays to become an official sponsor of an event and another competing brands attempt to connect itself with the same event, without paying direct sponsorship fees.

**Cause Marketing:** Refers to marketing efforts that tie an organization with a charitable cause.

**Endorsement:** A partnership between an athlete or entertainer and a company in which athlete or entertainer receives compensation in return for allowing the company to use his or her likeness to promote company goods and services.

**Gross Impression:** Refers to the frequency in which a company product or service is associated with the event or entertainer.

**Sponsorship:** A form of marketing in which companies attach their name, brand, or logo to an event for the purpose of achieving future profits.

# Unit 9

## Ticket Promotions & Sales

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### OVERVIEW

Unit nine begins to explore the roots of sports and entertainment business by providing students with an understanding of the ticketing process. Ticketing, as a function of sports and entertainment marketing, has evolved into a complex process and proves to be one of the most important components of the SEM marketing mix. This unit will cover the way tickets are sold and marketed, and the importance this revenue stream has on an organization's financial viability.

### KEY TERMS

*Data Mining*

*Frequency Escalator*

*Group Tickets*

*Season Tickets*

*Season Ticket Equivalents*

*Ticket Package*

### OBJECTIVES

1. Understand the importance of ticket sales to the sports and entertainment industry
  2. Identify factors that influence a fan's decision to purchase tickets
  3. List at least five ticket sales strategies
  4. Define ticket package
  5. Explain the concept of frequency escalator
  6. Describe how ticketing technology has provided innovative alternatives for customers
- 

### LESSONS

[LESSON 9.1](#)     [Role of Ticket Sales in Sports & Entertainment](#)

[LESSON 9.2](#)     [Ticketing Strategies](#)

[LESSON 9.3](#)     [The Ticket Sales Cycle](#)

[LESSON 9.4](#)     [Ticketing Technologies](#)

# Role of Ticket Sales in Sports & Entertainment

## WHY IS ATTENDANCE IMPORTANT?

A fan's participation in a game or event can be as important as the athletes and performers as they create an exciting atmosphere that energizes the performers and enhances the consumer experience.

Most importantly, however, attendance is important to a sports team or event's financial well-being. In addition to the revenue generated through the sale of tickets, attendance also drives revenue in the form of food and beverage sales, merchandise sales and parking. Higher attendance also adds value to sponsorships. More fans at the venue means more fans exposed to arena signage and other messaging from sponsors.

## HOW IMPORTANT ARE TICKET SALES TO A SPORTS TEAM OR EVENT?

Historically, ticket sales have traditionally served as the financial backbone for almost every sports team within the industry. However, while ticket revenue still provides a significant revenue source for many sports teams, media rights deals now provide the biggest revenue stream for teams in major leagues like the NFL and NBA. According to PWC's sports outlook [report](#), media rights officially overtook gate revenues (ticket sales) as the industry's largest revenue generator for the first time in industry history.

That is not to minimize the importance of the ticket sales function. According to the [Sports Business Journal](#), sales from tickets and club seats can still account for more than half of a typical franchise's local revenue in all four major sports leagues, ranging as high as 80 percent for some teams.<sup>1</sup> For a minor league sports team, ticket sales often serve as the primary revenue source, a critical function for the survival of the franchise.

Even a modest attendance increase can have a significant impact on a team's bottom line. Two years ago, the Atlanta Braves reported a 2% increase in attendance at SunTrust Park, helping the franchise's revenue to jump from \$4.3 million per game to \$4.6 million per game. The team's owner told the [Atlanta Journal Constitution](#) the revenue boost was the result of increased ticket sales and higher attendance (which helps boost revenue in other ways like concessions, parking and merchandise sales).

## FACTORS INFLUENCING TICKET SALES

While ticket sales strategies, effective marketing and successful promotions can certainly help drive sales, nothing is more effective for filling an arena or stadium than a winning team. Success on the field typically translates to success off the field (from a financial perspective).

However, even the organizations that enjoy the most loyal following cannot avoid a decline in ticket sales when the team fails to win games, so understanding what drives consumer behavior is critical if a team or event wants to maximize dollars generated through ticket sales.

<sup>1</sup> <http://www.sportsbusinessjournal.com/article/65062>

**There are many factors that can influence the decisions fans make when it comes to purchasing tickets to see their favorite team play, including:**

- Team performance
- Fan loyalty and fan support
- Price
- Publicity
- Rivalries
- Supply and demand
- High profile athletes and entertainers
- Venue
- Promotion
- Staffing

## Team Performance

Winning teams traditionally draw bigger crowds while losing teams typically see attendance decline.

- After selling out 530 consecutive games, spanning 6 ½ seasons, the San Francisco Giants sellout streak came to an end in 2017.
  - It was the second longest sellout streak in Major League Baseball history.
  - Not coincidentally, the team was in last place when the streak ended, after being consistently one of the best teams in baseball the last seven years (including three World Series wins).
  - As the team continued to struggle on the field, the Giants saw attendance figures decline, posting a record low at the start of the 2019 season when the team [announced](#) an attendance of 28,625 at a home game in April – the first time the team recorded less than 30,000 tickets in nearly ten years.
- Thanks to a successful season that ended with a Sweet 16 appearance in the 2018 NCAA Tournament, the Nevada University men’s basketball team surpassed 8,000 season tickets for the first time in a decade (an increase of more than 2,000 season tickets from the previous season).<sup>2</sup>
- As the San Diego Padres struggled through their eighth consecutive losing season in 2018, the team introduced a rather unorthodox ticket sales package in which the number of games fans would be able to attend was contingent upon how many games the team won.<sup>3</sup>
  - Click [here](#) to learn more about the Padres’ “Five Win Pass” promotion.

## Fan Loyalty And Fan Support

Some markets traditionally attract more fan support and larger crowds by nature.

- New England with the Red Sox, Bruins, Celtics and Patriots
- Hockey in Canadian markets
- High school basketball in Indiana
- High school football in Texas
- College football in the south (Texas, Alabama, Georgia, Florida)
- Soccer in the Pacific Northwest
  - Last season, the National Women’s Soccer League’s Portland Thorns averaged over 20,000 fans per home game (that’s more fans per game than all but 3 NHL teams, 2 NBA teams, 4 MLS teams and 6 MLB teams).

Meanwhile other markets have a reputation for poor fan support.

<sup>2</sup> <http://www.sportsbusinessjournal.com/article/65062>

<sup>3</sup> <https://sports.yahoo.com/padres-introduce-controversial-ticket-plan-encourages-fans-root-losses-184500254.html>



- Because so many residents are transplants (not born and raised in the state), professional sports teams in the state of Florida have a difficult time attracting crowds.
  - According to a Facebook survey, the most popular MLB teams in Florida are the Atlanta Braves and New York Yankees, not the Miami Marlins or Tampa Bay Rays.<sup>4</sup>
  - Out of the nine professional Florida teams that compete in the big four leagues (NBA, NFL, MLB, NHL), all but two rank in the bottom half of their league for attendance over the last decade.
    - Last year, the Tampa Bay Buccaneers ranked 30<sup>th</sup> out of 32 teams in the NFL, the Miami Marlins were 30<sup>th</sup> out of 30 and Tampa Bay Rays 29<sup>th</sup> in MLB, and the Florida Panthers were 30<sup>th</sup> out of 30 NHL teams.

## Rivalries

Rivalry games are often an instant recipe for boosting attendance.

- According to a [study](#) by comebackcity.us, MLB regional rivalry games (Washington Nationals vs. Baltimore Orioles, LA Dodgers vs. LA Angels etc.) performed 18 to 25 percent better than non-regional games.
- The intensity of fan support varies from rivalry to rivalry and market to market.
  - Click [here](#) to see USA Today's ranking of the best NFL rivalries.
  - Click [here](#) to see Bleacher Report's ranking of the 100 best rivalries in the history of sports.
- MiLB's Pawtucket Red Sox created a promotion to capitalize on the intense Red Sox / Yankees rivalry when they hosted "[Evil Empire Night](#)".
- Tickets to see the University of North Carolina Tarheels play the Duke Blue Devils are nearly impossible to get. Tickets for that rivalry series were sent into the stratosphere with the arrival of Zion Williamson in 2019.
  - The cheapest ticket price at Cameron Indoor Stadium (home of the Blue Devils) on the secondary market started at nearly \$3,200, and Zion would only end up playing 36 seconds before blowing out his shoe and leaving with an injury.
- When the annual rivalry game between SUNY Cortland and Ithaca College was moved closer to New York City last year (played at MetLife Stadium rather than either of the school campuses), the event set an attendance record for a Division III football game, drawing over 45,000 fans (according to the [NY Times](#)).
- Click [here](#) for a mini-documentary on the Major League Soccer website showcasing the rivalry between the Montreal Impact and Toronto FC.

## Supply & Demand

The law of supply and demand also applies to ticket sales.

- "Sellouts breed sellouts"
  - For example, some sports teams have long waiting lists for season tickets.
    - Major League Soccer's Portland Timbers have a [waitlist](#) for season tickets at Providence Park of more than 13,000 fans.
    - The waiting list at Lambeau Field is notoriously long, with Packer fans [reportedly](#) having to wait more than 30 years for the chance to buy season tickets (there are nearly 135,000 names on the waiting list and the population of the entire city of Green Bay is 105,000).
- Supply and demand has a significant impact on ticket prices
  - The number of seats available to watch MLB's 2021 "Field of Dreams" Game in a cornfield in rural Iowa was limited to around 8,000, creating an extremely high demand for tickets
    - Tickets were distributed through a lottery system to Iowa residents and, given the limited supply of seats and high demand to see the game, the [cheapest tickets](#) available on the secondary market were \$1,000 with some of the best seats going for more than \$10,000

<sup>4</sup> <http://www.palmbeachpost.com/news/sports/baseball/most-popular-baseball-team-in-florida-its-not-marl/nkkkf/>

## Highly Visible Athletes & Entertainers

- David Beckham played his last Major League Soccer game in 2012, but his impact on the league was significant.
  - Since Beckham entered the MLS, the league has expanded from 12 to 22 teams and attendance for nearly every team has increased by 5,000 fans per game – attendance at MLS matches now often exceeds that in the NBA and NHL.<sup>5</sup>
- When it was announced that LeBron James would be joining the Los Angeles Lakers, the lowest price of a Lakers season ticket for Staples Center games jumped to \$5,750 from \$3,499 on StubHub.com, while the high end reached nearly \$100,000.<sup>6</sup>
- When former Heisman Trophy winner and NFL quarterback Tim Tebow switched sports to play baseball, Minor League Baseball fans came out in droves to see him.<sup>7</sup>
  - While playing for the Columbia Fireflies, team attendance increased to 5,154 per game, up from 3,785 the previous season.
    - When the Fireflies played on the road, opposing teams experienced attendance increases of roughly 78%.
    - Some executives estimated that Tebow's presence helped teams generate \$50,000 in additional ticket, concession and merchandise revenue each game.
- After Dale Earnhardt Jr. won the 2014 Daytona 500, ISC quickly saw a double-digit bump in sales at many of their tracks immediately after the victory (ISC owns 12 tracks — Daytona, Talladega, Auto Club (California), Chicagoland, Darlington, Homestead-Miami, Kansas, Martinsville, Michigan, Phoenix, Richmond and Watkins Glen).
- The NBA faces a lot of criticism when teams rest star players for nationally televised games.
  - Those decisions anger fans who buy tickets with the expectation of seeing players like Steph Curry, Kevin Durant, LeBron James and James Harden.
  - NBA commissioner Adam Silver sent a personal memo to team owners stressing protocol about player availability and how important it was to maintain the quality of gameplay for the league.
  - In the 2017 NBA offseason, the league decided to stretch the regular season schedule by 10 days, allowing more days between games to curb the practice of resting players fans are paying to see play.
  - Click [here](#) for an interesting report that analyzed which NBA stars have the biggest impact on attendance.
    - Click [here](#) for a graphic that illustrates LeBron James' influence on attendance over the years.
    - Click [here](#) for a graphic illustrating which players in league history had the biggest influence on attendance.
- Season ticket sales soared after the New Orleans Pelicans won the lottery and selected Zion Williamson with the first pick in the 2019 NBA Draft.
  - The franchise, which typically averages around 16,000 fans per game, sold 10,000 season tickets in the week after the draft and were [projected](#) to sell a total of around 14,000, putting them in position to sell out many games during the 2019-20 season.
- After signing free agent Kawhi Leonard and trading for another hometown basketball star in Paul George, demand for Los Angeles Clippers season tickets predictably surged.
  - According to one [report](#), the team sent an email to fans before they officially signed Kawhi or traded for George with the subject line: "Secure Your 2019-20 Season Tickets Now."
  - Less than 24 hours later, the link in the email took recipients to the following message: "There are currently no tickets available. Continue to check back as additional tickets may become available for purchase at a later time."

<sup>5</sup> <http://www.reuters.com/article/us-soccer-mls-beckham-idUSKBN0M12KC20150305>

<sup>6</sup> <http://www.latimes.com/business/la-fi-lebron-lakers-marketing-20180703-story.html>

<sup>7</sup> <http://www.greenvilleonline.com/story/sports/2017/06/12/tim-tebow-major-league-hit-minor-league-ballparks/383558001/>



- Last year, the Philadelphia Phillies signed one of the biggest names in baseball to a free agent contract worth \$300 million. According to a [mlb.com report](#), the team sold 180,000 tickets in the next two days following the team's announced signing of the former Nationals' star while ticket prices increased by 93% on the secondary market, according to [StubHub](#).
- When Tom Brady left New England to sign with Tampa Bay as a free agent in 2020, Buccaneers' ticket prices skyrocketed, increasing by 135% on the secondary market while Patriots tickets dropped by 39%, according to [data](#) from TicketIQ

In some cases, a high profile coaching hire or change in ownership can provide a ticket sales boost.

- Upon hiring former college football coaching legend Urban Meyer in 2021, season ticket sales for the Jacksonville Jaguars [skyrocketed](#). According to the team, half the team's total season-ticket deposits came in on the day after Meyer was hired, and the team sold eight times the number of tickets than the previous year comparatively.
  - Momentum continued following the NFL Draft when the Jaguars, who held the number one overall pick, selected Clemson phenom Trevor Lawrence. Ticket sales continued to surge, with almost [50 percent](#) of the fans buying tickets having never purchased a ticket before to see a Jaguars game.

## Venue

Facilities, venues, and stadiums influence fan decisions to purchase tickets.

- Very few stadiums remain with rich traditions and history, but the lore of each adds to the appeal for fans to attend games
  - Storied facilities with tradition also have a unique appeal that draws tourists
    - Fenway Park (Boston Red Sox)
    - Wrigley Field (Chicago Cubs)
    - Lambeau Field (Green Bay Packers)
    - Madison Square Garden (New York Knicks, New York Rangers, New York Liberty, St. John's University etc.)
    - Wimbledon

New and/or updated stadiums have become the trend as a way to attract new fans and create opportunities to maximize revenues.

- When Colorado State University [opened](#) a new \$220 million football stadium, the program set sales of a record 14,000 season tickets.
  - Click [here](#) for a story suggesting CSU's Canvas Stadium actually managed to outperform revenue expectations in its first year.
- In 2020, the University of Utah [provided](#) a "virtual" flyover to provide a glimpse of the football stadium renovation project, which included the [relocation](#) of the iconic Olympic cauldron from the 2002 Winter Games hosted in Salt Lake City to make room for 5,000 additional available seats, including premium seating options.
- New stadiums and venues rely on improved amenities to excite consumers.
  - The \$1.3 billion Yankee Stadium has an in-house museum, party suites, a members-only restaurant and many other luxury amenities. "We tried to reflect a five-star hotel and put a ballfield in the middle," said Yankees COO Lonny Trost.<sup>8</sup>
  - Several newer stadiums (such as the Dallas [Cowboys](#), San Francisco [49ers](#) and [Miami Marlins](#)) include art galleries to help the venue appeal to a broader base of consumer

<sup>8</sup> <http://sports.espn.go.com/mlb/news/story?id=3235847>

- The Atlanta Braves announced plans in 2016 to update their home stadium to include one unique amenity in particular – a Zip Line.<sup>9</sup>
- As a fan-friendly element of the Minnesota Twins ballpark, the stadium features three-sided shelters where fans can go to warm up on chilly game days.<sup>10</sup>
- Standing more than 110 feet tall, Charlotte Motor Speedway’s 16,000 square foot HDTV (80-feet tall by 200-feet wide) features instant replays and live lap by lap action on its more than 650,000 pound videoboard during races (the board, for those keeping score, is 30 percent larger than the screen at Cowboys Stadium, which previously held the title of world’s largest television screen)
  - Click [here](#) for an infographic comparing the size of each NFL team’s scoreboard.
  - When the new NFL stadium in Los Angeles opens in 2020, it will feature an oval shaped, dual-sided Oculus video board with over 60,000 feet of digital display -- so there literally won’t be a bad seat in the house.
- Many stadiums now feature retractable roofs to ensure the fan experience will not be hampered by inclement weather.
  - For example, the Minnesota Vikings’ [stadium](#) features a translucent roof and moveable windows.
- In 2018, the Jacksonville Jaguars [announced](#) plans to open a dog park at EverBank Field.
  - The first of its kind among NFL stadiums, the dog park will welcome approximately 250 dogs throughout the 2018 season.
- The Miami Marlins’ stadium features a left-field beach with a swimming pool (fans buying seats in this area will have a view into the home bullpen), a bobble-head “museum”, a right-field porch where fans can catch home-run balls and sliding glass panels behind left field to showcase Miami’s skyline.
  - According to MLB.com, Marlins attendance was up a stunning 67 percent from the previous year at the 2012 Major League Baseball all-star break.
  - By 2014, between a drop in the team’s on-field productivity and the allure of a new stadium wearing off, Marlins attendance dropped so substantially that they ranked among the lowest in the league.
    - Click [here](#) to read a story from Sports Illustrated chronicling some of the factors influencing the Marlins’ attendance problems.
- In early 2016, the Indianapolis Motor Speedway completed a \$92 million renovation to upgrade their premium seats, suites, big-screen monitors, restrooms, concession stands, elevators and main entryway in hopes of attracting and retaining fans.
- Lucas Oil Stadium Director, Mike Fox, told the [Indianapolis Business Journal](#): “Sports fans’ standards for venue amenities has drastically increased over the last 10 to 15 years. As much as anything, venues are competing with the improved at-home viewing experience.”
- Renderings released in 2018 for a proposed Major League Soccer stadium in Austin [reveal](#) plans for an on-site music performance space, parking garage, bicycle valet, up to 130 affordable housing units, walkways and trails around the soccer facility, and a possible station for light rail.
- When the Los Angeles Dodgers complete their \$100 million renovation project in 2020, elevators and escalators will be built in the right and left side of the stadium with bridges to connect new standing-room decks to the rest of the stadium, allowing fans to walk the entire ballpark’s perimeter from any level inside Dodger Stadium.
- The excitement for the newly relocated team and new stadium in Las Vegas pushed Raiders tickets to the top of the list of most expensive tickets on the secondary market prior to the 2020 season, [averaging](#) a stunning \$1,098 per seat.
  - However, the Raiders franchise made the decision to play the 2020 season without fans amid the pandemic, forcing fans to wait another year before seeing the team play live at Allegiant Stadium.

<sup>9</sup> [http://www.bizjournals.com/atlanta/real\\_talk/2016/03/braves-plan-zip-line-at-suntrust-park.html](http://www.bizjournals.com/atlanta/real_talk/2016/03/braves-plan-zip-line-at-suntrust-park.html)

<sup>10</sup> <http://www.startribune.com/local/west/15558327.html>



- According to one [estimate](#), the decision to forego ticket revenue in the team's inaugural season at its new \$2 billion stadium would cost the franchise \$571 million in ticket and game-day revenue, more than any other NFL team.
- According to John Oliver in a rant on his popular "Last Week Tonight with John Oliver" show on HBO, nearly 90% of U.S. stadiums have been replaced or received major construction upgrades in the last 20 years.<sup>11</sup>
  - According to the [Sports Business Journal](#), nearly \$17 billion has been spent either building or renovating MLB ballparks – 296 projects in all – in the last 25 years, including a new stadium for the Texas Rangers opening in 2019.
    - Click [here](#) for a graphic illustrating the amount of money invested in stadium projects since 1994 (when Rangers Stadium was built).



### INSTRUCTOR NOTES

Now might be a good time to introduce the "stadium design" project located in the lesson 9.1 folder. Be sure to emphasize the importance of ticket sales when assigning the project and encourage your students to be creative with their designs. Consider requiring them to include one unique stadium amenity with their design concepts. Alternatively, distribute this project in lesson 10.1 after discussing fan experience and technology. You may also want to utilize the project to help differentiate between the fields of **sport management** and **sport marketing**.

## Promotion

Engaging in promotional efforts helps to drive ticket sales.

### Ticket promotion examples:

- In 1952, the legendary Bill Veeck introduced "Bat Day" with the Cleveland Indians, a promotions tradition carried on today by many minor league baseball clubs, including the Indianapolis Indians.<sup>12</sup>
- Most sports and entertainment organizations offer special ticket promotions and customized "packages"
  - Last season, the Detroit Tigers offered several "Special" ticket packages that fans could choose from, such as the "Outdoorsman" ticket package and "Golf lovers" package as well as special incentives to purchase tickets for "themed" promotions like Yoga Day at Comerica Park.<sup>13</sup>
    - The Tigers' special packages included exclusive premium items (like a Tigers branded fishing lure for the "Outdoorsman" package or a yoga mat for Yoga Day) in addition to game tickets.
    - Many of the team's packages included a charity component and/or offered a pre-game party or "experience".
  - Concert promoters now offer VIP packages, offering fans opportunities to access the best seats for the show and oftentimes exclusive access to the artist for a premium price. Packages might include a backstage tour and pre-show dinners.
    - Through the sale of premium packages, concert promoters and artists can make as much on 10% of their audience as they do on the other 90%. While an average concert ticket may cost \$90, the VIP ticket can go for \$1750. Broadway shows have also enjoyed a lot of success through the implementation of premium VIP packaging.<sup>14</sup>

<sup>11</sup> <https://www.youtube.com/watch?v=xcwJt4bcnXs>

<sup>12</sup> [http://www.indyindians.com/press\\_box/articles/may\\_2104.html](http://www.indyindians.com/press_box/articles/may_2104.html)

<sup>13</sup> <http://m.mlb.com/tigers/tickets/info/special-ticket-packages>

<sup>14</sup> <http://www.nytimes.com/2010/05/23/arts/music/23VIP.html?hp=&pagewanted=print>



## Staffing

Most organizations employ a full-time staff to manage the ticket sales function.

- LSU's athletics staff features an entire department devoted to promotions, including a director, two assistant directors and two coordinators.<sup>15</sup>
- The NBA's Miami Heat employs a staff of 7-10 to focus specifically on group ticket sales.<sup>16</sup>

The frequency of special promotions and size of sales staff are dependent upon a team's available ticket inventory.

- The Green Bay Packers, whose home games have been sold out on a season ticket basis since 1960, do not have any ticket sales personnel on staff and, subsequently, do not typically host any ticket driven promotions at games.<sup>17</sup>
- By contrast, the NHL's Carolina Hurricanes beefed up their sales staff from 8 to 32 in 2016 to help battle declining attendance
  - The increased staffing resulted in a 40% boost in season ticket sales, 60% increase in ticket revenue and an 18% jump in season ticket renewals.<sup>18</sup>
- After the 2010 announcement of the signing of free agents LeBron James, Chris Bosh and Dwyane Wade, the Miami Heat quickly sold out of ticket inventory. Soon after, the team infamously let go a reported 30 ticket sales staff members. Explained team spokesperson Lorrie-Ann Diaz, "Now that the supply for (season tickets) has been exhausted we no longer require a season ticket sales team."<sup>19</sup>

Successful promotion and sales strategies are dependent upon an organization's willingness to conscientiously invest company resources in market research

- It is important to understand the behavior of ticket buyers
  - How do fans feel about the ease of buying tickets?
  - What motivates fans to buy tickets?
  - What factors impact a fan's decision to attend a particular game?
- It is important for an organization to utilize market research data
  - Does the organization review fan demographic information when creating ticket marketing strategies?
- Market research is important in the creation of an effective ticket advertising strategy
  - Which newspapers and sections are fans most likely to read?
  - Which radio stations best fit fan demographics?
  - Which television stations are fan favorites?
- In the past, the Cleveland Indians have analyzed ticket sales data and discovered several [interesting statistics](#) regarding factors that influenced attendance at home games
  - Fireworks after a game draw an additional 4,000 fans
  - Every one-degree temperature drop below 70 Fahrenheit costs 300 seats
  - When the New York Yankees come to town, attendance jumps 11,000

<sup>15</sup> [http://www.lsusports.net/ViewArticle.dbml?DB\\_OEM\\_ID=5200&ATCLID=177229](http://www.lsusports.net/ViewArticle.dbml?DB_OEM_ID=5200&ATCLID=177229)

<sup>16</sup> <http://www.nba.com/heat/group-sales/>

<sup>17</sup> <http://www.packers.com/team/staff/9> (MLB team example)

<sup>18</sup> <http://www.newsobserver.com/sports/nhl/carolina-hurricanes/article90505787.html#storylink=cpy>

<sup>19</sup> <http://www.miamiherald.com/2010/07/30/1754732/lebron-james-was-great-for-the.html#ixzz0vSHk1rSI>

# TICKETING TRENDS

Like any other industry, business trends play an important role in how sports and entertainment properties market their products and services.

- With high demand for premium seating, many teams look for ways to maximize space within the venue by creating new premium seating areas to accommodate demand.
  - The New England Patriots and Pittsburgh Steelers transformed the end-zone sections of their respective stadiums into club seating areas (the Minnesota Vikings' new stadium also offers ground level club seating options).<sup>20</sup>
    - The Patriots' club-style seating area provides "members-only" access and carries a hefty \$1,500 annual fee (minimum purchase of two memberships). Those fees are in addition to the cost of season tickets every year.<sup>21</sup>
      - Click [here](#) to read more from sportingnews.com.
  - As part of the Baltimore Ravens' \$120 million renovation project in 2019, new luxury suites and party areas were built into each open notch of the stadium to increase the team's premium seating inventory.
  - In 2020, [Sports Business Journal](#) published a story discussing the booming trend of building or renovating college baseball and softball stadiums.
    - According to the report, overall ballpark construction costs were estimated to exceed more than \$233 million in 2020 alone, highlighted by Florida's new 10,000-seat baseball venue in Gainesville, a \$65 million project that is scheduled to open in 2021.
    - Florida AD Scott Stricklin told [SBJ](#) that the expectation is ticket revenue will triple once the Gators are in the new ballpark, with sales bolstered by offering fans four different types of premium seating options.

Another common trend in ticketing is the inclusion of food related promotions as a means for adding value to ticket packages.

- The Houston Astros reserve 500 seats for each home game as \$25 "all-you-can-eat" seats in three mezzanine sections where fans can, through the seventh inning, consume unlimited hot dogs, nachos, popcorn, peanuts, soda and water.<sup>22</sup>
- The Kansas City Royals partnered with Jack Stack Barbecue that makes the company the exclusive tailgate caterer of Kauffman Stadium, creating a unique opportunity for fans interested in having their tailgate parties catered who now have the ability to choose from a variety of buffet menus.<sup>23</sup>
- Thanks to the promotion's popularity at the beginning of the 2015-16 season, the Detroit Red Wings added six additional game dates offering the "[Meijer Coke Zero Fan Pack](#)" (also a great example of sponsorship) which included two tickets, two slices of pizza or hot dogs and two soft drinks for \$67 for select home games.
- Several teams are now partnering with local food trucks for special game-day promotions
  - The Oklahoma City Dodgers teamed up with the Oklahoma Independent Food Truck Association to launch a "Food Truck Triple Play" promotion for a game leading up to 4<sup>th</sup> of July weekend.
  - The Fresno Grizzlies unveiled a branded food truck dubbed "Wild Things" (a tribute to the team's original mascot) that would serve as a permanent fixture outside the team's stadium for home games.
- Members of the 200-capacity "Concert Club" premium seating area at recently renovated State Farm Arena in Atlanta enjoy all-inclusive food and beverage (including in-seat delivery) for not just Atlanta Hawks games but also all concerts, according to the [Sports Business Journal](#).

<sup>20</sup> <http://www.sportsbusinessdaily.com/Journal/Issues/2014/03/03/Facilities/Breaking-Ground.aspx?hl=field%20level%20suites&sc=1>

<sup>21</sup> <http://www.sportingnews.com/nfl/story/2014-12-05/new-england-patriots-pittsburgh-steelers-gillette-stadium-heinz-field-nfl-end-zone-suites-club-premium-seats>

<sup>22</sup> <http://www.chron.com/dispatch/story.mpl/sports/7008274.html#ixzz1VJH3Clkw>

<sup>23</sup> Veritix Sports Marketing Newsletter - March 24, 2011. Volume 10, Issue 11.





- Rather than offering “all you can eat” options featuring traditional stadium fare like hot dogs and popcorn, MiLB’s [River City Rascals](#) announced “All You Can Eat Theme” ticket packages for all their Thursday night games in 2019.
  - Each game featured a “specialty item of the night” (like rib tips, a mac-n-cheese bar, tater tot bar etc.), and also included all-you-can-eat options on other traditional stadium foods like hot dogs, lemonade and iced tea.
  - Not surprisingly, the “All You Can Eat Thursdays” ticket package is one of the team’s best sellers.

“Social Selling” is a trend gaining momentum throughout the industry as a means for creating an additional sales channel and tool for reaching potential ticket buyers.

- Many teams utilize Facebook, Twitter, LinkedIn and other social media platforms to communicate various ticket sales promotions to fans.
  - For example, the Miami Dolphins [generated](#) over \$4 million in new season ticket sales through leads on Facebook with a season ticket marketing campaign.

# Ticketing Strategies

## TICKET SALES STRATEGIES

- Season tickets
- Ticket packages
- PSLs
- Premium seating
- Luxury suites
- Group ticket sales
- Fan experience packages
- Theme nights
- Individual game and single game ticket sales (advanced sales)
- Promotions

Stadiums and arenas are hard to fill night after night through the sale of individual game-day tickets. Each seat in a venue represents a sports team or event's inventory. To help maximize revenue generated through ticket sales, sports teams will engage in different strategies to sell as much of that inventory for every game or event as possible.

### Season Tickets

**Season tickets** provide consumers with a ticket to every home game for a particular sport or event for one package price. Season tickets typically provide the core revenue stream for most professional sports teams and collegiate athletic programs.

To incentivize fans to purchase a full season package, sports teams will often offer exclusive benefits to create added value to the buyer.



The Houston Astros offer a variety of perks with season ticket purchases.<sup>24</sup>

<sup>24</sup> <https://www.mlb.com/astros/tickets/season-tickets/holders/benefits>

### Season ticket benefits examples:

- Texas Rangers full season ticket buyers receive a number of benefits, including:
  - 20% off concessions
  - Bonus tickets for select months
  - Complimentary coupons for upgrading seats on select dates
  - Personalized season ticket holder name plate on seats
  - Private season ticket entrances
  - Annual season ticket holder picnic with player autographs
  - Season Ticket Holder End-of-Season Play Day on the field.<sup>25</sup>
- The Minor League Hockey Grand Rapids Griffins offer unique [benefits](#) for season ticket members, including invitations to exclusive events and discounts.
  - A members-only entrance to the arena for early access to giveaways and concession promotions.
  - Guarantees to receive team promotional giveaways, regardless of when fans arrive at the game.
  - Opportunity to high-five the players as they come onto the ice during select games.
  - Invitations to members-only events, including a team autograph signing, post-game skate with select players and coach's chalk talk.
  - Access to members-only concession stand lines.
  - Pre-sale opportunities to Detroit Red Wings games and discounts.
- The Brooklyn Cyclones make an effort to personalize season ticket holder benefits.<sup>26</sup>
  - Membership to "Cyclones Nation", where ticket holders are issued a username and password providing access to an exclusive STH-only page on the Cyclones website, featuring an interactive blog, chats with the team's General Manager and additional discounts.
  - An opportunity to come take batting practice at the ballpark.
  - The chance to stand on the field, side-by-side with the Cyclones team for a group picture that ticket holders can download and print for free.
  - An exclusive invitation to see the team's first practice of the year.
- The Tijuana Toros of the Mexican League [offer](#) several unique benefits for their season ticket holders, including a seating section for the hearing impaired (complete with a sign language interpreter) and personalized seats with emblazoned names.
- Milwaukee Bucks season ticket holders were provided with the opportunity to get a first look inside the team's new arena.

### Personal Seat Licenses

In some cases, an organization might choose to sell **personal seat licenses**, or PSLs, which give the buyer the right to purchase season tickets for a specific seat within a stadium or venue. This is a strategy typically used as a tool for generating additional revenue to help offset the debt incurred during the construction of a new stadium or arena. For example, the Golden State Warriors were the first team in the NBA to [require a PSL](#) for every single season ticket, a strategy that helped the franchise to finance their \$1 billion new arena when they moved from Oakland to San Francisco in 2019.

#### PSL Examples:

- The LA Rams have suggested that when they move into their new stadium in 2019, all seats will be sold with a PSL.
  - Sports business analysts have suggested the franchise will be able to charge more than the Cowboys (\$150,000/seat) for their premier inventory.

<sup>25</sup> [http://mlb.mlb.com/tex/ticketing/season\\_ticket\\_benefits.jsp](http://mlb.mlb.com/tex/ticketing/season_ticket_benefits.jsp)

<sup>26</sup> <http://www.brooklyncyclones.com/tickets/season/>



- The Rams began taking \$100 deposits on their website in 2016 to gauge fan interest and so many logged-on to sign up that the team's website crashed.
- In 2018, the Las Vegas Review-Journal [reported](#) that seat licenses could cost Raiders fans between \$20,000 and \$75,000 each when the new stadium opens in Las Vegas in 2020.
  - In 2019, the team began the final phase of PSL sales (the least expensive offering) with a range of \$500 to \$4,000 per seat, with most locations in the upper levels of the stadium.
  - According to the [Las Vegas Review-Journal](#), the Raiders initially anticipated generating \$250 million in revenue through PSL sales, but with strong sales, the franchise expected to surpass the original revenue estimates.
  - When all was said and done, the team sold out of all of its available PSLs, doubling the original estimate with sales of nearly \$400 million prior to kick off of the 2020 season (before to the team's decision to play the inaugural season without fans) and the team now has a waitlist for fans hoping to purchase a personal seat license.
- In 2021, Charlotte FC became the first Major League Soccer franchise to sell personal seat licenses, charging a one-time \$550/per seat fee for rights to a club seating area on top of the cost of the season tickets
  - Click [here](#) to learn more about the team's decision to sell PSLs


While PSLs have provided an excellent solution for generating revenue for many teams over the years, not all organizations have found the concept to be perfect. The Cleveland Browns recently announced that they would no longer require personal seat licenses for new season-ticket buyers while current season ticket holders/PSL owners would still maintain their original PSL benefits.<sup>27</sup>

- In 2016, after two disappointing seasons, the San Francisco 49ers saw a substantial decrease in demand for their PSLs.
  - According to [Sports Business Daily](#), at one point there were over 1,800 licenses that were up for sale (representing 4,600 seats in Levi's Stadium), an increase of nearly 800 from the year prior.
- Other than the Golden State Warriors, the Toronto Raptors are the only other NBA team that uses PSLs, and only for their premium seats.
- The Milwaukee Bucks considered PSLs for their new arena, but decided it wasn't a workable business model.
  - Click [here](#) for a short video clip of Bucks' president Peter Feigin explaining the decision.

<sup>27</sup><http://www.newsnet5.com/dpp/sports/football/browns/cleveland-browns-get-rid-of-personal-seat-licenses-offer-season-tickets-without-psl>

## Ticket Packages

However, not all fans can afford season tickets or PSLs. To reach this group of consumers, sports teams and events offer various ticket packages, including “flex” plans, mini-plans or even half-season packages. A ticket package is a sales approach that involves grouping together a select number of games, often at a discounted price.



The advertisement for the Las Vegas Golden Knights' "Holiday Packs" features a dark background with warm, glowing lights and snowflakes. The team's logo is in the top left. The title "Holiday Packs" is written in a large, elegant script. Below it, the price "MEZZANINE LEVEL SEATING STARTS AT \$399" is prominently displayed. To the right, two columns list specific game packages: "CLARK W." and "COUSIN EDDIE". Each package includes a team logo, the opponent, and the game date. At the bottom, a note states that a fourth game can be added for \$100 per 2 seats, with Tampa Bay or Washington as options.

**MEZZANINE LEVEL SEATING STARTS AT \$399**

- 2 TICKETS TO 3 GAMES
- \$50 FOOD & BEVERAGE GIFT CARD FOR T-MOBILE ARENA

**CLARK W.**

- NEW YORK ISLANDERS THUR, JAN 25
- CALGARY FLAMES WED, FEB 21
- OTTAWA SENATORS FRI, MAR 2

**COUSIN EDDIE**

- ANAHEIM DUCKS MON, FEB 19
- NEW JERSEY DEVILS WED, MAR 14
- COLORADO AVALANCHE MON, MAR 26

**ADD A 4<sup>TH</sup> GAME STARTING AT \$100 PER 2 SEATS (TAMPA BAY OR WASHINGTON)**

The NHL's Las Vegas Golden Knights offer a three-game "Holiday Pack"<sup>28</sup>

Sports teams generally offer a special rate and/or an additional benefit for committing to a greater number of games. Packages offer flexibility for consumer purchases by requiring smaller financial and time commitments to purchase game or event tickets.

### Ticket Package Examples:

- The Orlando Magic offer half season packages that include a number of customer benefits, including a free subscription to E-Magic Insider (email newsletter).<sup>29</sup>
- The Calgary Flames offer weekend packages that feature only weekend games, creating a special package to make it easier for fans to attend.<sup>30</sup>
- Because Monday night games are difficult days for teams to draw crowds, the Fort Myers Miracle created the "Monday Night Club" where, for \$30, "members" would receive a ticket to every Monday night home game through the entire season, free parking and a Monday Night Club t-shirt.<sup>31</sup>
- With hopes of boosting lagging attendance, the Arizona Diamondbacks launched a "Ballpark Summer Pass" ticket package that included every home game in June and July for only \$50
- In an effort to drive attendance at early season games that typically are harder to sell, the Philadelphia Phillies released the "[Phillies Spring Pass](#)" ticket package for \$50 that included all Monday through Friday games in April (the team quickly sold out of the packages)
- According to the [Indianapolis Star](#), the NFL's Indianapolis Colts announced plans to offer a five-game ticket package for the first time in history after season-ticket renewals declined for a third straight season in 2018.

28 <https://www.nhl.com/goldenknights/news/golden-knights-announce-clark-w-and-cousin-eddie-holiday-ticket-packages/c-293527324>

29 [http://www.nba.com/magic/tickets/tickets\\_half\\_010620.html](http://www.nba.com/magic/tickets/tickets_half_010620.html)

30 [http://www.calgaryflames.com/tickets/special\\_programs.html](http://www.calgaryflames.com/tickets/special_programs.html)

31 *Veritix Sports Marketing Newsletter* - June 11, 2009



Another popular ticket sales packaging strategy is to offer “flex” ticket plans.

- The “Orlando Flex” ticket package offers buyers access to a number of different parks, including Universal Studios Sea World, Wet N Wild and Busch Gardens .
  - Flex package purchasers only have to pay for parking once and the package is good for 14 consecutive days.
  - Flex package buyers can “jump” between parks as many times as they wish during those 14 days.
- The New York Mets offer flex packages of 5, 11, or 17 games.
  - Fans have the luxury of choosing any games they want.

Sometimes, teams will measure the effectiveness of packaging strategies using a metric called season ticket equivalents. **Season ticket equivalents** (also called FSE or full season equivalent) refer to the sum of all of the various ticket packages sold converted to one measurable number. For example, if the Washington Capitals sold 400 new quarter season packages, 800 new half season packages and 2,000 new full season packages in the off season, they would have sold 2,500 season ticket equivalents (FSEs).

## Premium Seating & Luxury Suites

Sports teams and events can also generate millions of dollars by marketing to the corporate crowd and more affluent consumers through the sale of premium seating and luxury suites.



Ohio State Premium Seating<sup>32</sup>

Premium seats are tickets to a game or event that feature additional benefits or values, often located in a private or reserved section of the venue. Premium seats could include anything from suites, courtside seats, or seats elsewhere that receive preferential or “VIP” treatment.

<sup>32</sup> [https://www.schottensteincenter.com/assets/img/PremiumSeating\\_1248x680-8bb89bca89.jpg](https://www.schottensteincenter.com/assets/img/PremiumSeating_1248x680-8bb89bca89.jpg)

## Examples:

- A company that leases a luxury suite at the Staples Center in Los Angeles receives tickets to each event throughout the year, including the Lakers (NBA), Clippers (NBA), Kings (NHL), Sparks (WNBA) concerts and family shows.<sup>33</sup>
- “Executive Club Seat Members” at the Georgia Dome in Atlanta receive VIP parking privileges, access to private “lounge” areas in the stadium (described online as “spacious, sun-filled atriums that feature living room style lounges with big screen televisions with specialty grills and buffets in both areas also offer food selections prepared to order”) and access to exclusive concessions options.<sup>34</sup>
- The Saenger Theatre in New Orleans offers the following benefits for their premium seat buyers: The best seating locations available, priority upgrades during renewals, discount beverage coupons, exclusive Premium Seat Holder commemorative season poster and offers to other local events
- According to the Sporting News, the Miami Dolphins plan to install “Living Room Suites” at Sun Life Stadium that will feature a transportation service that will pick up and drop fans off from home in a luxury vehicle and will enter and exit the stadium in their own private lane.
  - Click [here](#) to read more about the Dolphins’ plans for their new premium seating options for ticket buyers next season.
- According to [charlotteagenda.com](#), the Carolina Panthers are considering adding a variety of premium seating options at Bank of America Stadium, including owner’s club suites, field bunker suites, party decks, 4-person semi-private seating, field-level suites, pre-game dining membership, practice field tailgating and an exclusive members-only club named the Carolina Club that could feature a high-end restaurant and lounge.
- In some instances, a team might offer “multi-use” opportunities to use stadium premium seating spaces for non-game day events.
  - For example, the LA Rams offered suites that included “365-day access to SoFi Stadium”, meaning the suite-holder could host business meetings and private parties at the stadium.
  - According to a story published by Sportico, Phoenix Suns’ sponsor PayPal has special access to its luxury suite at Talking Stick Resort Arena even when the building is empty, where it has created a so-called “innovation center.” The program has been so successful that PayPal already extended their deal with the Suns and agreed to create a similar site at the home stadium of Spanish soccer club RCD Mallorca, also owned by Suns managing partner Robert Sarver.
    - The success of PayPal’s use of their luxury suite has inspired the Suns’ to redesign the entire suite level as part of the arena’s upcoming renovations.

<sup>33</sup> <http://www.staplescenter.com/content/default.sps?ittype=6767&icustompageid=10009>

<sup>34</sup> <http://www.gadome.com/club/benefits.html>





## Group Tickets

Another effective strategy for filling the stands is an emphasis on selling group tickets. Typically, a group package consists of ten more seats to a single game or event, sometimes tied to a specific theme (called “theme nights”) or customized items like birthday party packages. Many sports teams will reserve a percentage of the ticket inventory every season specifically for group sales.

The advertisement features the Texas Longhorns Kids Club logo on the left, which includes a cartoon longhorn head wearing a white jersey with an orange 'T' and a white cowboy hat. Above the head is a black banner with 'LONGHORNS KIDS CLUB' in orange and white text, and a small orange oval with 'ufcu' in white. To the right of the logo, the text 'TEXAS LONGHORNS' is in a bold, orange, sans-serif font. Below it, 'BIRTHDAY PARTY PACKAGES' is in a larger, bold, orange, sans-serif font. Underneath that, in a smaller orange font, it says 'INCLUDES 10 GAME TICKETS, VIDEO BOARD RECOGNITION, COOKIES, CONCESSION VOUCHERS AND A BIRTHDAY GIFT'. Below that, 'EXCLUSIVE PRICING FOR LONGHORNS KIDS CLUB' is in a smaller orange font. At the bottom, 'CALL 512-471-3333 OR EMAIL TICKETS@ATHLETICS.UTEXAS.EDU FOR MORE DETAILS' is in a smaller orange font.

The University of Texas offers a birthday party group ticket package for soccer, volleyball, men's and women's basketball, baseball and softball games.<sup>35</sup>

### Group Ticket Examples:

- Broadway.com offers group discounts to many Broadway shows and musicals, including “Rent” and “Blue Man Group” for groups of 10 or more.<sup>36</sup>
- Colorado State University offers discounted ticket prices on all groups of twenty or more and features the group's name on the football video board while providing additional perks for the group leader, including complimentary tickets, merchandise and autographed photos based on the number of fans in the group.<sup>37</sup>
- Sea World offers group discounts for groups of 20 or more and provides bigger discounts for bigger groups.<sup>38</sup>
  - Groups of 20-49 receive 10% discount
  - Groups of 50-99 receive 12.5% discount
  - Groups of 100+ receive 15% discount

### How important are group sales to an organization?

According to [espn.com](https://www.espn.com), when LeBron James announced his return to Cleveland, the team capped season ticket sales at slightly more than 12,000 tickets Friday, leaving roughly 8,000 tickets per game to be used for group sales and ticket

<sup>35</sup> <https://texassports.com/news/2018/10/23/tickets-texas-athletics-launches-birthday-party-ticket-packages.aspx>

<sup>36</sup> [http://www.broadway.com/groups/groups\\_home.asp](http://www.broadway.com/groups/groups_home.asp)

<sup>37</sup> <http://www.seaworld.com.au/tickets/tickets.cfm>

<sup>38</sup> <http://www.seaworld.com.au/tickets/tickets.cfm>

plans, enabling them to introduce as many fans as possible to the product next season. That strategy will likely pay off, even as LeBron has moved on to Los Angeles, as group outings are typically easier to renew than season tickets.

## Fan Experience Packages

To attract new fans and compete in a more competitive environment, many organizations have turned to unique “fan experience” packages to boost group ticket sales.

### Examples:

- With a minimum purchase of 75 group tickets, fans can sign up for the Boston Celtics “Halftime High Five Kids Tunnel” where up to 25 members of the participating group have (open to those 14 years and younger) the opportunity to actually get on the court and high-five the Celtics players as they come back onto the court after half-time.<sup>39</sup>
- The Los Angeles Sparks have offered a “traveling practice” program where, if a group purchases 1,000 or more tickets, the team will hold a full practice at the site of the ticket buying group’s choice.<sup>40</sup>
- Through the team’s “Court of Dreams” ticket package, Oklahoma City Thunder fans have the chance to play on the court before the game. The team has hosted students from more than 13 area high schools at the Ford Center who have participated in various basketball “competitions” with winners getting their game night seats upgraded.
  - Thunder Vice President of Community Relations Dan Mahoney on the program: “A lot of people would love to play on an NBA court, and through our group sales effort, we are able to provide that to our fans.”<sup>41</sup>
- The Philadelphia Phillies have offered an “Out of Towner” weekend package created specifically for Phillies fans from around the country to visit Philadelphia while taking in a three-game series at Citizens Bank Park



### DISCUSSION TOPICS

The NBA’s Milwaukee Bucks offer some creative group ticket options for fans, including unique “experience” packages. To provide some context for students, access the “Milwaukee Bucks Group Tickets” PowerPoint and share the examples with your students. The key take-away should be for students to understand how group tickets help teams like the Bucks to maximize ticket sales revenue. For more from the Bucks website, click [here](#).

## Theme Nights

A theme night is a specific ticket package designed exclusively for a particular group, demonstrating a very targeted approach to marketing. The goal of a theme night is to attract large groups to attend a game or event by customizing the experience to meet the needs of the selected group/organization.

### Theme Night Examples:

- The NBA’s Charlotte Hornets host a Teacher Appreciation night, offering special promotional discounts on tickets for teachers.<sup>42</sup>

<sup>39</sup> <http://www.nba.com/celtics/tickets/group-tickets/>

<sup>40</sup> [http://www.linkedin.com/groupAnswers?viewQuestionAndAnswers=&gid=1575157&discussionID=2811662&sik=1249502137662&trk=ug\\_qa\\_q&goback=.ana\\_1575157\\_1249502137662\\_3\\_1](http://www.linkedin.com/groupAnswers?viewQuestionAndAnswers=&gid=1575157&discussionID=2811662&sik=1249502137662&trk=ug_qa_q&goback=.ana_1575157_1249502137662_3_1)

<sup>41</sup> [http://www.nba.com/thunder/news/dreams\\_090223.html](http://www.nba.com/thunder/news/dreams_090223.html)

<sup>42</sup> [http://www.nba.com/bobcats/tickets/group\\_theme\\_nights.html](http://www.nba.com/bobcats/tickets/group_theme_nights.html)

- The WNBA's Chicago Sky promote an annual Girl Scout night, providing specially priced tickets for area Girl Scouts, a chance to meet a Sky player, a "fan tunnel" experience on game day and exclusive autograph sessions.<sup>43</sup>
- Some of the theme nights hosted by the [Philadelphia Phillies](#) have included Autism Awareness, Teacher Appreciation, Philadelphia Science Festival Day and Citizens Bank Weather Education Day.
- Last season, the Oakland A's shifted their organizational strategy by hiring a dedicated sales staff to focus on group sales, and hosting theme nights like "Science of Baseball Day" which led to the sale of over 6,000 tickets.
  - Click [here](#) to read more about the A's group sales strategy in a story posted on frontofficesports.com.
- Thirteen of the fifteen theme night events hosted by the New Jersey Devils during the 2017-18 NHL season [reportedly](#) resulted in sellouts.
  - As a result, the team increased the number of theme night promotions to include nineteen events last season, including "WWE Night", "Military Appreciation Day", and "Hockey Fights Cancer Night".

## Individual game and single game ticket sales (advanced sales)

Many organizations promote the sale of individual game tickets to fans prior to the start of the season, game or event. Advance sales encourage fans to purchase tickets to individual events in advance to eliminate the risk of people changing their minds on the day of the game.

### Individual game and single game ticket sales (advanced sales) examples:

- The University of Wisconsin athletics office implements a policy that all reserved single game tickets MUST be purchased in advance and do not offer day-of-game (walk-up) single game sales. All day-of-game sales are general admission tickets only.<sup>44</sup>
- The Detroit Red Wings encouraged fans to sign up for ticket updates through the team's 'Red Wings eAlerts' program, offering "priority access" to single game tickets with no convenience charge before seats go on sale to the general public.<sup>45</sup>
- The Houston Astros offered a "one day opportunity" to fans subscribed to the team's email service. An offer for special promotional discounted tickets for future weekday games lasted just one day (from 9:00 to 5:00). The promotion helped the franchise sell nearly 1,000 tickets.<sup>46</sup>
- In 2020, SoFi Stadium executives took a unique approach to single-game sales when they began offering individual game tickets in luxury suites for LA Rams and Chargers games.
  - According to [bizjournals.com](#), the team designed 36 suites specifically to be sold on a game-by-game basis, believing the L.A. market would attract high-end corporate and individual buyers who want to attend Rams or Chargers games as one-off events without the long-term commitment typically associated with luxury suite sales.

<sup>43</sup> [http://www.wnba.com/mystics/girl\\_scout\\_night\\_2012.html](http://www.wnba.com/mystics/girl_scout_night_2012.html)

<sup>44</sup> [http://www.uwbadgers.com/sport\\_news/wbb/headlines/full\\_story.aspx?story\\_id=2004\\_09\\_16\\_13\\_04\\_31\\_wbb](http://www.uwbadgers.com/sport_news/wbb/headlines/full_story.aspx?story_id=2004_09_16_13_04_31_wbb)

<sup>45</sup> <http://redwings.nhl.com/club/news.htm?id=777106>

<sup>46</sup> [http://www.linkedin.com/groupAnswers?viewQuestionAndAnswers=&gid=1575157&discussionID=2811662&sid=1246930936732&trk=ug\\_qa\\_q&goback=%2Eana\\_1575157\\_1246930936732\\_3\\_1](http://www.linkedin.com/groupAnswers?viewQuestionAndAnswers=&gid=1575157&discussionID=2811662&sid=1246930936732&trk=ug_qa_q&goback=%2Eana_1575157_1246930936732_3_1)



## Ticket Promotions

Promotions for individual games can also help increase sales on game days. Sports teams will implement a variety of promotions to boost attendance throughout the course of a season. The most common promotions include game-day giveaways like bobbleheads and replica jerseys or “meal deal” promotions, including food and beverage with a ticket purchase.



Cleveland Cavaliers Bobblehead Night<sup>47</sup>



The NHL's Florida Panthers offer a promotional ticket package that includes a game ticket, a hot dog, parking, popcorn and one bottled water or soda.<sup>48</sup>

<sup>47</sup> <https://www.nba.com/cavaliers/releases/sexton-bobblehead-night-190129>

<sup>48</sup> <https://www.nhl.com/panthers/news/florida-panthers-launch-sahlens-red-hot-value-pack-ticket-offer/c-309618910>



## Covid-19 Impact On Ticket Sales

The loss of revenue from ticket sales during the pandemic as sports and entertainment organizations were forced to cancel events or play games without fans is crushing for the industry.

### College football

[USA Today](#) reports that last year, the 130 schools that make up the Division I Football Bowl Subdivision (FBS) generated nearly \$1.1 billion in total football ticket sales, meaning hundreds of millions of ticket revenue would be lost when seasons were canceled or postponed

### Broadway

According to [NBC New York](#), Broadway took in a record \$1.8 billion in ticket sales last year, but abruptly shut down in March and announced in the summer that the earliest they would return would be January of 2021.

### Concerts

[Pollstar](#) estimated the concert industry could lose as much as \$9 billion in 2020 in ticket sales revenue.

### NBA

NBA commissioner Adam Silver said during an interview at an [SBJ](#) virtual event that the league will lose 40% of its revenue with no crowds.

### NFL

A [Forbes](#) report suggested that, if the NFL were to play the entire 2020 season without fans in stands, the league could lose \$5.5 billion in stadium revenue (the sum of tickets, concessions, sponsors, parking and team stores).

### MiLB

According to [MiLB](#), its teams generated gross revenues last year of \$864 million. The vast majority comes from game-day operations, with 60 percent from tickets and concessions sales, wiping out millions of dollars when MiLB was forced to cancel the 2020 season.

### Cirque du Soleil

According to [NBC News](#), Cirque du Soleil, the brand that successfully fused acrobatics with performance art, filed for bankruptcy Monday as the coronavirus continued to ravage the entertainment and theater industries.

# The Ticket Sales Cycle

The ultimate goal of sports and entertainment promotion according to Mullin, Hardy and Sutton is to “increase overall consumption of products or services through increased awareness and interest”<sup>49</sup> Essentially, the goal is to increase overall levels of ticket sales.

Tickets sales and television broadcast strategies frequently align – if an event does not sell enough tickets, oftentimes the TV provider will ‘blackout’ the game, meaning they do not televise the event on local TV.

- The idea is to push more consumers to buy tickets to see the event live versus simply watching it at home.
- Click [here](#) to read how the Indianapolis 500 sold enough tickets to avoid a blackout on local TV for the first time since 1950.

Sports and entertainment marketers achieve that goal by progressively gaining consumer commitment. This model is called the frequency escalator. The frequency escalator model is important because research indicates the long-term financial implications of an organization are impacted most by existing customers, not by attracting new consumers. Statistically, U.S. companies lose 50% of their customers in five years on average.<sup>50</sup>

## THE FREQUENCY ESCALATOR

The **frequency escalator** is a marketing tool that examines the attendance levels of fans.<sup>51</sup>

This model, developed by sports marketing experts Mullin, Hardy and Sutton, also referred to as the fan escalator, essentially describes a strategy used by sports and entertainment marketing professionals to increase ticket sales.

The basic concept of the escalator places the focus primarily on encouraging those fans already attending games to attend with more frequency with an increased level of commitment rather than trying to entice new fans to come to a game or event.

**The frequency escalator categorizes various consumer (fan) groups by usage level as follows:**

1. Unaware consumer
2. Indirect user
3. Light user
4. Medium user
5. Heavy user

### Unaware Consumer

The unaware consumer does not know a product or service exists and therefore does not attend games or events.

**The sports and entertainment marketer reaches this group of consumers through:**

- Advertising
- Publicity
- Promotional items such as pocket schedules, magnet schedules etc.

<sup>49</sup> Sport Marketing, Mullin, Hardy, Sutton, 2nd ed., p. 21

<sup>50</sup> [http://www.milepoint.biz/files/639,9,Why Miles? Why Now?](http://www.milepoint.biz/files/639,9,Why%20Miles%20Why%20Now?)

<sup>51</sup> Sport Marketing, Mullin, Hardy, Sutton, 2nd ed., p. 216



## Indirect User

The indirect user is aware of the product or service, but does not directly participate by attending events, but rather consumes via another source (television, radio etc.). The sports and entertainment marketer goal with indirect users is to do something to get them to act. This group of consumers can be reached through:

- Promotional tickets
- Individual and single game tickets
- Theme nights
- Group nights

The marketer's goal with this group is to move them to the next level of the frequency escalator. In this case, marketers are encouraging consumers to become light users.

For example, amid one of the biggest attendance declines in Major League Baseball last year, the Minnesota Twins launched a "flash sale" featuring \$5 tickets. According to Dan Hayes of [The Athletic](#), the team sold 31,000 tickets through the promotion in just 48 hours. More significantly, however, is the fact that of the 31,000 tickets sold, 65 percent of fans hadn't purchased a ticket to a game in the past three seasons, providing the organization with an opportunity to move them to the next level in the frequency escalator model.

## Light User

Light users attend games and events for promotional giveaways, team performance and social interaction. This group has no established attendance pattern.

**The sports and entertainment marketer reaches light users through:**

- More promotions, giveaways etc.
- Packaging strategies (offer the most popular opponents with a limited-edition bobble head doll etc.).

The marketer's goal with this group is to encourage them to become medium users (purchase a mini plan ticket package).

## Medium User

Medium users attend less than half the time possible.

**Keys to reaching this group include:**

- Good service; developing a relationship with the customer.
- Appeal to their pride and feeling of prestige for the team affiliation.
- Encourage them with additional benefits such as improved seat locations and special discounts.
- Show them the value of their participation and further reward of advancing to the next stage of the escalator.
  - For example, an NBA team may encourage advanced participation through an invitation to a pre-game chalk talk or a "meet the team" type of function.

## Heavy User

Heavy users participate or attend more than half the times possible. Heavy users are the most important group to an organization, and it is critical to an organization's success that they keep them as loyal consumers and frequent buyers of the product or service.



### Examples of heavy users:

- Season ticket holders
- John Cena fans that see every one of his films in the theater and purchase or stream the films when they are released digitally.
- Fans of the Zac Brown Band who see the concerts each time they visit the fan's city and purchase and stream all of their music.

## Descending The Escalator

Descending the escalator occurs when consumers downgrade or eliminate their participation. This is caused by consumer over-commitment or over-purchase and is often a byproduct of fan disconnect or discord with "their" team, event, or favorite performers.

### Frequency escalator example:

- The University of Colorado's experiment with Groupon to heavily discount game tickets as a way to attract new fans to the stadium provides an example of how an organization approaches the frequency escalator concept (the Buffaloes managed to sell nearly 1,200 tickets in less than 24 hours).
  - CU's marketing director summed up the frequency escalator concept with the following statement in an interview posted on clickz.com: *"While we would have liked to have sold more, we are happy with the results. What it does for us is potentially bring new people that may not otherwise go to a Colorado football game. It's a way to introduce them to our product, get them to a game...and then, who knows? Maybe next year they buy a three-game pack. The idea is to see if they go beyond this year."*<sup>52</sup>

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52 <http://www.clickz.com/clickz/news/1895125/groupon-helps-college-football-teams-butts-seats>



# Ticketing Technologies

**How has technology impacted the ticketing process in sports and entertainment?**

- Distribution
- Fan experience
- Data-based marketing and analytics
- Customer service
- Pricing and payment options

## Distribution

Technology has helped to streamline the ticket distribution process.

**If a fan wishes to purchase tickets to an event, there are a variety of online options:**

- Websites (nfl.com, ticketmaster.com, fandango.com)
- Secondary market vendors (StubHub, Vivid Seats and SeatGeek)
- Apps
- Social media platforms

## Fan Experience

Ticketless entry has become the norm in venues around the world, creating a more seamless, user-friendly experience for fans on game days. Technology has also made it much easier to share tickets, allowing users to download game tickets directly to their mobile device.

- AT&T Park, home to Major League Baseball's San Francisco Giants, was the first professional sports franchise in the U.S. to implement a barcode system for scanning tickets as fans enter the stadium through electronic turnstiles.<sup>53</sup>
  - This enables the team to avoid common ticketing problems.
    - Giants officials can quickly deactivate lost or stolen tickets and reissue new ones and the technology virtually eliminates the possibility of erroneously selling the same seat more than once.
  - The technology, along with many other advances, is now very prevalent in all sports venues, from the professional ranks to college.
    - 2015 marked a major shift in ticket distribution and fan experience for attendees of the NCAA Men's NCAA Basketball Tournament as 67% of the host venues offered paperless and phone entry.
      - Click [here](#) to see an excellent breakdown from forbes.com of the various ways in which fans could utilize technology to enter 2015 March Madness host venues.
      - Click [here](#) for an infographic from TiqIQ on the "paperless" NCAA tournament.
- Several sports teams (MLB's New York Yankees, Colorado Rockies, NFL's Seattle Seahawks, MLS's LAFC and NBA's Miami Heat among them) offer biometric fingerprint readings in lieu of tickets at specific entry points for speed and security.<sup>54</sup>
  - Click [here](#) for a story suggesting Major League Baseball could be exploring a future where facial recognition becomes the norm for fan entry at ballparks

<sup>53</sup> <http://sanfrancisco.bizjournals.com/sanfrancisco/stories/2000/04/03/focus1.html>

<sup>54</sup> <https://www.securitysales.com/emerging-tech/biometric-tech/mls-stadiums-biometric-clear/>



As of 2020, many organizations had already made the shift to paperless tickets, however, after the COVID-19 health crisis, nearly every sports and entertainment venue will migrate to paperless ticketing protocols.

## Data-based marketing and analytics

**Data-based marketing** is the process of gathering information about existing and prospective customers, entering that information into a centralized database, and using that database to drive marketing efforts. It is effective because it enables marketers to capture information directly relating to their fan bases and allows for a more effective direct marketing campaign.

**By segmenting fans based on their buying habits and demographic information, an organization can effectively:**

- Generate new business.
- Boost renewal and retention rates.
- Establish sales leads.
  - Most sports and entertainment organizations use database marketing to help qualify leads for their sales staff to make the cold calling process easier.
- Increase fan loyalty.
- Strengthen relationships with customers.
  - Segmentation allows for an organization to gain a better understanding of who their customers are and how best to satisfy customer needs and wants.
- Improve communications with fans.
  - Click [here](#) for an interesting case study from the National Sports Forum's eNewsletter illustrating how the University South Carolina utilized the advancement of technologies to help them segment their fan base and boost ticket sales.

**Data mining** is a term used to describe the process of collecting and analyzing information within a database in an effort to discover information that can help increase an organization's sales. The practice is also referred to as "big data" and advanced consumer profiling. It has become a popular marketing tool for many sports and entertainment organizations as it provides the sales staff with information that can help sellers to connect with consumers, particularly when cold calling.

For example, thanks to data mining, an inside ticket sales representative for an MLS team might know that the fan they are cold calling has already attended two MLS games, searched ticket websites for other sporting events or concerts and typically only makes a purchase decision when tickets are discounted.

### Additional data mining examples:

- Spain's premier soccer league, LaLiga, [partnered](#) with Microsoft to utilize programs like Azure and Power BI to help LaLiga connect with their 1.7 billion fans around the world in a more personalized manner depending on fans' location and preferences.
- The Chicago Cubs adopted Bypass, a point-of-sale system, to help them track how well certain merchandise and concessions sell in real time.
  - Said Justin Piper, general manager of spring training business operations for the Cubs in an interview with [AdAge](#): "We can track categories—do you like little logos or big logos? What colors? Those are the types of things that we can start looking at."
- According to [thedrum.com](#), Churchill Downs teamed with Emarsys, a marketing cloud company, to improve the level of insight they have on horse racing fans.
  - Data captured includes fans' favorite horses, jockeys, trainers as well as how much they bet on races.
    - This information is used to create more targeted and personalized marketing campaigns, resulting in higher profits.

- Click here for a fascinating look from the [San Francisco Business Times](#) on how the San Francisco 49ers (who employ an analytics staff of 11) and Oakland A's are mining data to help segment their fan base to help boost franchise revenues.

### Data-based marketing examples:

- Thanks to an effective data-based marketing strategy, Minor League Baseball's Indianapolis Indians managed to increase online ticket sales 64% in just one season. The club's focus on building and maintaining an extensive database resulted in access to the email addresses for 60,000 previous ticket purchasers and fans who had previously signed up to receive emails from the team.<sup>55</sup>
- According to Forbes, the USTA has successfully used analytics to maximize revenue. For example, they analyze data around the primary and secondary market to determine how their tickets should be priced. Last year they repriced every seat in Arthur Ashe Stadium, and 54% of their seats had reduced prices for the 2018 U.S. Open.<sup>56</sup>
  - Despite dropping ticket prices, the event generated \$10 million more in ticket sales revenue than the previous year's event.<sup>57</sup>
- The Golden State Warriors utilize data from Facebook to purchase and create more personalized ads to help promote last minute ticket sales
  - According to [adweek.com](#), each ad reached as many as 50,000 of the team's Facebook followers (potential buyers) and have helped the Warriors sell out 175+ straight games over the past few seasons.<sup>58</sup>
- According to a report in the Sports Business Journal, the average NBA franchise has 500,000 names in its database, with some big-market teams having about 1 million names, allowing them to personalize the sales experience.
- Orlando City FC of MLS strategically designed its LionNation app to help the franchise build a database that would give insights to fan behaviors and preferences, along with creating opportunities to engage and interact with fans in ways that would lead to an increase in ticket sales.
  - Click [here](#) to learn more about the team's database marketing strategy.
- According to [chicagobusiness.com](#), the majority of major league franchises in Chicago are encouraging fans to use digital tickets instead of traditional paper tickets by offering incentives from food discounts and faster entry into venues to credits toward special in-stadium experiences and merchandise.
  - Click [here](#) to read the full story with the headline "Why Chicago sports teams want you to use your phone as a ticket."
- Click [here](#) for an excellent, in-depth look at how Major League Baseball teams utilize analytics as a powerful ticket sales tool (via wharton.upenn.edu).
- According to a Yahoo! Sports [report](#), the NFL placed a priority on paperless tickets for the 2020 Super Bowl in Miami, in large part to maximize the personal data they could collect from fans who attended the game, which would help the league to develop a more targeted approach to its future marketing efforts.
  - A story published in the [Athletic](#) suggest that by the 2021 Super Bowl in Tampa, the number of fans using mobile ticketed entry could total nearly 100 percent (assuming fans would be allowed in stadiums as a result of the pandemic).
    - The story also reports that, over the last two years, the NFL has added roughly 6 million new ticketing names to the league's database or individual teams' databases and now knows who 30 percent of the fans are sitting in the stands versus 15 percent the year before.

<sup>55</sup> <http://chiefmarketer.com/email/campaigns/indianapolis-indians-baseball-email-ticket-sale-0412bnv1>

<sup>56</sup> <https://www.forbes.com/feature/usopen/#352a334713d8>

<sup>57</sup> <https://www.forbes.com/feature/usopen/#352a334713d8>

<sup>58</sup> <http://www.adweek.com/news/technology/how-facebook-data-helping-golden-state-warriors-sell-tickets-171403>



## Service

- Many organizations have implemented online account manager programs for their season ticket holders as a vehicle for improving customer relations.
  - Memphis Grizzlies season ticket holders enjoy many benefits via the team's Website, which allows customers to:<sup>59</sup>
    - Forward tickets electronically, allowing customers to email tickets to friends, family or clients—even at the last minute.
    - Manage tickets by tracking ticket usage and managing guest lists online.
    - Edit personal profiles to keep account info updated.
    - Make payments, view statements, and renew ticket packages.
- Technology makes communication easier and more effective between teams and consumers.

## Pricing And Payment Options

- Dynamic pricing
- Digital wallets
- Blockchain
- Sales technology

## DYNAMIC PRICING

**Dynamic ticket pricing** (also referred to as “variable” pricing) refers to the process of adjusting ticket prices on the basis of changing variables like weather, opponent, demand, availability or who is scheduled to pitch on a particular day. Many teams already charge different prices for seats based on the opponent or other factors, but the dynamic pricing allows an organization to manage ticket sales efforts by carefully measuring supply and demand and creating price points accordingly. For example, a Field Plaza level ticket at Petco Park in San Diego for a Saturday game against the rival Los Angeles Dodgers was priced at \$59.00 on padres.com. That ticket drops to \$35.00 for the same exact seat on the following Tuesday night for the game against the Arizona Diamondbacks.<sup>60</sup>

Most professional sports teams have now adopted some form of variable ticket pricing and many entertainment properties are implementing similar strategies. Three years ago, Disneyland began testing dynamic pricing models with the opening of its Pixar Pier attraction, starting at \$299 per ticket. Part of Disney's strategy is to better manage the size of crowds at its parks, helping to create a better experience for park visitors.

## DIGITAL WALLET

Apple Pay and MasterCard teamed up with Major League Baseball to make mobile payments available at Great American Ball Park and the Duke Energy Convention Center for All-Star Game activities in Cincinnati.<sup>61</sup>

As this type of technology is adopted by more and more fans, digital wallet applications will become mainstream. For example, in 2021, minor league soccer club Sacramento FC will offer contactless food and beverage orders through a digital wallet that stores payment information on the team's app.

<sup>59</sup> [http://www.nba.com/grizzlies/tickets/ticketmaster\\_mvp\\_demo.html](http://www.nba.com/grizzlies/tickets/ticketmaster_mvp_demo.html)

<sup>60</sup> <http://www.bizjournals.com/cincinnati/news/2013/02/25/cincinnati-reds-make-move-to-dynamic.html?page=all>

<sup>61</sup> <https://www.statesman.com/photogallery/TX/20190806/SPORTS/806009992/PH/1>

# BLOCKCHAIN

In 2018, the NBA's Dallas Mavericks [announced](#) that they would accept Bitcoin and other forms of cryptocurrency as payment for tickets, making them the first professional sports team to allow blockchain transactions. In 2021, sports teams like the San Jose Sharks, Sacramento Kings, and Oakland A's jumped on the trend and began accepting crypto in exchange for tickets, premium seats and luxury suites.

## SALES TECHNOLOGY

Technology helps to improve the sales process by allowing fans to visualize seating options virtually. In years past, fans would need to visit the venue in-person to see seating options. Now, technology has created new, more convenient and interactive ways for fans to see seating locations before making a purchase decision.

For example, the Atlanta Hawks introduced "The Preview", a high-tech virtual tour highlighting stadium renovation for potential suite and seat buyers. As described by the team's [website](#): "Full of interactive features and engaging, self-guided activities, the sales center offers a deep dive into how the new arena transcends the role of host for basketball games, concerts and events."

In an example of an industry trend, teams are turning to virtual reality "sales centers" to help boost season ticket sales. To help sell season tickets to the team's new \$200 million stadium in advance of their inaugural season in 2021, the Major League Soccer expansion Austin FC adopted virtual reality technology. The digital technology provided fans with a 360-degree view from any seat inside the new venue, allowing prospective ticket buyers to get a feel for the stadium and their sightlines prior to making decisions on a seat location.<sup>65</sup> The VR "show" starts by putting fans at the center circle on the field, giving a 360-degree view of what the stadium will look like from the vantage point of a player waiting for the opening whistle.

Elsewhere, as the Texas Rangers (MLB) and Raiders (NFL) prepared for moves to new stadiums, they also built sales centers that featured innovative technology to create immersive experiences for prospective ticket buyers.

- Click [here](#) for a 3D view of the new Rangers ballpark
- Click [here](#) for a 3D view of the new Raiders stadium



### PROJECT IDEAS

This would be a good time to introduce the "Ticket Sales Plan Project" located in the activities and projects folder. Remember, you can tailor each project to fit your presentation in class by opening (and editing) the PowerPoint file rather than the PDF.



### ACTIVITY IDEAS

The following [New York Times](#) story entitled "Broadway Hits Make Most of Premium Pricing" offers insight on a number of topics that we have covered to this point, including pricing as a function of marketing, dynamic ticket pricing, supply and demand, premium VIP seating and how "star power" of certain celebrities can impact ticket sales. Share [this link](#) with students and see how many ticket sales related topics they can find.

## UNIT 9 KEY TERMS DEFINED:

**Data mining:** A term used to describe the process of collecting and analyzing information within a database in an effort to discover information that can help increase an organization's sales.

**Frequency Escalator:** A marketing tool that examines the attendance levels of fans.

**Group Tickets:** Group tickets are a reserved block of tickets for a specific game or event.

**Season Tickets:** Provides consumers with tickets to every home game for a particular sport or full access to an entire event for a set price.

**Season Ticket Equivalents:** Refers to the sum of all of the various ticket packages sold converted to one measurable number.

**Ticket Package:** A sales approach that involves grouping together a select number of games, oftentimes at a discounted price.





# Unit 10

## Fan Experience

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### OVERVIEW

Unit ten discusses the importance of game operations and game entertainment. The fundamental concept of game operations and entertainment is the way “breaks” in an event or game (half-time, time-outs etc.) are perceived by sports marketer as “opportunities”. The game operations process begins before any of the games are played when sports marketers identify the additional entertainment that will be added to the event to keep the audience involved and entertained.

### KEY TERMS

*Fan Experience*

*Game Attractiveness*

*Game Operations*

### OBJECTIVES

1. Describe the concept of fan experience
  2. Define the term game operations
  3. Identify five elements of game entertainment
  4. Explain what is meant by “game attractiveness” and how it influences attendance
  5. Explain why game operations are important to a sports organization
  6. Describe the relationship between game operations and other functions of the organization
- 

### LESSONS

[LESSON 10.1](#) [Fan Experience](#)

[LESSON 10.2](#) [Game Operations](#)

[LESSON 10.3](#) [Role of Game Operations in Sports Marketing](#)

# Fan Experience



## INSTRUCTOR NOTES

Before introducing the concept of the fan experience, ask your students to think about the last time they attended a sporting event, concert or other form of entertainment. Encourage them to think about the experience as a whole, not simply the entertainment itself. All of those factors, ranging from parking to concessions, impact the overall fan experience. Also, ask students if they know when the fan experience begins and ends.

## FAN EXPERIENCE

Fan experience, as it relates to live events, refers to the overall impression made on the sports or entertainment consumer. It can determine whether the spectator or fan has a positive or negative experience at the game or event. Those positive or negative associations with the game or event ultimately determine whether the spectator (fan) will become a repeat customer.

### How important is fan experience?

If fans are uncomfortable, feel unsafe, have to wait in long lines to get in the venue or for bathrooms, or dislike the food and beverage options at the event, they will be less likely to attend again. This adversely impacts an organization's bottom line, from ticket sales to sponsorship. As a result, it is incumbent upon the organization to create and maintain the best possible experience for fans.

According to [sporttechie.com](http://sporttechie.com), the Golden State Warriors were more focused on fan experience than dazzling new technologies when designing their new arena (the Golden 1 Center), despite being called the "most technologically advanced and sustainable arena in the world." Said team President and COO, Rick Welts, *"We're trying to focus 100 percent on the fan experience where technology enables that, great. The mission is to provide the best fan experience that's ever been provided before. We want technology to be additive, but it's not the be-all, end-all by any means."*

### When does the fan experience begin?

The fan experience begins the moment when a consumer begins thinking about purchasing a ticket to a game or event while the game or event day experience begins as the consumer travels to and arrives at the event.

- If a fan has a difficult time navigating a website trying to purchase tickets to a game or event, the experience has already started on a sour note.
- A negative experience finding parking, paying for parking or dealing with an unfriendly parking lot attendant can sour the consumer on the entire experience, even before setting foot in the stadium or arena

**"We're trying to focus 100 percent on the fan experience where technology enables that, great. The mission is to provide the best fan experience that's ever been provided before. We want technology to be additive, but it's not the be-all, end-all by any means."**

**- GOLDEN STATE WARRIORS  
PRESIDENT AND COO, RICK  
WELTS**

Realizing this, MLB's Atlanta Braves implemented several measures to help alleviate fan frustrations over simply getting to the stadium.<sup>1</sup>

- Based on a comprehensive traffic study, the team pushed back the starting time of their 7pm games to 7:30pm, when most of the area traffic has cleared.
- The Braves also increased the number of stadium entry points to 14 (vs the previous 2), built 360-degree parking around the ballpark, added three pedestrian bridges and more overall parking spaces, a bike valet and new ridesharing pick-up and drop-off locations
- Braves President of Development Mike Plant told the [Atlanta Business Chronicle](#): “We recognize that traffic in the Atlanta area is an issue, and certainly has been a key frustration before and after ball games. The combination of tremendous infrastructure improvements, 360-degree access to the ballpark, pre-and post-game activities, and our new start time will make travel to and from SunTrust Park a better experience for our fans.”

## Factors Influencing the Fan Experience

- Traffic & Parking
- Fan safety
- Food and beverage
- Prices
- Atmosphere
- Comfortability
- Technology

### Traffic & Parking

High levels of traffic congestion arriving or leaving the venue could negate an otherwise entirely positive experience at the event, impacting whether the consumer would choose to attend again.

- At an inaugural NASCAR event in Kentucky, traffic began backing up on the only main road into the track nine hours before the start of the race, and by late afternoon there were reportedly backups of as many as 10 miles in either direction. After 100 laps, cars still were exiting the interstate when traffic patterns were reversed. It was estimated that at least 15,000 fans didn't reach the event.<sup>2</sup>
- To improve the game day experience for fans, the Atlanta Braves bumped back weekday start times to 7:30, dispersed parking options and encouraged more fans to buy tickets and parking in advance.
  - The team also received investments from the city of Atlanta to improve roads, pedestrian bridges and shuttle services.<sup>3</sup>
- According to a survey published in the Sports Business Journal (conducted by Turnkey Sports), the top three biggest fan complaints about parking at sporting events included:<sup>4</sup>
  - Time required to exit after the event (50%)
  - Cost (31%)
  - Lack of available parking near the stadium/venue (9%)



<sup>1</sup> [http://www.bizjournals.com/atlanta/news/2016/08/03/braves-reveal-delayed-game-times-to-ease-traffic.html?ana=RSS%26s=article\\_search](http://www.bizjournals.com/atlanta/news/2016/08/03/braves-reveal-delayed-game-times-to-ease-traffic.html?ana=RSS%26s=article_search)

<sup>2</sup> [http://www.usatoday.com/sports/motor/nascar/2011-07-11-kentucky-speedway-traffic\\_n.htm](http://www.usatoday.com/sports/motor/nascar/2011-07-11-kentucky-speedway-traffic_n.htm)

<sup>3</sup> [www.myajc.com/news/local/commuters...braves.../TOWgGWCPeR1YYrTpTKlCBN/](http://www.myajc.com/news/local/commuters...braves.../TOWgGWCPeR1YYrTpTKlCBN/)

<sup>4</sup> <http://www.sportsbusinessdaily.com/Journal/Issues/2010/10/20101011/SBJ-In-Depth/Park-It.aspx>

- To proactively manage their traffic situation, the Brooklyn Nets worked with a traffic engineering expert to identify potential solutions for minimizing congestion on days when the newly minted Barclays Center would be hosting events.
  - The solution was to discourage driving entirely, by cutting the number of parking spaces at the Barclays Center in half.<sup>5</sup>
- The Miami Dolphins partnered with Uber to help ease game day congestion by offering fans a dedicated drop off and pick up spot in the team's parking lot, a private tailgate section (complete with game day supplies), and the ability to book a ride from the team's app.
- According to the [Sports Business Journal](#), executives at Madison Square Garden prioritize the efficiency of getting fans in and out of the building. To help ease congestion, they opened additional entrances on the backside of the arena last season.
- In 2020, prior to the pandemic, the New England Patriots announced a solution for helping to ease some of the traffic pressure that has been a common complaint of Patriots fans leaving games at Gillette Stadium.
  - The team [announced](#) the stadium will now feature a "delayed exit lot" that allows fans to park for free. However, vehicles parked in that area will not be allowed to leave until 75 minutes after the game ends.
- According to [Geek Wire](#), the expansion NHL Seattle Kraken will be investing up to a \$7 million in the city's monorail system with a plan to offer free transit rides to ticket holders on game days.

## Fan Safety

One of the biggest challenges facing sports and entertainment business professionals when fans are allowed back in stadiums, ballparks and arenas is how to safely keep fans moving and spaced apart given the health concerns associated with the pandemic, beginning with the parking and tailgating experience.

With so much competition for the entertainment dollar, much pressure is on a sports or entertainment organization to create a positive fan experience.



### INSTRUCTOR NOTES

Now would be a great time to engage students in a quick discussion. To enhance the discussion in class, consider passing out the student handout marked "Lesson 10.1 - Student Handout - Fan Experience." The handout provides the complete results from the survey referenced above as it relates to traffic and parking and sporting events. Ask students if they agree with any of the complaints and whether they have any other gripes about the overall fan or game/event day experience from events they have attended in the past.

## Food and beverage

Fans today are not satisfied with the hot dogs, peanuts and soda options of the past. The fan experience now includes partnerships with local restaurants and creative twists on old menu classics, offering a wide variety of culinary options on event or game day.

## Pricing

The cost of attending an event or game factors significantly in the overall experience. The higher the price point, the more important it becomes to make sure every other aspect of the fan experience is on point.

## Atmosphere

Is the stadium loud? Are fans energetic and engaged? Is the environment unfit for a family to attend the game? Atmosphere plays a critical role in the overall fan experience.

<sup>5</sup> <http://www.nytimes.com/2012/05/23/nyregion/barclays-center-traffic-plan-cuts-parking-spots.html>

## Comfortability

If the concourse is too narrow so fans feel crowded, the fan experience becomes uncomfortable. The same can be said for lines at the concession stands and bathrooms, and the comfort of the seats. Is there plenty of legroom? Will fans feel cramped in the stadium? When fans spend money to attend an event or game, they expect to be comfortable.

## Technology

Things like slow WiFi speeds, dropped calls and poor mobile phone service all detract from the overall fan experience.

## How do organizations manage, control and enhance the fan experience?

Given the importance of providing the best possible experience on game or event days, organizations must be proactive in effectively managing every aspect of the game day experience. How do they accomplish this?

- Technology
- Proactively controlling environment
- Communicating expectations for fan behavior

## Technology

Technology provides a variety of tools that help an organization to create and maintain a positive experience for fans.

- Communication
- Apps
- Biometric technology
- Transportation
- Contactless experiences
- Stadium amenities
- Interactive experiences
- In-seat technologies
- Ticketing technologies
- Fan health and safety

## Apps

Apps can help fans get the most out of the fan experience.

- When Las Vegas Motor Speedway did research on the fan experience, parking came back as an area that needed improvement. As a result, LVMS worked with a technology company to create a “fan guide” app that takes consumers into the track and to their seats through information delivered to a smartphone.
  - At a speedway as large as Las Vegas, which seats 140,000 fans, parking in the wrong lot or entering through the wrong gate can lead to long delays entering the stadium and finding seats so the app helps prevent confusion by providing the easiest route to a parking space and to the fan’s seat.<sup>6</sup>
- When it opened its doors to a brand-new football stadium, Baylor University introduced an In-Game App, making it the first college athletics application to provide instant replays from multiple views to fans, right at their seats, at McLane Stadium.<sup>7</sup>
- In 2018, the New York Red Bulls [integrated](#) Lyft (one of the team’s corporate partners) service into the team’s new mobile app and integrated maps to help fans driving get to Red Bull Arena more efficiently.
  - The app has a regular mode and an “arena mode”, each mode featuring exclusive content, based on where the fan is using their mobile device.

<sup>6</sup> <http://www.nascar.com/2010/news/business/07/20/lvms.smartphone.app/index.html>

<sup>7</sup> <http://www.baylorbears.com/sports/m-footbl/spec-rel/081814aab.html>



When the Golden State Warriors launched a new app in 2019-20, it featured technology that allows fans to purchase merchandise onsite and have it delivered to their seats or making it available at the team store for pickup after the game. Fans can also choose to have their orders shipped.

## Communication

When it comes to security related issues and combating unruly fans, many teams and organizations offer “text” lines in which fans could report obnoxious behavior by sending a text message to team security.

- At the average NFL game, about 3 people are arrested and 25 more are ejected.<sup>8</sup>
  - Every NFL team now offers some form of a text or cell phone hotline to report disruptive fan behavior.
- At most major NCAA college football games, fans can use their mobile devices to send a text message to security with a description of their problem and their location. From there, officials can respond and use security cameras to zoom in on the section in question.<sup>9</sup>

## Biometric Technology

- Safeco Field and CenturyLink Field in Seattle have [introduced](#) a biometric security system in which fans use their fingerprints to validate their age and purchase alcohol to help monitor purchases and (potentially) manage consumption.
- Organizers of the Tokyo Olympic Games [announced](#) that facial recognition technology would be used at the 2020 Summer Games to help with overall security and the safety of staff, volunteers and athletes braving hot and humid conditions at Olympic venues.
- Some industry professionals believe facial recognition technology could eventually help sports leagues and its affiliated teams to enforce stadium bans on fans who are no longer allowed to come to games as the result of unruly behavior

## Transportation

- Entrepreneur Elon Musk proposed plans to build a high-speed, zero-emissions, underground public transportation system to take fans in Los Angeles to Dodgers stadium from East Hollywood to drastically reduce commute times.
  - Click [here](#) for more on the idea from USA Today.

## Contactless Experiences

- According to a report from [The Athletic](#), Mercedes-Benz Stadium, home to the Atlanta Falcons and Atlanta United, Tropicana Field (home to the Tampa Bay Rays) and Tottenham FC’s new London mega-stadium all went cashless in 2019.
  - The Super Bowl and Wimbledon are already reportedly making plans to go “cashless”, a trend likely to gain traction with venues around the world.

## Stadium Amenities

Stadium amenities are designed to improve the overall fan experience.

- Many sports teams have installed High-Definition jumbo screens at stadiums for the best possible viewing of replays and to allow fans in the upper level seating areas to get closer to the action.
  - AT&T stadium, which plays host to the NFL’s Dallas Cowboys and an array of other events, boasts one of the most impressive jumbotrons in the world. The two sideline displays measure 160 feet wide and 72 feet tall, measuring from one 20-yard to the other 20-yard line.

<sup>8</sup> <http://cqresearcherblog.blogspot.com/2010/01/should-nfl-do-more-to-control-crowd.html>

<sup>9</sup> <http://sports.espn.go.com/espn/otl/news/story?id=460317>

- It would take almost 5,000 52" flat panel TVs to equal the size, it contains 30 million light bulbs, weighs 1.2 million pounds and costs roughly \$40 million.
  - Click [here](#) for other fun stats on the world's largest 1080p video board.
- Sports Business Journal [reports](#) that the Colorado Rockies, in celebration of the team's 25<sup>th</sup> season as a MLB franchise, installed a new scoreboard that was shaped like a mountain range, 258 percent larger than the previous board and paired with a new sound system.
- Venue upgrades and new construction often focus on viewing angles and improving sightlines to ensure fans can see the action no matter where they are sitting or standing.
  - Last year, TPC Sawgrass (a PGA Tour golf course in Florida) underwent a 6-month \$50 million renovation with a goal of improving the fan experience – enhancements included:
    - A shaded bleacher area with sight lines to multiple holes.
    - Food and dining areas that feature local cuisine.
    - An improved grand entrance-way, highlighting the grandiose main clubhouse.
    - New mounding around a number of holes giving fans an elevated and less obstructed view of the action.
    - Click [here](#) for a brief video from the PGA Tour's website.

### Interactive technologies

- Mobile devices are not allowed at the PGA's U.S. Open, but fans onsite can still utilize social media through onsite CourseLink kiosks that enable visitors to use Twitter, take photos and share personalized messages through Facebook and Foursquare.<sup>10</sup>
  - American Express introduced an innovative feature at a PGA Tour event with a program dubbed the "Course Curator," which enables Amex cardholders to customize their experience at the golf tournament by guiding them through the course and helping them to find their favorite golfers. "This has the potential to really change the golf-day experience for fans," said Barry Hyde, the USGA's chief marketing officer in an interview with the Sports Business Journal.<sup>11</sup>
  - The Minnesota Twins feature a "[Tweet Board](#)" at Target Field, which shares tweets from Twins games via a large video board with the crowd during games.
  - The San Francisco Giants opened a sports "social media" café (called the "[@Cafe](#)") inside AT&T Park behind the centerfield wall where fans can view their own social media content from Twitter and Instagram on six, 55-inch screens, all while enjoying some coffee, recharging a smartphone and following "worldwide social media chatter about the team, players and all things Giants and Major League Baseball."
  - In 2018, the Nashville Predators [introduced](#) an interactive "social green-screen board", allowing fans to pick different backdrops and take photos with friends with the photo being sent directly to their social media accounts.

### In-seat technology

- Minor league baseball's Round Rock Express offer a service that allows fans to order and pay for food and drinks from their smartphones. When the order is ready, a text message is sent back to the fan. Then, they pick it up at one of four stations at the stadium and skip waiting in line.<sup>12</sup>
  - Taking it one step further, fans attending New York Yankees and Dallas Cowboys games can now order food and drinks in their seats from a mobile app and have it delivered.
- The San Francisco 49ers [launched an app](#) to be used at Levi's Stadium that can steer fans to the bathrooms and concessions with the shortest lines and the fastest routes out of parking lots.

<sup>10</sup> <http://www.marketwatch.com/story/american-express-to-enhance-fan-experience-with-interactive-technology-at-the-2010-us-open-at-pebble-beach-2010-06-08>

<sup>11</sup> <http://www.sportsbusinessdaily.com/Journal/Issues/2011/06/20/Marketing-and-Sponsorship/RBS-USGA.aspx?hl=course%20curator&sc=0>

<sup>12</sup> [http://weareaustin.com/fulltext?nxd\\_id=78195](http://weareaustin.com/fulltext?nxd_id=78195)



## Ticketing technology

- The Golden State Warriors now give fans the ability to upgrade their seats during the game using mobile devices, helping them to improve customer service and generating additional revenue while helping to move unsold ticket inventory.<sup>13</sup>
- Prior to kicking off the 2019-20 NFL season, the University of California Golden Bears introduced a new ticketing system, aimed at improving the overall fan experience.<sup>14</sup>
  - After analyzing data, the team recognized that most non-season ticket game attendees purchase seats last-minute, whether through the athletics department or secondary market.
  - The “buy-as-you-go” system ensures fans get the best seats available without having to shop online, comparing ticket prices or spending time looking at seat locations.

## Fan health and safety and protecting the team from liability

- How might technology impact the fan experience in a post-pandemic world?
- [Sports Business Journal](#) offered a look at how technology might play a role in how sports and entertainment business professionals keep fans healthy and safe at venues throughout the industry.
  - **Security / Liability**
    - Beginning with the purchase of a ticket on the app, fans would be presented with a liability waiver that assures the team that would release the team from liability should the fan contract any virus at the venue.
    - The app would also provide fans with gate and security line assignments, and a range of times to arrive at venue entry points.
    - Upon arrival, fans would receive temperature checks and be asked health screening questions prior to having their ticket scanned.
    - Fans could then receive a Bluetooth-enabled device that they would be required to wear at all times while they are at the game that would allow stadium staff to track fan movement and help maintain safe social-distancing measures.
  - **Cleaning and Sanitization**
    - Stadiums could consider the implementation of technology that can detect concealed weapons and crowd disturbances from parking lots to the seating bowl. It can also detect thermal elevated body temperature, lack of social distancing and perform contact tracing, which can help identify those who may have come in contact with an infected person.
    - Technology that can help sanitize venues will most certainly play a role in fan safety, along with improved equipment that can improve air quality at venues.
    - For example, technology called bipolar ionization that significantly improves air quality at venues, was incorporated into the \$185 million renovation of Rocket Mortgage FieldHouse and is in the Texas Rangers’ new ballpark, Globe Life Park.

<sup>13</sup> [http://sports-forum.com/news/?article\\_id=569](http://sports-forum.com/news/?article_id=569)

<sup>14</sup> <https://bearinsider.com/s/1469/bears-introduce-new-football-ticket-plan>



## Proactively Controlling Environment

### Monitoring Alcohol Consumption

- Less than 40 of the roughly 120 largest NCAA Division 1 schools allow the sale of alcohol inside their stadiums and many limit sales to luxury suites, lounges or club-seating areas.<sup>15</sup>
- Many teams staff members in place dedicated to monitoring tweets and gauging fan behavior on game days to help prevent issues from arising
- Because of the increase in complaints about intoxicated patrons disrupting fellow fans' viewing of the game, the Los Angeles Dodgers took the drastic step of placing a ban on tailgating prior to all home games.<sup>16</sup>
  - Organizations can gain a better understanding of fan behavior prior to an event taking place and make adjustments to staffing accordingly. For example, statistically Boston Bruins fans consume 30 percent more alcohol at the Boston Garden than Celtics fans do. As a result, management at the arena may choose to implement measures that can help them to proactively manage a potentially rowdier crowd.<sup>17</sup>
- Much to the disappointment of fans who enjoyed a slightly different atmosphere at a PGA sanctioned golf event, the Tour [imposed a ban](#) at the Waste Management Phoenix Open on players throwing things to fans (previously a tournament tradition) as a means for improving both player and fan safety at the event.
- 2019, the Buffalo Bills [announced](#) changes in their tailgating policy, requiring fans who arrive on buses with plans to tailgate to purchase a package along with their parking pass.
  - To better manage the experience, the franchise created a "Tailgate Village" which charges around \$15 per person for fans that want to tailgate in the designated area, hoping the addition of the fee will keep unruly fans from the stadium.
  - The team's vice president of operations and guest experience explained the decision to the [Buffalo News](#): "Our No. 1 concern as an organization is fan safety. When you're seeing what was happening in the bus lot the last couple seasons, especially last year, it gets very concerning. It's dangerous behavior, not just negative fan behavior. It's dangerous to security, the sheriffs and staff who are trying to police things."

### Fan Safety

Fan safety is paramount. If fans do not feel safe attending an event, they will not come. No organization can afford to have fans avoiding stadiums because of safety concerns. As a result, sports and entertainment organizations, and facility management professionals responsible for maintaining a safe environment, develop protocols to insure they are keeping fans out of harm's way.

- Understanding the intense rivalry between fans of the Portland Timbers and Seattle Sounders, management for both respective MLS clubs limited the number of tickets available for sale to the opposing team at its home games (seating all opposing fans in a section inaccessible to home fans) in an effort to curtail any potential confrontations during the game.
- This season, the Chicago White Sox became the first MLB team to extend protective netting all the way from one foul pole to the other to better protect fans from the risk of being hit by foul balls.
  - The Washington Nationals also debuted an extended protective netting in 2019, but not covering as much area as the White Sox netting.

<sup>15</sup> [http://online.wsj.com/article/NA\\_WSJ\\_PUB:SB125271416817105157.html](http://online.wsj.com/article/NA_WSJ_PUB:SB125271416817105157.html)

<sup>16</sup> [http://www.huffingtonpost.com/paula-duffy/dodgers-tailgating-ban-a\\_b\\_539017.html](http://www.huffingtonpost.com/paula-duffy/dodgers-tailgating-ban-a_b_539017.html)

<sup>17</sup> [http://www.boston.com/sports/hockey/bruins/articles/2011/06/05/garden\\_fans\\_on\\_the\\_money](http://www.boston.com/sports/hockey/bruins/articles/2011/06/05/garden_fans_on_the_money)



## Lines And Wait Times

It is incumbent upon an organization to consider factors like parking and lines for bathrooms and concessions as part of the overall fan experience while developing strategies for improving those dynamics at events.

- For example, Arrowhead Stadium (home to the NFL's Kansas City Chiefs) recently renovated the stadium to expand the concourse to reduce congestion, increase the number of concession stands (and diversify the food offerings), and add more bathrooms, all with the intent of improving the overall fan experience.
- Recognizing that long lines at concessions areas have a negative impact on the fan experience (and reduces potential for maximizing sales), food providers are now exploring creative advances in technology for self-serve concessions stations and using research data to support the reconfiguration of food stands in stadiums.
- According to a study released in 2019, 72% of U.S. sports fans typically buy food when attending a game and 76% buy a drink yet lines at concessions lines restrict the ability to maximize food and beverage sales: 59% of respondents of the same survey said they would spend more on food and drinks if teams and venues could improve speed of service.<sup>18</sup>
- Mercedes-Benz Stadium, home to the NFL Atlanta Falcons, which opened in 2017, features 670 different concessions locations (65% more than what the team had in the Georgia Dome) to help provide easier access for hungry fans.
  - Concessions cost an exact dollar amount, so fans don't have to deal with coins and soda refill stations will be self-serve and separate from ordering lines.
    - Falcons owner Arthur Blank said the aim was to produce a "unique fan experience" that would allow game attendees to focus on the game and not become frustrated with concession inconveniences.
- This season, the Los Angeles Dodgers [debuted](#) the services of "Flippy", a burger flipping robot, to help the kitchen staff quickly prepare foods ranging from burgers to tater tots and fried chicken.
  - Click [here](#) for a YouTube video of "Flippy" in action.
- The New York Mets [unveiled](#) a new bio-tech enabled self-checkout feature at Citi Field last season, enabling fans to purchase concessions items at kiosks with a single touch.

Every detail is important, including the gameday sights and sounds that influence the overall fan experience.

- The Seattle Seahawks game day staff includes a combination of engineers, directors, producers, editors and more in a "control room" with the sole responsibility of enhancing the gameday experience.
  - According to [Geekwire](#), the staff is responsible for showing different angles of live action, instant replays, highlights from other games, advertisements, and miscellaneous video content before, during and after the game.
- Managing the game or event day environment is challenging because not all fans want the exact same experience.
  - For example, Notre Dame, who have sold out every home football game dating back to 1973, struggles to find ways to appease a fan base that is conflicted as to whether they should sit or stand throughout the game.
    - Click [here](#) to see how the University trains stadium ushers to handle the situation on game days.
- In 2018, the Baltimore Ravens dropped concessions prices to include \$3 hot dogs and \$6 burgers, recognizing the influence affordability can have on the overall fan experience.
  - The [Baltimore Sun](#) reports that the new "Flock Friendly Fare" initiative lowered prices on 21 of the most popular menu items with an average decrease of 33 percent while favorites like pretzels and

<sup>18</sup> <https://www.sportsbusinessdaily.com/Journal/Issues/2019/07/08/In-Depth/Delaware-North.aspx>

fries were reduced by 53 percent. No single item was listed at over \$9 as part of the team's new effort to create a more affordable game day experience.

Failure to proactively control the environment and manage the experience can result in a shift in consumer perceptions.

- After a parking lot shooting following a San Francisco 49ers and Oakland Raiders pre-season game in 2011, USA Today conducted a poll online, asking fans whether stadium violence would impact their decision to attend a game. 35% of participants responded that it would.<sup>19</sup>
- After several injuries (including two deaths), Major League Baseball faced a lot of scrutiny for their stadium safety regulations.
  - The league responded, announcing all 30 Major League Baseball teams extended the protective netting at ballparks to help protect fans in field level seats from low-flying foul balls and broken bats.

### Communicating expectations for fan behavior

- NFL commissioner Roger Goodell issued a “Code of Fan Conduct” policy which prohibits, among other things, “unruly, disruptive, or illegal” behavior; “drunkenness” resulting in “irresponsible” behavior; and “foul or abusive language or obscene gestures.” The code also proscribes “verbal or physical” harassment of opposing teams’ fans.<sup>20</sup>
  - The NFL extended the policy even further, requiring any fan who gets kicked out of an NFL stadium for unruly behavior to take a \$75 four-hour online class and pass a [code-of-conduct test](#) before being allowed to attend another NFL game.
- NBA arenas, like the Moda Center in Portland, Oregon, have the league’s “Fan Code of Conduct” posted in many locations around the building.
- Most organizations will also post expectations of fan conduct on their websites.
  - Click [here](#) to see Major League Soccer’s fan code of conduct policy.
  - Click [here](#) to see the Denver Broncos RESPECT: Fan Code of Conduct.
- There have been numerous instances in recent years where fans have been permanently banned from stadiums as a result of egregious behavior at a game or event
  - 2021: A baseball fan was [banned](#) by both the Yankees and Major League Baseball from ever attending any MLB ballpark for life after throwing a baseball from the stands that hit a Red Sox player during the game
  - 2021: A basketball fan in Boston was banned for life for throwing a water bottle at Brooklyn’s Kyrie Irving, an opposing player
  - 2019: The Utah Jazz [banned](#) two basketball fans for life in separate instances in just a three-day period for use of derogatory language directed at opposing players (the team banned three more fans in 2021 for verbally abusing an opposing player’s family in the stands)
  - 2018: The New York Yankees [banned](#) a fan for life for consistently sneaking into premium seating areas and sitting in those seats rather than in the seats that he had paid for

### Pandemic Impact

After the COVID-19 pandemic, industry professionals expect fans will see a vastly different approach to how organizations manage the overall fan experience.

- The “new normal” at sports stadiums around the world could include fan safety features like temperature checks and staggered entry at the gate, cashless concessions, and touchless ticketing.

<sup>19</sup><http://content.usatoday.com/communities/gameon/post/2011/08/49ers-giants-raiders-tell-us-has-stadium-violence-made-you-more-wary-about-going-to-a-game/1>

<sup>20</sup> <http://cqresearcherblog.blogspot.com/2010/01/should-nfl-do-more-to-control-crowd.html>

- According to [Sports Business Journal](#), fans could even receive specially issued coronavirus immunity cards with a separate entrance that allows them to bypass lines that typically form at the gate.
- Industry professionals also project that an entirely new industry segment could be created if teams and organizations if and when infectious disease specialists were required to be on staff while sanitization experts would need to be consulted at venues to insure fan and player/staff safety at arenas, stadiums and ballparks.
  - By May of 2020, the NBA had already begun instructing its franchises to assign a training facility hygiene officer role as teams looked to return to practice facilities.



### PROJECT IDEA

ESPN ranked every NFL stadium in terms of overall stadium experience. Access the “Stadium Tour: Fan Experience” lesson plan from the Lesson 10.1 folder and review ESPN’s rankings by sharing the PPT with students. Then, introduce the activity packet included in the lesson plan. A template for a rubric is also included to help guide you through the activity.



# Game Operations

## GAME OPERATIONS

The term **game operations** refers to the planning, organization and execution of game production, presentation, entertainment, and promotion. The game operations process begins in the creative minds of sports marketing professionals before any games are played. This process provides a vehicle for an organization to manage, control and enhance the overall fan experience on game or event days.

**This process includes the development of a game plan for incorporating all the elements of game entertainment, which could include:**

- National Anthem
- Pre-game groups
- Half-time entertainment
- Execution of promotions
- Dance team and stunt team integration
- Mascot coordination
- Managing any additional entertainment such as in-arena blimps

The Green Bay Packers game-day staff is heralded for creating one of the best atmospheres in all of sports, and their strategic game day plan is detailed down to every minute of the game.

- Click [here](#) to see more about how the Packers plan for game days from the *Green Bay Press-Gazette*.

Erik Spanberg of the [Sports Business Journal](#) explains in a post on sportsbusinessdaily.com: “Now more than ever, fans want to be entertained throughout each step of game day. And much of what they want is a place to gather; to see and be seen. A place to sip on custom cocktails and craft beers; to munch on traditional and nontraditional snacks; to listen to a DJ or live music and then glance up at television screens showing highlights and broadcasts of other games in progress. If they can’t have all of that, and comfortably, then they’ll go to a sports bar or stay home and have a party with friends while watching the main event on a 70-inch, high-definition TV.”

The show starts hours before the game when the events that will take place are scripted out and shared with anyone who will be a part of the process, whether it is a mascot skit, a promotion during a break in the action or pre-game announcements read by the public address announcer.

Game entertainment also creates opportunities to generate revenue by adding additional valuable inventory to include as part of sponsorship packages. It also helps generate revenue by helping to sell more tickets.

## Game Day Staff

To execute and implement each element of the game operations plan, an organization typically has a game day staff in place. The Boston Red Sox staff features a General Manager of in-game entertainment who is responsible for overseeing a crew that includes a DJ to run the music, seven people to edit the replays and type out the graphics that appear on the video scoreboard, two additional people who control an additional video board and four people running video cameras around the park.<sup>21</sup>

<sup>21</sup> [http://www.boston.com/sports/baseball/redsox/articles/2004/07/27/now\\_that146si\\_entertainment](http://www.boston.com/sports/baseball/redsox/articles/2004/07/27/now_that146si_entertainment)

Software programs like “Sound Director” and Total Sports Entertainment’s “Game Time Pro” make it easier for teams to manage game operations and entertainment.

## Game Attractiveness

Game operations also provide game attractiveness. **Game attractiveness** refers to the customer’s perception of the event. It is a situational factor that varies from game to game or event to event. Game attractiveness can be influenced by a variety of factors.

### Event variables that contribute to game attractiveness:

- Highly visible star athletes (Bryce Harper, Aaron Rodgers, Sabrina Ionesco, Alex Ovechkin, etc.)
- Team record / opponent record
- Opening day
- Giveaways
- Presence of mascots, dance teams and cheerleaders
- Prominent half time entertainment (Blues Brothers, The Extreme Dunk Team, Quick Change etc.)
- Pre and post-game concerts
- T-shirt cannons
- Fireworks and other entertainment
- Quality/variety of concessions items
- Game or event day traditions

### Giveaways

According to a SportsBusiness Journal survey, all but 20 of the 122 teams in the NFL, NBA, NHL and MLB have at least one mascot character, collectively they have a total of 166 characters (racing sausages, pierogies and big-headed retired players) while the 106 affiliated Minor League Baseball clubs that responded reported 192 mascot characters.<sup>22</sup>

### Mascots

In 2014, the [Cleveland Browns](#) made the decision to introduce a live dog (a bullmastiff) named “Swagger” as a mascot after years of having a costumed mascot at games.



#### DISCUSSION TOPICS: TRIVIA

Trivia #1: Few NFL teams have live animal mascots. In fact, other than the Cleveland Browns, just four other teams have them: The Seattle Seahawks with Taima the Hawk, the Denver Broncos’ horse named Thunder II, the Baltimore Ravens and their two ravens, Rise and Conquer, and the Kansas City Chiefs’ horse, Warpaint.

Trivia #2: Just two North American teams have real, human mascots (not in a caricature costume). Who are they? Ragnar, the Minnesota Vikings mascot and Lucky the Leprechaun of the Boston Celtics.



#### INSTRUCTOR NOTES

For some added classroom fun, play the PowerPoint “Great Mascot Challenge” game with your students. You can find it in the “Games and Classroom Fun” folder.

<sup>22</sup> <http://www.sportsbusinessdaily.com/Journal/Issues/2013/07/22/Franchises/Mascots.aspx>



## Quality/Variety Of Concessions Items

Many teams have introduced outlandish concessions items as a way to increase game attractiveness (and generate publicity), including the Washington Nationals (8 pound “[Strasburger](#)”), the Charlotte Motor Speedway ([deep-fried cupcakes](#), funnel cakes topped with chocolate sauce and chopped bacon), the Texas Rangers (“[The Champion](#)”, a \$26 hot dog weighing in at 2 pounds) and several minor league teams like the Camden RiverSharks offering “[Krispy Kreme](#)” burgers.

- The top selling hot dog at Oriole Park at Camden Yards in Baltimore comes topped with crab macaroni and cheese.
- The Nationals’ stadium also features a unique concessions stand (called the “Taste of the Majors”) which spotlights items from other MLB cities when opponents roll into town.
  - Items include a Chicago Dog, a St. Louis BBQ platter and a San Diego Fish Taco Platter (click [here](#) for a complete listing).
- At the Super Bowl in 2018, US Bank Stadium in Minneapolis combined local flavors (like roast turkey legs and cheese curds) with fare featuring themes from the two cities playing in the game.
  - For the Eagles, the stadium offered a South Philly roast pork sandwich and for the Patriots, they added a New England clam roll to the menu.
- MLB’s “London Series” in 2019 between the Yankees and Red sox featured some of the league’s more [notable](#) dishes while offering some items that paid tribute to England’s culinary scene:
  - The Boomstick – A 2-foot-long hot dog covered in braised beef American chili, jalapeno cheese sauce, tomato & chili relish, spring onions, jalapenos.
  - Prime Burger – 100% British beef burger, brioche roll, jalapeno cheese sauce, crispy bacon.
  - Dirty Beets Burger (Vegetarian) – Spinach & kale burger, beetroot bap, baby gem lettuce, beef tomato, jalapeno cheese sauce.
  - Fat Rooster Chicken Burger – Crispy chicken fillet, brioche roll, gherkin (pickle) slaw, piri-piri mayo.

Every year, the concession items get a little crazier.

- Among the new items appearing on stadium menus in the last two seasons:
  - Generating more buzz than any perhaps other concessions item at MLB ballparks in recent memory was the Seattle Mariners’ introduction of toasted grasshoppers (dusted with a chili-lime seasoning) at Safeco Field.
    - They sold more than 18,000 orders during the first series of the season last year.
    - Click [here](#) for a visually stunning look at the popular Seattle snack from ESPN.
  - MiLB’s Erie Seawolves [hosted](#) a theme night called “Sugar Rush Night”, putting a cotton candy hot dog on the menu (a hot dog, wrapped in a cotton candy bun, and sprinkled with nerds candy on top).
  - Prior to the COVID-19 shutdown, MLB stadiums were set to offer plenty of crazy options in 2020, including such “culinary delights” as the Detroit Tigers’ “Chicken Churro Sandwich” (chicken tender topped with Michigan maple syrup on a churro bun), the Texas Rangers’ “Rattler” (rattlesnake sausage drizzled with “venom sauce”) and the Milwaukee Brewers’ “Greek Fry” (fries topped with gyro meat, tzatziki sauce, feta crumbles and diced tomatoes).
    - Click [here](#) for CBS Sports’ rundown of the best MLB stadium foods in 2019.
    - Click [here](#) for some of the crazy concessions items the Texas Rangers will offer when they open their new stadium.

The Arizona Cardinals turned a concessions item into a promotional opportunity.

- The “Gridiron Burger” consists of five 1/3-pound hamburger patties, eight slices of bacon, eight chicken tenders, five all-beef hot dogs and five bratwursts, twenty slices of American cheese, twelve ounces of fries, shredded lettuce, tomatoes, pickles and sauce and cost \$75.

- According to [ESPN](#), anyone who finished the seven-pound “burger” in under an hour would win a jersey and his or her photo on the video board inside the stadium.



### INSTRUCTOR NOTES

So how exactly do these teams determine which concessions items to offer? Where do they find the inspiration for creative ways to present specialty items (like nachos served in a batting helmet)? USA Today’s “For the Win” provided a great behind-the-scenes look at how the Chicago White Sox catering staff prepares their menu for a new season.

In addition to providing a fun story to share in class, the article discusses the role fan feedback plays in their decision-making. This provides a great way to reinforce some of the lessons already covered in class and is one of the most important principles helping drive the business of sports and entertainment.

\* As a reminder, please read/review the article before sharing with students to determine whether it is appropriate for your classroom. Click [here](#) to read the story.

Offering quirky concessions offerings help sports teams at all levels generate publicity for the franchise.

- McCormick Field in North Carolina (home of the [Asheville Tourists](#)) offered a concessions item featuring fried chicken and french fries in a waffle cone, smothered with a choice of maple syrup or nacho cheese.
- As part of their “Halfway to Halloween” promotion, the Fresno Grizzlies served up the “[Frankenslice](#)”, a pizza with full hot dogs baked into the crust.
- Minor League Baseball held a “[#FoodFight](#)” competition online and on Twitter, allowing fans to vote for their favorite ballpark concessions items.
  - The winner was Round Rock Express’ “Lava Rock Fire and Ice”, a beef tenderloin and shrimp dish cooked on actual lava rock, which edged out the New Hampshire Fisher Cats’ “Squealer” sandwich.
  - Click [here](#) to see a complete list of the contest entries.
- Last season, the Wisconsin Timber Rattler’s held a “Food Fight” competition of their own (the 4<sup>th</sup> annual), asking fans to weigh in on several new recipes (submitted by fans) to determine what new food item would permanently appear on the stadium menu.
  - The fans [voted](#) the “Almighty Pork Sandwich” (a grilled brat cut in half, topped with BBQ pulled pork, melted Swiss cheese, peppered bacon, red pepper jelly, and fried pickles served on an onion roll) as the best new item, beating out a Mushroom & Swiss Steak Sandwich, BBQ Pulled Pork Chippers, Grilled Mac & Cheese Sandwich, and Grilled BBQ Mac & Cheese.
  - The promotion generated a lot of publicity for the Timber Rattlers with the big reveal announced on [Facebook Live](#) with a food and drink reporter for the USA Today Network.

Broadway shows have caught on to the concession crave – Sweet Hospitality Group works with theatres to offer patrons unique food and drink depending on the show.

Click [here](#) to read how Sweet Hospitality Group has re-invented theatre’s concessions sales strategy from inc.com.

Click [here](#) for an interesting infographic examining the economy of food at sporting events.



## ACTIVITY IDEAS

Challenge students to come up with their own concessions menu that they would serve at a sports or entertainment event. How much will they charge for the items? Will they have any outlandish concessions items like the food mentioned above? What will it be called?

### Traditions

Traditions are things like the seventh inning stretch or throwing out the first pitch in baseball, college students rushing the court after a big upset in a basketball game, or a gatorade bath at the end of a game for the winning coach.

#### Unique traditions in sports:

- Detroit Red Wings “octopus toss”
- Kissing the bricks at the Indianapolis Motor Speedway
- “Lambeau Leap” at Green Bay Packer games
- In 2014, the team unveiled a [statue](#) at Lambeau Field, commemorating the tradition.
- Chants at soccer matches
  - Click [here](#) for a brief video highlighting some of the chants performed at Portland Timbers’ games by their loyal group of supporters, the Timbers Army.
- Wearing outrageous hats at the Kentucky Derby
  - Click [here](#) for a slideshow.
- The first pitch at baseball games
  - PGA Tour stars Jordan Speith and Zach Johnson threw out the first pitches for the Texas Rangers and Chicago Cubs, respectively, in 2015 and made a \$5,000 [wager](#) on who would throw the best pitch (with the money going to charity). ESPN’s SportsCenter was responsible for crowning the champion (Speith).
  - Actors Will Ferrell and Zach Galifianakis ate deep dish pizza on the mound after throwing out the first pitch at a Cubs game (in a great example of cross promotion as they were promoting the film “The Campaign”) while they also read starting lineups for each team and included some “little-known facts” about the players.
    - Click [here](#) to see an infographic from the Washington Post analyzing the best and worst first pitches from celebrities over the years.
  - In 2020, the Washington Nationals brought Dr. Anthony Fauci to the ballpark to throw the first pitch to celebrate the start of the new Major League Baseball season in one of the first MLB games without fans.
  - Click [here](#) to see the pitch from Yahoo! Sports twitter account.
- “Jump Around” tradition between the third and fourth quarter at Camp Randall Stadium, home of the Wisconsin Badgers football team.

USA Today’s “For the Win” ranked the “weirdest” traditions in sports, including the University of New Hampshire hockey tradition of throwing fish onto the ice after the team scores its first goal.

Click [here](#) to see the list.





### INSTRUCTOR NOTES

The concept of “traditions” provides a great opportunity for a fun class discussion tied to the concept of game attractiveness and fan experience. Consider sharing the “Traditions” PPT in class to provide additional examples of popular traditions at sporting events. The file is located in the Lesson 10.2 folder.



### DISCUSSION TOPICS

Ask students how many of the aforementioned traditions they have heard of before? Can they think of any that are not mentioned? Are there any local traditions with high schools or colleges? Do you think you could start a new tradition at your school? Why or why not?

# Role of Game Operations in Sports Marketing

## Why are game operations important?

Game operations is an integral activity within the framework of a successful sports marketing organization as it can effectively assist the business in four key areas.

1. Ticket sales and attendance
2. Sponsorship
3. Publicity
4. Customer service

## Ticket Sales & Attendance

An effective game operations strategy keeps fans entertained throughout the event, increasing the likelihood that they will return for another game. As technology continues to evolve and the at-home viewing experience improves, sports teams feel more pressure to create an experience that trumps the experience of enjoying a game from the comfort of a fan's own home.

According to the [San Francisco Gate](#), the 49ers built Levi's Stadium with the game day experience in mind, understanding that they have to compete for the attention of fans who could watch from the comfort of their homes, with kitchens, bathrooms and laptops within easy reach.

Game ops can also help to successfully improve game attractiveness, a factor that directly influences game attendance. The level of perceived values increases when the game or event features additional entertainment and promotion.

To add value, game ops professionals might choose to include a variety of promotions within the game or event. For example, a team may host a "Hawaiian Night", offering \$5 off tickets to any fans wearing tropical shirts to the game. To help boost game attractiveness and enhance the fan experience, the game operations staff may choose to implement:

- An all staff memo or email, encouraging them to dress in tropical attire if they plan to attend the game.
- National anthem performed by a Hawaiian musician or steel drum band.
- Hawaiian lei give-away to the first 500 fans through the gate.
- A limbo contest at a quarter break.
- Hawaiian music or bands on the venue concourse.
- A hammock free throw shooting contest at half time.
- Hawaiian themed food at concessions stands

The inclusion of these added elements would help encourage fans to attend and boost ticket sales for the event.



### PROJECT IDEAS

Divide your class into groups or pairs. Have each group come up with a game or event promotion idea, then develop strategies for integrating ticket sales, sponsorship, publicity and in-game entertainment in conjunction with the promotion. Have them create some visual aids to support their promotion and present their ideas in class.

## Sponsorship

- Adds value to sponsorship packages
- Creates new inventory available to sell
- Assists in the fulfillment aspect of a client sponsorship package
- For example, a team may sell a sponsorship for their “Hawaiian Night”. As part of the sponsorship package, game operations may be responsible for fulfilling several elements which could include:
  - PA announcements throughout the game announcing “Hawaiian Night”, sponsored by ABC Travel
  - A trip to Hawaii giveaway, presented by ABC Travel
  - Special on court promotions
  - Signage

## Publicity

A successful event will also help generate community “buzz” surrounding the team. In addition to talking about the outcome of the game, fans may discuss the entertaining half-time act and the free coupon for a burger they won when the team scored 100 points. Publicity can be used to help promote future events.

- The Vancouver Whitecaps (MLS) enjoyed tremendous success with a “dime dog night” event, and later tweeted “10,866 hot dogs consumed tonight for dime dog night! Next one is July 31. #wcaps” to promote a future game.

Special game entertainment promotions are communicated to fans through a variety of channels, including traditional communications channels like press releases and media appearances and across an organization’s digital platforms including social media.

- To generate buzz for a home game, the Minnesota Wild brought in a member of the St. Paul SWAT team to rappel from the ceiling and drop the ceremonial puck.
- Minor League Baseball’s Charlotte StoneCrabs schedule an appearance from Santa Claus to visit the ballpark and entertain fans for their “Christmas in August” promotion. The special appearance was communicated via press releases, the team’s advertising and through their social media channels.<sup>23</sup>
- Communications professionals are typically responsible for creating a connection between the team and the media, including the facilitation of access to players and coaches for interviews and providing game notes (statistics, information regarding the opponent etc.) for the media.

## Customer Service

Game operations affords organizations an excellent opportunity to effectively serve customers.

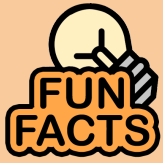
### Examples:

- Recognizing long-time season ticket holders on the Jumbotron
- Birthday greetings to season ticket holders over the PA
- Special congratulatory announcements on the scoreboard

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<sup>23</sup> <https://www.facebook.com/charlottestonecrabs>





## FUN FACT

The use of the word “jumbotron” provides an excellent branding example. “Jumbotrons” are actually manufactured by Sony, although the term is synonymous among sports fans as the giant video scoreboard featured prominently at sports and entertainment venues around the world.

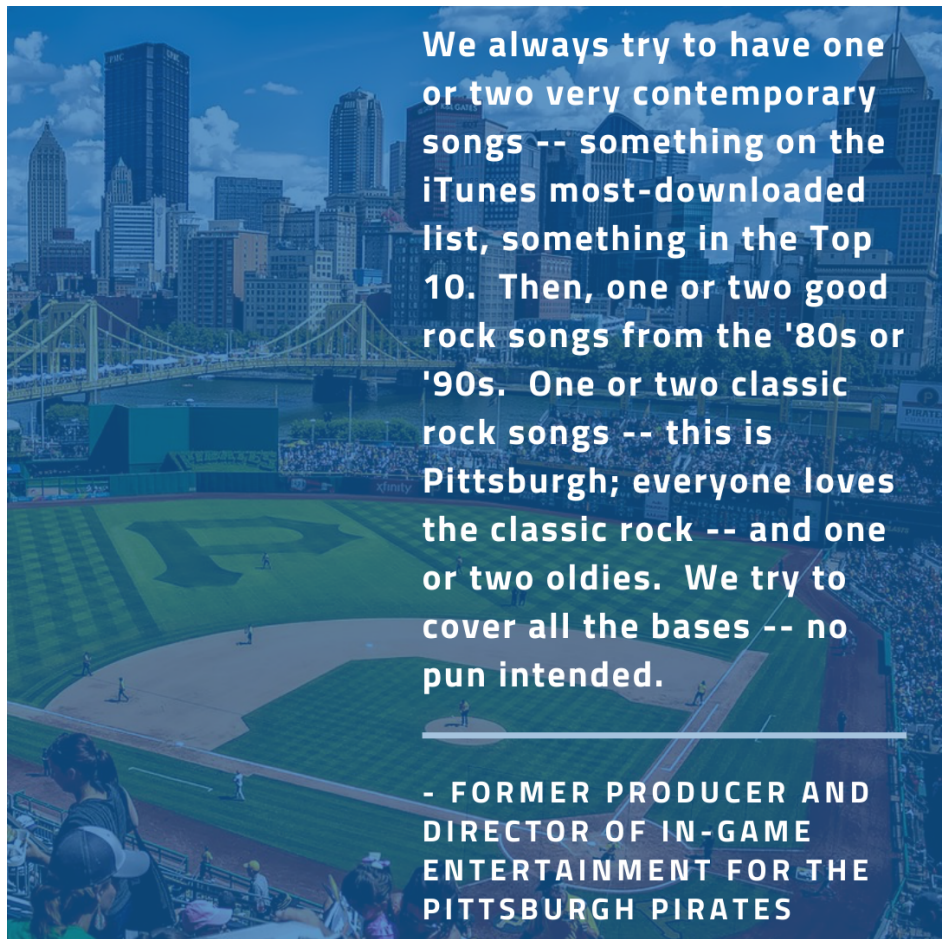
The largest video board in the world in a sports stadium is at SoFi Stadium, home to the NFL’s Los Angeles Rams and Los Angeles Chargers. Nicknamed “The Oculus” (and built by Sony’s rival, Samsung), the double-sided structure is bigger than the entire football field. Consisting of more than 70,000 square feet of video boards, it weighs 2.2 million pounds and features a 260-speaker sound system.<sup>24</sup>

The Atlanta Falcons’ video board, named the “Haloboard”, is the second largest video board and is built into the stadium’s roof. It isn’t center-hung but circles the Atlanta venue and is actually built into the roof.

Ultimately, customer service is about retention and keeping fans coming back for more.

To achieve a high level of retention, game operations and entertainment staff must understand fan tastes and distastes, game situations and the atmosphere of the event as a whole in an effort to help fans to enjoy the game or event experience in its entirety.

The Pittsburgh Pirates’ producer and director of in-game entertainment explains the music selection being played during games at PNC Park: “We always try to have one or two very contemporary songs -- something on the iTunes most-downloaded list, something in the Top 10. Then, one or two good rock songs from the ‘80s or ‘90s. One or two classic rock songs -- this is Pittsburgh; everyone loves the classic rock -- and one or two oldies. We try to cover all the bases -- no pun intended.”<sup>25</sup>



<sup>24</sup> [https://www.espn.com/nfl/story/\\_/id/29868399/sofi-stadium-videoboard-eighth-wonder-world-targets-genz](https://www.espn.com/nfl/story/_/id/29868399/sofi-stadium-videoboard-eighth-wonder-world-targets-genz)

<sup>25</sup> <http://old.post-gazette.com/pirates/20010625pnc0625p6.asp>





## UNIT 10 KEY TERMS DEFINED:

**Game Attractiveness:** Game attractiveness refers to the customer's perception of the event as a whole

**Game Operations:** The planning, organization and execution of game production, presentation, entertainment and promotion

# Unit 11

## Sports & Entertainment Communication

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### OVERVIEW

The topics covered in unit eleven introduce the various components of sports and entertainment communications including publicity, public relations, community relations and media relations. A key concept discussed is the integration of publicity with the sponsorship component of the sports and entertainment business model, as well as aligning publicity plans with promotional and sales efforts. Unit eleven also examines the various methods organizations employ to effectively communicate information about their products and services with customers, media and fans.

### OBJECTIVES

1. Explain why sports and entertainment communications are important
2. Define publicity
3. Differentiate between publicity, public relations, media relations and community relations
4. Identify the three approaches to media relations
5. Describe the three ways community relations programs are implemented
6. Name the six functions of sports and entertainment communications
7. Explain how publicity impacts other areas of sports and entertainment business
8. Create a press release with all its essential elements
9. Recognize the types of information typically included in press kits
10. Understand some of the social issues that impact the business of sports and entertainment

### KEY TERMS

*Community Relations*

*Ethics*

*Foundation*

*Goodwill*

*Media Relations*

*Press Release*

*Public Relations*

*Publicity*

*Publicity Stunt*

### LESSONS

**LESSON 11.1** [Sports & Entertainment Communications](#)

**LESSON 11.2** [Publicity](#)

**LESSON 11.3** [Functions of Sports and Entertainment Communications](#)

**LESSON 11.4** [Integrating Publicity](#)

**LESSON 11.5** [Generating Publicity](#)

**LESSON 11.6** [Social Issues in Sports & Entertainment](#)

# Sports & Entertainment Communications

The role of communications in sports and entertainment is to provide specific news and information as it pertains to teams, athletes, organizations, events, celebrities and all other forms of entertainment. This could include event schedules, player statistics, actor profiles and everything in between.

## Sources of sports and entertainment information:

- Any news or media outlet is a potential source of sports and entertainment information
  - MTV, Sports Illustrated, Jim Rome radio show, movies.com, USA Today
- Almost any type of information an individual could want is accessible through the media
  - Radio, TV, Print, Online
- Social media and online platforms provide a direct line of communication with teams, organizations, athletes and entertainers

## ROLE OF SPORTS & ENTERTAINMENT COMMUNICATIONS IN SEM

The role of a communications staff employed by a sports or entertainment organization is to effectively disseminate information for the benefit of the business. The communications staff, including PR professionals and any contracted agencies, will play an integral role in shaping and managing the organization's image. With the introduction of the Internet and social media, effective communication becomes even more critical to an organization's success.

However, it is not just an important tool for sports and entertainment organizations. The world of public relations has changed drastically, especially for athletes and celebrities whose careers are based on gaining and keeping positive public opinion.

Consider how musicians today can build a career entirely over the Internet using a web site, YouTube, TikTok, social media, and an effective marketing strategy. From weekend warriors to independent bands and Grammy-winning artists, thousands of musicians have embraced social networking sites like Facebook and YouTube to upload material, promote tour dates and albums while interacting with fans in an effort to build and/or grow a fan base.

- Justin Bieber was originally “discovered” by a talent executive on YouTube when he was searching for new talent online. Pop stars Justin Timberlake and Usher would later engage in a bidding war to sign Bieber (he eventually signed with Usher).<sup>1</sup>
  - Since then, other artists like Tori Kelly, Soulja Boy, Lana Del Rey and The Weeknd have launched their careers through YouTube.
- Shawn Mendes launched his pop career in six seconds by posting a clip to Vine, a now defunct video sharing app that only allowed six second videos.
- In 2019, Lil' Nas X broke the record for most consecutive weeks at the top of the Billboard charts with his breakout song (featuring Billy Ray Cyrus), “Old Town Road” after the song debuted on the popular social media platform TikTok.
  - Lil' Nas X attributes strategic marketing to his success, even posting on [Twitter](#), “the rumors are true i am a marketing genius”.

A variety of streaming platforms has made it easier for artists to be discovered. [Rolling Stone](#) estimates “self-releasing” artists could generate \$2 billion in revenues this year, up from \$643 million just a few years ago.

<sup>1</sup> [http://www.mtv.com/news/articles/1635334/20100402/bieber\\_justin.jhtml](http://www.mtv.com/news/articles/1635334/20100402/bieber_justin.jhtml)

- According to [TikTok](#), more than 70 artists were able to leverage their success on the popular social media platform to sign deals with major record labels in just the last year alone
  - In its first ever US Music report, TikTok reported that over 176 different songs that debuted on the platform surpassed 1 billion video views in 2020
  - Nearly 90 songs that trended on the platform in 2020 climbed onto the Top 100 charts in the US, with 15 of those reaching No.1 on a Billboard chart

It is not just musicians, however, who must develop effective communications strategies if they wish to establish a successful enterprise. Actors, artists, influencers and celebrities engage with fans using social media to promote albums and films, create buzz and dispel rumors. Social media provides an opportunity for athletes and entertainers to communicate directly with fans in an unfiltered environment, and platforms like Twitter can attract millions of followers. In fact, nine of the eleven most followed [Twitter](#) accounts in the world are those of athletes and entertainers, giving them incredible reach and influence.

## SPORTS & ENTERTAINMENT COMMUNICATIONS

# Most Twitter Followers

Social media provides an opportunity for athletes and entertainers to communicate directly with fans in an unfiltered environment, and platforms like Twitter can attract millions of followers. In fact, nine of the eleven most followed Twitter accounts in the world are those of athletes and celebrities, providing them with incredible reach and influence.



Here are the top five:

1. Barack Obama (130 million followers)
2. Justin Bieber (114 million followers)
3. Katy Perry (109 million followers)
4. Rihanna (102 million followers)
5. Cristiano Ronaldo (92.5 million followers)

At times, an artists' social media following can be as important as their talent in terms of attracting attention from directors and fans. Said veteran casting director Mike Fenton in an interview with thewrap.com, "There is no question that today if you have good numbers on social media, you have become a better choice to be cast. It would behoove actors to generate a social media presence."<sup>5</sup>

Fans can discuss topics surrounding their favorite entertainers and celebrities on web sites like www.IMDB.com and read movie reviews with apps like Rotten Tomatoes. These digital conversations are generating publicity for both the films and the actors and actresses featured in the films.

Sports and entertainment organizations have embraced technology and social media as an additional means for communicating information to fans. For example, a baseball team might turn to social platforms like Twitter to keep fans updated during rain delays or movie release dates.

While social media can be a valuable communications tool, the instant accessibility provided by various social channels can pose challenges for sports and entertainment communications professionals. Sports and entertainment organizations have less control now over the flow of information between the organization and its fans.

Legendary New York Yankees' star Derek Jeter became one of the first athletes to take control of his messaging when he announced that he would be retiring via Facebook, eschewing traditional communications channels like press conferences and news releases.<sup>2</sup>

- Click [here](#) to read the transcript of the official announcement posted on Jeter's Facebook page.
- Soon after retirement, Jeter launched The Players Tribune, a media platform that gives first-person reflections, thoughts and experiences from professional athletes and offers athletes a unique platform for sharing their voices with fans.

One year after Jeter broke the news of his retirement through social media, Kevin Durant announced his decision to leave the Golden State Warriors in free agency to join the Brooklyn Nets on the Instagram page for 'The Boardroom', an online series looking at sports business produced by Durant and business partner Rich Kleiman.

- Click [here](#) to see the IG post

Athletes and celebrities now enjoy a unique platform to communicate directly with fans, providing a medium for delivering unfiltered opinions and dialogue. Social media helps to build brands and cultivate a loyal following, and athletes and celebrities can share news in a way that puts their personality on display. They can share any information they want, ranging from personal news to product information about the brands they endorse or their own product lines. Using social media, they no longer must rely on traditional media channels to tell their side of the story when negative news stories surface. They can communicate the message on their own terms.

However, social media does not come without risk. Controversial posts can also create headaches for both the organization and/or the athlete/celebrity when the individual posts something that is perceived as offensive. Posts also live forever on the Internet, even when the account owner believes a message has been taken down or deleted. Accounts can also be hacked, posing an additional risk to the athlete, entertainer, or organization.

### Examples:

- Just before the 2016 NFL Draft began, a picture was tweeted from Laremy Tunsil's own account of the prospect smoking something out of a gas mask while images of text messages asking his assistant athletic director at Ole Miss for money were posted to his Instagram feed (his account was hacked), leading to a tumble down the draft board.

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<sup>2</sup> <http://www.sbnation.com/nba/2012/7/3/3135374/deron-williams-nba-free-agency-2012-mavericks-nets>

- According to [Fortune](#), Tunsil's draft day slide cost the NFL rookie between \$8 and \$13 million based on the lower draft position (he was projected to be selected between picks 3 and 6 but fell to the Miami Dolphins at pick 13).
- After Roseanne Barr sent a racist tweet in 2018, ABC quickly responded by cancelling the sitcom (one of its most popular shows), costing her at least \$5.5 million (she was making \$250,000 per episode and the show had already been renewed for a second season) and likely much more had the show enjoyed the same success for multiple seasons.<sup>3</sup>
- It was announced in 2021 that Actress Gina Carano of "The Mandalorian" would not return to the hit series or any other "Star Wars" spinoffs after sharing a series of social media posts that were deemed insensitive.

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<sup>3</sup><https://moneyish.com/ish/this-is-what-a-single-tweet-cost-roseanne-barr-and-everyone-who-worked-with-her/>



# Publicity

## WHAT IS PUBLICITY?

**Publicity** is public information about a company/team, good, or service appearing in the mass media as a news item at no cost to the organization. When the New York Times reviews a movie in their newspaper or on their website, that particular motion picture is gaining publicity, whether the review is good or bad. When musicians perform at award shows or other major events, they are generating publicity.



### NBA FUN FACTS

- According to Billboard, digital streams of The Weeknd's songs surged 41% in the U.S. following the pop star's performance at halftime of the Super Bowl in 2021.
- His songs across his entire song catalog generated a combined 85 million on-demand streams (audio and video) in just four days (including the day of the Super Bowl and the three days following the event).
- His most-streamed song on Feb. 7-8 (the day of the Super Bowl and the day after) was his long-running Billboard Hot 100 hit "Blinding Lights" with 6.54 million streams.

## HOW IS PUBLICITY GENERATED, MANAGED & CONTROLLED?

In the world of sports and entertainment communication, publicity is generated and defined by three primary components:

1. Public relations
2. Media relations
3. Community relations

The biggest disadvantage of publicity, however, is that it cannot be controlled by the organization, athlete, or entertainer. The New York Times may give a film a negative review, discouraging consumers from purchasing tickets and going to the theater. Public opinion is often perceived by consumers as more credible than advertising.

### Public Relations

**Public relations** are activities that promote the image and communications an organization has with its employees, customers and public.<sup>4</sup>

### Media Relations

**Media relations** refers to the relationship between an organization and the media.<sup>10</sup> The goal of media relations is to develop and maintain a positive relationship with mass media outlets.

<sup>4</sup>[https://www.billboard.com/articles/news/super-bowl/8550364/jennifer-lopez-shakira-streaming-bump-super-bowl-halftime-show#:~:text=Sunday's%20Super%20Bowl%20LIV%20led,and%20video%20combined\)%20on%20Feb](https://www.billboard.com/articles/news/super-bowl/8550364/jennifer-lopez-shakira-streaming-bump-super-bowl-halftime-show#:~:text=Sunday's%20Super%20Bowl%20LIV%20led,and%20video%20combined)%20on%20Feb)



## Media's impact on sports and entertainment publicity efforts

The “magnifying glass effect” of media coverage refers to the constant media coverage of newsworthy events taking place, as well as the reactions and interpretations of those events by other sources.<sup>5</sup>

- Click here to read a story published on awfulannouncing.com’s website suggesting the “TMZization of sports is now complete”, criticizing news outlets like ESPN for focusing on gossip or celebrity driven stories rather than covering real sports news

Featuring sports and entertainment news related items has proven to be an effective strategy for media organizations. It is the type of content that helps media companies to:

- Increase circulation
- Boost ratings
- Amplify the number of readers/listeners
- Generate clicks

### “Clickbait”

**Clickbait** refers to headlines or other content, typically online or posted on social media, whose goal is to attract consumer attention in a way that leads visitors to click on a particular web page. These headlines are often manipulated, drawing consumer attention by leaving out a key piece of information. The use of clickbait represents a form of journalism that can draw admonishment and is even considered by some to be unethical. Rampant clickbait leads to an erosion of trust and credibility for journalists, even those who pride themselves on doing their jobs with integrity.

Clickbait can also lead to frustration for PR professionals representing teams, leagues and other sports and entertainment organizations, as well as athletes and celebrities.

For example, Green Bay Packers’ star quarterback Aaron Rodgers has regularly voiced his frustration with the clickbait practice, telling former teammate John Kuhn in an [interview](#) for the team’s website: *“That’s the media cycle these days. Unfortunately, the media -- other than obviously yourself -- there’s a lack of integrity, I think. There’s a rush to put up headlines that are clickbait because the ad revenue is based on the amount of visits you get to your website. So instead of putting in a title that aptly fits the forthcoming article, it’s more lucrative to post something that’s going to generate the most commotion so that your site or your story gets the most hits possible. And when you’re in a really low news cycle like in June and July, when there’s not much football going on, that’s the kind of stuff that comes out. We don’t need to spend any time talking about it because it’s complete ridiculousness.”*<sup>6</sup>

### Media Blitz

A **media blitz** is a term used to reference an intense communications campaign which utilizes various aspects of media to reach as many consumers as possible. Organizations will often strategically launch a media blitz as a way to support a sales or marketing effort.

#### Examples:

- Every year, the NBA engages in a daylong media blitz to kick off coverage of the NBA All-Star Game and the celebrity-driven events that surround the game.
- In the lead up to the 2018 Ryder Cup, the PGA Tour launched a media blitz that sent team captain Jim Furyk on a 9,000-mile, 14-city trophy tour beginning at Yankee Stadium (the Team USA captain took the championship trophy from the last Ryder Cup to each stop)<sup>7</sup>

<sup>5</sup> *Sport Marketing*, Mullin, Hardy, Sutton, 2nd ed., p. 33

<sup>6</sup><https://www.cbssports.com/nfl/news/aaron-rodgers-tired-of-clickbait-coverage-blames-fake-news-for-perceived-matt-lafleur-drama/>

<sup>7</sup><https://www.rydercup.com/news-media/usa/jim-furyk-ryder-cup-media-blitz-and-showed-yankee-stadium-he-can-bring-some-decent>

- After throwing out the first pitch at the Yankees game and posing with players for photos, Furyk made an appearance at the Empire State Building and on the Today Show.
- As the franchise ramped up sales efforts leading up to the opening of a new stadium, the Minnesota Vikings launched an all-out media blitz surrounding their “Vikings Legacy” program right before the NFL Draft.
- Each year to kick off the college football season, the SEC launches a 4-day media blitz, where the media provides extension coverage of all the teams in the conference, discusses trending topics and high-profile athletes are discussed at length

### Negative Publicity

What effect on an organization can media relations have? How can publicity and the media impact a sports or entertainment brand?

A perception exists that the media tends to seek out and report stories with negative connotations implicating sports and entertainment organizations, celebrities and athletes.

Despite the concerns over click bait journalism, there is no shortage of activity within the sports and entertainment industry that lead to headlines featuring storylines that generate negative publicity. Some of the most common sources of negative publicity are the result of controversial behavior from athletes and celebrities, or the actions of a sports team, league or other organization that frustrate fans.



### Examples could include:

1. Inflated contracts of athletes and entertainers
2. Gambling
3. Violence
4. Performance enhancing drugs
5. Escalating costs for attending events
6. Recruiting violations and unethical behavior in collegiate sports

### Inflated Contracts Of Athletes And Entertainers

Athletes are making more money now than ever, and some tend to flaunt their riches. For the average fan who has to save enough money to afford to buy a jersey or tickets to a game, seeing athletes earning millions might rub some fans the wrong way.

- In 2020, the Kansas City Chiefs signed their star quarterback, Patrick Mahomes, to the richest contract in NFL history, providing him with the opportunity to earn \$503 million over the span of the ten-year deal.
  - Over the course of his contract, Mahomes will make \$137,808 per day. According to the latest figures, the median household income in the U.S. was \$61,372 per year.

- Boxer Floyd “Money” Mayweather, who earned \$300 million in 2015 and topped Forbes’ annual list of the World’s wealthiest athletes for the third year in a row, told USA Today in a story that his hobby is “collecting money” and lives in a 22,000-foot home with multiple garages for his collection of sports cars and bragged to CNN of an \$827,000 gambling win.<sup>8</sup>
  - Mayweather’s huge payday in 2017 after the fight with UFC champion, Connor McGregor, reportedly pushed him over the \$1 billion mark in career earnings.
    - The only other athletes to surpass \$1 billion in career earnings are Michael Jordan and Tiger Woods.
    - In 2017, Mayweather was also under investigation by the IRS as they claimed he owed over \$22 million in back taxes from 2015.
      - In 2019, Mayweather finally paid his tax debt.
      - Click [here](#) for a slideshow from MSN examining the “24 Crazy Ways Floyd Mayweather Spends His Money”.
  - In 2021, “Money” Mayweather banked an [estimated](#) \$65 million for his exhibition fight with YouTube star Logan Paul, or roughly \$1.5 million for every punch thrown, and more than Magic Johnson and Larry Bird made in their entire NBA careers combined
    - After the event, which left many paying customers frustrated with what they had just watched, Mayweather said “When it comes to legalized bank robbing, I’m the best.”
- Forbes [reported](#) that the world’s 10 highest-paid athletes banked a cumulative \$1.05 billion last year, up 28% from the previous year, despite the impact of COVID-19 on the business of sports and entertainment, and just short of the \$1.06 billion record set in 2017
- The Boston Red Sox traveled to Europe for their 2019 “London Series” games vs. the Yankees in style, reportedly chartering the most luxurious private plane in the world
- According to Darren Rovell, a six hour trip for up to 88 people in flat first class seats with a full bar costs around \$500,000
- According to [ESPN](#), Trevor Lawrence, the number one pick in the 2021 NFL Draft, will make nearly \$38 million from the proceeds of his first contract, despite not ever having thrown a pass in the league
- Last year, Kanye West topped Forbes’ list of highest paid musicians, earning \$170 million, significantly more than Elton John who took the second spot at \$81 million
  - The Top Five:
    - Kanye West \$170 million
    - Elton John \$81 million
    - Ariana Grande \$72 million
    - Jonas Brothers \$68.5 million
    - Chainsmokers \$68 million
  - Click [here](#) to see the entire list at forbes.com

When the Paycheck Protection Program was established during the pandemic in 2020, it was designed to provide financial support to struggling small businesses during times of economic duress.

- However, the Los Angeles Lakers (a franchise valued at \$4.4 billion according to Forbes latest rankings of the most valuable teams in sports) applied for, and received, a \$4.6 million loan from the federal government as part of the program.
  - Recognizing the negative publicity that the loan would create for the franchise, the team did return the money. According to CNN, a Lakers spokesperson said in a statement: *“The Lakers qualified for and received a loan under the Payroll Protection Program. However, once we found out the funds from the program had been depleted, we repaid the loan so that financial support would be directed to those*

<sup>8</sup> <http://www.usatoday.com/story/sports/boxing/2013/05/01/floyd-mayweather-jr-robert-guerrero/2126863/>

*most in need. The Lakers remain completely committed to supporting both our employees and our community.*<sup>9</sup>

## Gambling

- In 2016, a huge scandal rocked the tennis world when two Italian players, Daniele Bracciali and Potito Starace, were accused of criminally conspiring to fix at least two matches for an illegal gambling ring.
  - The chief prosecutor in the case said in an interview that he suspected the gang of corrupting another 30 international matches at tournaments including Wimbledon and the French Open.<sup>10</sup>
- The #2 ranked badminton player in the world, Kento Momota, was kicked off the Japanese team and disqualified from the 2016 Rio Olympics after he was found guilty of repeatedly gambling at an illegal casino.
- Officials say the illegal betting market generates hundreds of billions of dollars every year, and the International Olympic Committee goes to great lengths to prevent events from being “fixed.” Sports betting is perfectly legal in the United Kingdom and is considered a legitimate part of the national economy but, in 2012, the country’s gambling establishments partnered with government officials leading up to the London Games to report and prevent any event fixing. The BBC reported that Olympic organizers also set up an intelligence team to monitor suspicious betting patterns and tip the government with any information on individuals that may have attempted to fix Olympic events.<sup>11</sup>
- The 2018 legalization of sports gambling in the United States has organizations at all levels debating how concerned they should be about the potential of compromised integrity of their respective sports.
- In 2019, the coach who led Nigeria to two Olympic Games medals was banned for life by FIFA for agreeing to receive bribes to fix soccer matches.
- In 2021, San Jose Sharks’ star Evander Kane was [reportedly](#) being investigated by the NHL for betting against his own team, an offense that would lead to a lifetime ban from the league (it is important to note that Kane [denied](#) the allegations and agreed to fully cooperate with the investigation)
  - Unfortunately, this wasn’t the first time Kane ran into gambling trouble as he was [sued](#) by a Las Vegas casino in 2019 for allegedly walking away from half a million in gambling debt



### DISCUSSION TOPICS

Ask students how (or if) they think the legalization of gambling could change the industry. Who stands to gain from the new law? Who might be influenced negatively? Do they think we will see examples of match fixing or point shaving? Considering the potential for gambling addiction, is it ethical to allow the practice of betting on sports?

## Violence

Following several years of highly publicized domestic violence cases that generated a lot of negative publicity for the league and its teams, the NFL has donated millions in funding to a coalition of non-profit organizations working to prevent sexual violence.

- Boxer Floyd Mayweather has a long history of domestic violence issues, some dating back at least five years when they resurfaced prior to his 2015 bout with Manny Pacquiao.
  - Click [here](#) to read more from cosmopolitan.com..
- NASCAR [suspended](#) Sprint Cup driver Kurt Busch just two days before the Daytona 500 (for actions detrimental to stock car racing) after a judge ruled he almost surely choked and beat a former girlfriend.

<sup>9</sup> <https://www.cnn.com/2020/04/27/business/los-angeles-lakers-return-ppp-loan-trnd/index.html>

<sup>10</sup> [https://www.buzzfeed.com/heidiblake/heres-the-evidence-of-worldwide-match-fixing-prosecutors-say?utm\\_term=.ej84d0Dp0#.my2VJLP2L](https://www.buzzfeed.com/heidiblake/heres-the-evidence-of-worldwide-match-fixing-prosecutors-say?utm_term=.ej84d0Dp0#.my2VJLP2L)

<sup>11</sup> <http://www.utsandiego.com/news/2012/may/25/man-pleads-guilty-in-basketball-betting-ring/>

- Major League Baseball took a proactive approach to avoid some of the negative publicity that has followed the NFL in the wake of last year's high-profile domestic violence issues by implementing a comprehensive new policy that gives the league commissioner (Rob Manfred) ultimate discretion in doling out punishment.<sup>12</sup>
  - Click [here](#) to read the details from foxsports.com.
- Women have also been implicated in domestic violence cases.
  - The WNBA suspended two of its biggest stars (Brittney Griner and Glory Johnson) for seven games after they were arrested for domestic violence in 2015.
  - In 2017, WWE female superstar, Paige, faced domestic violence charges after getting into a physical argument in the Orlando airport.
    - Paige became the first female WWE superstar to be [suspended](#) for domestic violence.
  - Riquna Williams of the WNBA's Los Angeles Sparks was [suspended](#) without pay for ten games as a result of a domestic violence incident in 2019.
- A USA Today database supplemented by [Houston Chronicle](#) reporting found 80 instances in which NFL players had been accused of, cited, arrested or charged with violent offenses since the NFL revised its policy on domestic violence over the last six years
- In 2021, Washington Nationals third baseman Starlin Castro was [suspended](#) for 30 games without pay by Major League Baseball over an alleged domestic violence incident, while the team announced plans to release Castro after his suspension ended

## Performance Enhancing Drugs

The use of steroids and performance enhancing drugs has been well chronicled in recent years with prominent athletes having their legacies tainted by alleged drug use.

- UFC star Jon Jones had his license to fight revoked last year, fined \$205,000 and was facing a potential 4-year ban after a second violation of the league's doping policy.
- Seattle Mariners star Robinson Canoe was suspended 80 games in 2018 after testing positive for PED use and suspended again for the entire 2021 season after testing positive for a banned substance for a second time as a member of the New York Mets (he also forfeited \$24 million in salary as a result)
  - Cano would have gone down as the best second baseman of his era and a potential Hall-of-Fame candidate if not for the PED use
- New England Patriots star wide receiver Julian Edelman was forced to sit out the first four games of the 2019-20 NFL season for violating the league's policy on performance-enhancing substances.
- A 2009 Marist College Center for Sports Communication poll suggested that 70% of baseball fans thought players who used steroids should not be admitted to the Hall of Fame, 24% believed they should be given this honor, and 6%, at the time, were unsure.<sup>13</sup>
  - Fast forward to 2013, when Marist conducted a poll asking the same questions just prior to MLB's suspensions of those involved in the Biogenesis case, and 78% now think players who have used steroids or other performance-enhancing drugs should not be eligible for the Hall of Fame, 18% think they should, and just 4% are unsure.<sup>14</sup>
  - Two years ago, a poll from Marist suggested 68% of baseball fans nationally think the MLB has taken the right steps to curb the league's PED problem
- In 2015, reports of rampant doping by distance runners cast a dark cloud over marathon competitors as a report from the London suggested that 32 medal winners at the world's top six marathons registered suspicious blood tests over a 12-year testing period and of the 5,000 athletes tested, more than 800 of the blood results came back "abnormal"<sup>15</sup>

<sup>12</sup> <http://www.foxsports.com/mlb/story/major-league-baseball-players-association-union-domestic-violence-policy-assault-abuse-082115>

<sup>13</sup> <https://www.bostonglobe.com/sports/2015/08/10/marathon-doping-report-very-concerning-baa/nOXIre8BhCvqZKEwZdzFRL/story.html>

<sup>14</sup> <http://maristpoll.marist.edu/723-more-than-six-in-ten-fans-believe-connection-to-biogenesis-steroid-clinic-too-little-to-justify-mlb-suspensions/>

<sup>15</sup> <http://maristpoll.marist.edu/723-more-than-six-in-ten-fans-believe-connection-to-biogenesis-steroid-clinic-too-little-to-justify-mlb-suspensions/>

- David Howman, the chief executive of the World Anti-Doping Agency, said in an interview that he believes one out of every ten Olympic athletes are using performance enhancing drugs.<sup>16</sup>
- At the 2020 Tokyo Games, Russian athletes competed under the name “Russian Olympic Committee” (or “ROC”) because the country was technically banned from the Tokyo Games for its years of breaking anti-doping rules
  - The name “Russia” was not allowed to appear on any uniforms or equipment, they weren’t allowed to fly the Russian flag or hear their anthem when they won gold

### Escalating Costs For Attending Events

- A whopping 63 percent of respondents to an Associated Press poll suggested that the high price of attending MLB games was “by far the biggest problem in Major League Baseball”.<sup>17</sup>
- Nearly half (49%) of fans polled in Sacramento about Kings’ ticket prices for the new downtown arena suggested that, “Yes, the team plans to cater mostly to high-income customers”.
- In 2016, Walt Disney Co. raised prices by as much as 20% for fans that want to attend their parks when they are the busiest – during peak times adults now pay \$119 per ticket in Anaheim and \$124 in Orlando.
- According to a [Time Magazine](#) report, it would cost a family of four over \$600 for tickets to see a Chicago Cubs game, not including parking, concessions or any merchandise.<sup>18</sup>
  - Hot dogs at Wrigley Field cost nearly \$6 apiece, bottled water is \$5.25 and peanuts are \$4.75.
  - Comparatively, according to Minor League Baseball, the average cost for a family of four to enjoy a MiLB game in 2017 was \$64.97 – this includes two adult tickets, two child tickets, four hot dogs, two sodas and two beers<sup>19</sup>
- According to the Sports Business Journal, average ticket prices for entertainment include: Broadway shows (\$88), Disney (adult \$85), NFL (\$77), NHL (\$57), NBA (\$48), MLB (\$27).<sup>20</sup>
- According to a [report](#), the average price for a concert ticket has more than doubled in the last ten years to nearly \$100 as the business model in the music industry has shifted
  - Musicians now earn more money from live shows and concerts than they do from album sales (75% of earnings are now generated through concert ticket sales according to the [Wall Street Journal](#))

### Recruiting Violations And Other Unethical Behavior In Collegiate Sports

- 2016: The USA Gymnastics sexual abuse scandal rocks the country when [Larry Nassar](#) was accused of abusing hundreds of athletes under the guise of “treatment” while employed by both Team USA and Michigan State University as a team physician
  - Nassar was found guilty and sentenced to 60 years in prison, and convicted again for additional cases that led to an additional 40 to 175 years in prison
  - To date, the University has settled \$500 million relating to cases involving Larry Nassar
- 2017: The University of North Carolina went to court in 2017 to battle allegations of academic fraud that span nearly a decade.
- 2018: The NCAA vacated the University of Louisville men’s basketball team’s 2013 national championship title as the result of a sex scandal that involved its players, recruits and prostitutes<sup>21</sup>
- 2019: Three former Adidas employees were [sent](#) to prison for their role in schemes to pay high-profile high school basketball players to play at adidas-sponsored college basketball programs.
  - The school is accused of keeping athletes eligible by enrolling them in classes that required little work and no attendance.
- 2020: Michigan State again faces controversy when the University’s football program faced NCAA sanctions after reports of a sexual assault [scandal](#)

<sup>16</sup> [http://seattletimes.nwsources.com/html/mariners/2015951189\\_basenotes19.htm](http://seattletimes.nwsources.com/html/mariners/2015951189_basenotes19.htm)

<sup>17</sup> <http://www.telegraph.co.uk/sport/olympics/london-2012/8710041/London-2012-Olympics-one-in-10-athletes-are-drugs-cheats-says-anti-doping-chief-executive.html>

<sup>18</sup> <http://time.com/money/4713938/heres-how-much-more-expensive-being-a-cubs-fan-is-in-2017/>

<sup>19</sup> <https://www.milb.com/river-bandits/news/cost-of-attending-bandits-game-below-milb-average/c-219619808/t-196097124>

<sup>20</sup> Dosh, Kristi (@sportsbizmiss). “Avg tix prices per SBJ: Broadway show (\$88), Disney (adult \$85), NFL (\$77), NHL (\$57), NBA (\$48), MLB (\$27).” 26 March 2012, 6:18 PM. Tweet.

<sup>21</sup> <https://www.nytimes.com/2018/02/20/sports/ncaabasketball/louisville-ncaa-title.html>



### Three approaches to media relations

Each respective league or governing body/organization has their own guidelines for discipline; however, intense media scrutiny often makes such punishments seem insufficient to the general public, creating further fan disenchantment. Meanwhile, athletes and entertainers have a unique platform to involve themselves in a positive manner within the community. It is the responsibility of an athlete or celebrity (or sports/entertainment property) to direct media attention toward these efforts.

### Three approaches to media relations:<sup>22</sup>

1. Reactive
  - Responds to informational and other inquiries from media sources and external entities.
  - Player interviews, appearances, biographies, profiles etc.
2. Proactive
  - The point of initiation is the organization rather than an external entity or media source.
  - Organizations take the initiative in providing information and creating publicity.
  - Distribution of press kits, press releases.
3. Interactive
  - Refers to an organization's effort to create and maintain a strong relationship with the media.

## Community Relations

**Community relations** focus on an individual or organization's commitment to bettering their respective community.<sup>23</sup>

The goal of a community relations effort is to assist in achieving an organization's public relations objectives related to enhancing public understanding, gaining public approval and acceptance, ultimately leading to public support while building fan loyalty.<sup>24</sup>

### Community relations are typically implemented one of five ways:

1. Player or celebrity initiated
2. Team or organization initiated
3. League or governing body initiated
4. Community initiated
5. Brand initiated

### Player Or Celebrity Initiated

- The Michael J. Fox Foundation auctioned off a limited-edition collection of Nike shoes inspired by the actor's Back to the Future character. The high-profile auction [raised \\$9.4](#) million for the foundation, the largest private funder of Parkinson's disease research in the world.<sup>25</sup>
- Thousands of athletes and celebrities, from Justin Timberlake and Cristiano Ronaldo (in his underwear), participated in one of the most successful viral fundraising campaigns we have ever seen in the Ice Bucket Challenge, a cause tied to generating awareness and raising funds for amyotrophic lateral sclerosis (ALS), commonly known as Lou Gehrig's disease.
  - As a result, the ALS Association raised \$220 million in donations (compared to \$1.9 million the previous year), including 453,210 new donors to the Association.
- Beyoncé [partnered](#) with three charities (United Way Worldwide, Chime for Change and Global Citizen) on her 2016 Formation World Tour.

<sup>22</sup>[http://espn.go.com/college-football/story/\\_/id/8191027/penn-state-nittany-lions-hit-60-million-fine-4-year-bowl-ban-wins-dating-1998](http://espn.go.com/college-football/story/_/id/8191027/penn-state-nittany-lions-hit-60-million-fine-4-year-bowl-ban-wins-dating-1998)

<sup>23</sup> *Sport Marketing*, Mullin, Hardy, Sutton, 2nd ed., p. 318-320

<sup>24</sup> *The Sports Business Program: Marketing Your High School Athletics*, Lindauer, p. 20

<sup>25</sup> *Framework for Strategic Sports Marketing*, Presentation Notes, Dr. Brian Turner, Slide #168





- A VIP ticket contest was offered for fans that made a donation to the United Way in support of the Flint Water Crisis.
- In 2020, Kevin Love became one of the first NBA players to lend financial support during the COVID-19 pandemic when he announced on [Instagram](#) that he would give \$100,000 to event staff at Rocket Mortgage FieldHouse.
- In 2021, Naomi Osaka [announced](#) she would donate her earnings from the Western and Southern Open in Cincinnati to support earthquake relief efforts in Haiti after the nation was devastated by a 7.2-magnitude quake that struck the country, killing at least 304 people and injuring hundreds.

### Team Or Organization Initiated

Sports teams and athletes are often quick to lend a helping hand when their communities are suffering, recognizing the powerful platform available to them and the role they can play in helping a community to recover and/or heal.

- Last year, the Carolina Panthers donated \$1 million to the American Red Cross and \$450,000 to provide relief for victims after Hurricane Florence devastated the region.
  - The team also [provided](#) aid to high school athletic programs affected by storm damage.
  - Panthers' QB Cam Newton and defensive star Julius Peppers each donated \$100,000 to hurricane relief efforts.
- The Buffalo Bills teamed up with the United Way and launched the "Character Playbook" educational initiative, a digital course offered in middle schools that focuses on youth character development and building healthy relationships.
- Bills alumni director Marlon Kerner [said](#) "You have social media, bullying, cyber bullying, teen issues with dating, violence – so we want to teach them how to resolve conflicts in a more positive manner."
- The Miami Dolphins Foundation (whose mission is devoted to providing and supporting signature education, health, youth athletic programs and volunteer activities that inspire and engage communities throughout Florida) raised over \$600,000 through its annual "FinsWeekend", an event that features former and current players, cheerleaders and staff participating in activities like fishing and golfing.<sup>26</sup>
- The San Antonio Silver Stars of the WNBA played their annual breast cancer awareness game on a [pink court](#) painted by breast cancer survivors in an effort to raise awareness and funding for the initiative.
- In 2017, MiLB's Quad Cities River Bandits [added](#) two new amusement park rides to their stadium setup and directed all profits from the attractions to the "Carousel Charitable Trust", a non-profit serving underprivileged children in the Quad Cities.
- When New York City hospitals were overwhelmed with COVID-19 patients, the USTA Billie Jean King National Tennis Center [transformed](#) into a 350-bed health care facility to help treat patients who were sick with the coronavirus, along with a meal distribution center that delivered 25,000 meals every day throughout the city.
- In 2021, the New Jersey Devils [donated](#) a \$25,000 donation to the Big Brothers Big Sisters of Essex, Hudson & Union Counties through the Devils Youth Foundation to support summer programming and back-to-school initiatives

### League Or Governing Body Initiated

- The NFL is engaged in an effort to fight childhood obesity with the [NFL Play 60 program](#).
  - From the NFL website: "As a brand and leader that believes in the power of sport, the promise of young fans and whose players embody health and fitness; the NFL and its Clubs are committed to reversing the effects of the childhood obesity epidemic. NFL PLAY 60 is a national youth health and fitness campaign focused on increasing the wellness of young fans by encouraging them to be active for at least 60 minutes a day."<sup>27</sup>

<sup>26</sup> <http://www.socialmiami.com/soceyes.asp?g=miami-dolphins-finsweekend-57484>

<sup>27</sup> <http://www.nfl.com/news/story?id=09000d5d80b4a489&template=with-video&confirm=true>

- Click [here](#) to read how social media has helped raise awareness of the [NBA Cares](#) Campaign, the league's official global community outreach initiative that addresses important social issues such as education, youth and family development, and health and wellness.
- According to the league's [website](#), the NHL response to the COVID-19 health crisis included \$15 million in contributions from players, owners and club foundations, over 500,000 Personal Protective Equipment (PPE) donated, and over 1,000,000 meal and food donations.

## Community Initiated

Oftentimes community or event organizers will call on athletes or celebrities to participate in an event to help raise levels of awareness. For example, the state of West Virginia was hit hard by floods in 2016. Community officials called on West Virginia University to help with relief efforts. WVU responded by launching the Dollars for Disaster Donation program in which jars were placed around campus and various WVU athletic teams hosted drop-off sites to collect water and other needed items.

## Brand Initiated

Brands will create community relations initiatives to utilize the powerful platform of sports and entertainment to encourage positive action and behavior.

- Every year, ESPN raises awareness and money for cancer research through the [V Foundation](#)
- Last year, Nike distributed \$250,000 to 26 Portland area community groups through the Nike Community Impact Fund of The Oregon Community Foundation.
  - The program aims to provide area you with positive experiences through “sports and physical activity, and advance healthier, supportive and more inclusive communities.”
  - According to the [Portland Business Journal](#), the Fund has awarded 356 grants, worth \$3.75 million-plus, since launching in 2010.
- When the coronavirus health crisis struck in the spring of 2020, Under Armour quickly [responded](#), donating \$1 million to Feeding America and another \$1 million to youth sports nonprofit Good Sports, along with manufacturing 500,000 masks and thousands of face shields and hospital gowns for frontline workers.

## Foundations

A **foundation** is an association established by an organization, athlete or celebrity to maintain, assist, or finance other institutions or programs that are of an educational, charitable, or social nature.<sup>36</sup> Many athletes and celebrities have used their celebrity status to make a positive impact on issues important to them. Through foundations, individual athletes and entertainers can shed negative images and/or build a positive image.

Many high-profile athletes and celebrities have formed foundations or take an active role in supporting or leading foundation-related activities.

- Derek Jeter formed his foundation during his rookie season with the New York Yankees. The foundation's mission states aims to 1) create signature programs which will acknowledge and reward youths who avoid drugs and alcohol and those who choose healthy lifestyles 2) fund organizations which help prevent and treat teenage substance abuse and 3) leverage the integrity and popularity of Derek Jeter by hosting special events for today's youth which serve as a platform for his message.<sup>28</sup>
- In 2016, Michael Jordan [donated](#) \$1 million to the Institute for Community-Police relations and another \$1 million to the NAACP Legal Defense Fund amidst widespread tensions surrounding police-related shootings.
- In 2017, Chance the Rapper [donated](#) \$1 million to support budget-strapped Chicago Public Schools and Bruno Mars donated \$1 million to aid victims of Flint's water crisis.<sup>29</sup>

<sup>28</sup> <http://www.turn2foundation.org/intro/mission.asp>

<sup>29</sup> <http://www.complex.com/music/2017/03/chance-the-rapper-press-conference-elementary-school-chicago>

- Author J.K. Rowling was named president of One Parent Families, a U.K. nonprofit that supports, educates and advocates for single parents. Rowling, once a single parent herself, has been one of the organization's major supporters and ambassadors since 2000.<sup>30</sup>
- In 2019, Stephen Curry and his wife Ayesha [launched](#) the Eat. Learn. Play. Foundation to address nutrition, education and recreation needs for Oakland area youth.
  - The couple will make an annual seven-figure donation to the foundation to cover all administrative expenses, so that other money raised will go entirely into supporting the foundation's programs.
- Like many athlete and celebrity foundations, former Dallas Mavericks' star Dirk Nowitzki pledged his support during the pandemic when the [Dirk Nowitzki Foundation](#) donated more than \$100,000 to North Texas organizations to aid local organizations in their fight against the coronavirus.
  - A [study](#) from the Rutgers School of Business found that donors gave 1.4 percent more to charities associated with celebrities—to the tune of \$100,000 annually.
  - Click [here](#) to see the ten most charitable celebrities in 2015, according to The Sydney Morning Herald.



### ACTIVITY IDEAS

Have students select their favorite athlete or entertainer, then use the Internet to find out if they have a foundation or if they are affiliated with a cause. If not, have them keep researching until they find one. Ask them to bring a short essay to class and share as much information as they can about their research. Then ask them if the research has inspired them to become involved at any level with the cause.

Alternatively, divide the class into groups or pairs, and have each team select a favorite charity or cause and create a campaign to generate publicity and raise awareness for the cause. Encourage them to link their efforts to an athlete or celebrity foundation as a way to help amplify the message.

<sup>30</sup> [http://foundationcenter.org/yip/youth\\_celebrity.html#celebs](http://foundationcenter.org/yip/youth_celebrity.html#celebs)

# Functions of Sports and Entertainment Communications

There are six primary functions of sports and entertainment communications:<sup>31</sup>

1. Inform and communicate
2. Shape and enhance organization or brand image
3. Recruiting tool
4. Introduce new products or innovations
5. Generate and/or collect feedback
6. Crisis management

## Inform & Communicate

- Communicate information with consumers
- Gather, present, and distribute information about the organization or product
- Involves publishing programs, brochures, updating websites etc.

## Shape & Enhance Organization Image

- Work with “cause” programs
- Important to all facets of sports and entertainment marketing, including corporations, teams, leagues, and individuals.
- This function closely resembles a marketing function.
- Generate goodwill
  - **Goodwill** is a general willingness to work with a person or organization based on a positive reputation or relationship.<sup>32</sup>
  - Companies can generate goodwill in a number of ways, oftentimes through an affiliation with a particular sport, team, league or event.

## Recruiting Tool

- Extremely important to colleges and Universities for recruiting student athletes.
  - The University of Texas generated a lot of publicity with the installation of new, cutting edge lockers and other upgrades for their locker room.
    - Each locker featured a 43-inch flat screen (which [reportedly](#) showed each player’s highlights on a loop) with glowing locker doors at an estimated cost of \$10,500 per locker.
    - The Longhorns published player responses to seeing the new locker room through various social media channels, no doubt taking advantage of their reaction for future leverage on the recruiting trail.
- Professional teams also must “recruit” potential draft choices and free agents.
  - In today’s era, the recruiting effort can sometimes go beyond the front office.
    - LeBron James actively recruited former Pelicans’ star Anthony Davis in an attempt to get him to join the Lakers, infuriating some league executives who felt the action was a violation of the NBA’s “tampering” rule.<sup>33</sup>

<sup>31</sup> *Sport Marketing*, Mullin, Hardy, Sutton, 2nd ed., p. 324-333

<sup>32</sup> *Sports & Entertainment Marketing*, South-Western Educational Publishing, p. 102

<sup>33</sup> <https://bleacherreport.com/articles/2811897-report-gms-angry-nba-isnt-intervening-after-lebrons-anthony-davis-comments>

## Recruitment of Franchises And Events

Recruiting isn't limited to high profile athletes. In some instances, communities, cities and countries will lobby for major events and expansion franchises.

- The city of Los Angeles prepared a \$5.3 billion bid and created a branded website to position itself as the United States' candidate to host the 2024 Olympic Games.<sup>34</sup>
  - Click [here](#) to watch the city's "candidate" presentation on YouTube.
  - Ultimately, the city's recruiting efforts paid off as the International Olympic Committee awarded the 2028 Summer Games to the city of Los Angeles (Paris, France won the rights to host the 2024 Summer Games).
- In 2016, Las Vegas managed to lure a new NHL team to the city (along with a \$500 million franchise fee price tag) with its recruiting efforts.
  - The organization was aggressive and persistent in their efforts to attract a franchise while demonstrating to the NHL that the city could support a hockey team by gathering 14,000 fan deposits for season tickets.
  - As part of their recruiting effort, the hopeful franchise owners launched a "Vegas Wants Hockey" website to help maintain momentum with fans and to stay on the NHL's radar.
- In 2018, Seattle ramped up its efforts to attract an NHL expansion franchise, launching a website ([nhlseattle.com](http://nhlseattle.com)) and selling deposits to (hopefully) future season ticket buyers.
  - The group responsible for trying to bring a NHL team to Seattle [announced](#) they had sold 33,000 season tickets just four hours after putting them on sale, with a waiting list of more than 4,000.
  - The effort was rewarded in 2019 when the NHL [announced](#) Seattle would be awarded an expansion franchise, set to begin play in the 2021-22 season (the franchise fee was \$650 million).
  - Shortly after the franchise introduced the team's new name, the Seattle Kraken, they saw a 35% [increase](#) in the season ticket-holder waiting list, propelling the number of fans waiting on the opportunity to purchase season tickets to 51,000.
- Major League Baseball commissioner Rob Manfred has expressed interest in expanding the league from 30 to 32 teams, but is on record as saying that won't happen until the Oakland Athletics and Tampa Bay Rays get new ballparks
  - When the league does decide to expand, there are several cities identified by the [league](#) as potential cities that have the infrastructure to support a team already in place (Portland, Montreal, Austin, Vancouver, Mexico City, Charlotte and Nashville)
  - Expansion fees for MLB could reach \$2.2 billion, according to an [ESPN](#) report released in 2021

## Introduce New Products Or Innovations

- Build new product awareness and interest
- Position new product

## Generate & Collect Feedback

- Determine acceptance and effectiveness of organizational policies
- Gather specific consumer data
  - Attitudes
  - Preferences
  - Behaviors

<sup>34</sup> <https://www.nytimes.com/2017/05/12/us/olympics-los-angeles-2024.html>

## Crisis Management

**Crisis management** refers to a coordinated effort to handle the effects of unfavorable publicity or of an unfavorable event.<sup>35</sup>

Crisis management often includes a strong focus on public relations to recover any damage to public image and assure consumers that recovery is underway. Successful crisis management requires a plan in advance for how to respond if and when a scenario develops where the organization must respond to negative publicity.

According to Joe Favorito, sports media expert and author of the book *Sports Publicity*, the key to effective crisis management is keeping everyone on track, following the flow of information, working with public authorities and media who may not be familiar with your situation or practices, and having the organization speak with one voice when problems arise.<sup>36</sup>

### Crisis management examples:

- 2015: The University of Illinois paid several PR consulting agencies a reported \$70,000 to help with crisis management after both program's football and women's basketball coaches were investigated for mistreatment of players.<sup>37</sup>
- 2016: FIFA fired and banned three high ranking officials after it was determined they illegally gave themselves lengthy contract extensions as well as raises and bonuses totaling more than \$80 million over five years.
  - New FIFA president, Gianni Infantino, has pledged reform and a changed culture in hopes of moving past the scandal to begin repairing the organization's tarnished image.
- 2019: In a game watched by millions of sports fans around the country, Nike was forced to react to a crisis when Duke's Zion Williamson, the most recognizable athlete in college basketball, was injured wearing a Nike sneaker when it "malfunctioned" on national TV.
  - Within 24 hours, Nike executives met with Zion and his family and began working on a custom-designed shoe to better support his foot.
  - Duke's head coach Mike Krzyzewski released a statement supporting the brand soon after, [saying](#): "(Nike designers) went to China to actually look at the making of a shoe that would be very supportive and then they came back within a week with different alternatives to make sure that it was done right. So their immediate, great response was appreciated, and it was something that we have grown to expect from our relationship with them."<sup>38</sup>
- 2020: A [story](#) broke reporting a "toxic" culture on Ellen DeGeneres' incredibly popular and successful daytime television show, the brand built on the premise of positivity and kindness, was revealed to reportedly be not-so-kind behind-the-scenes.
  - In response, the network [launched](#) an investigation, fired several executives, issued multiple apologies, and promised to improve the culture for employees
  - However, some were skeptical, wondering if the show and its "be kind" brand would ever recover.
- 2021: Global banking giant JPMorgan faced a public relations nightmare after its backing of the European Super League
  - Because of the swift and significant backlash from fans and the soccer community at large following the Super League announcement, JPMorgan quickly issued a [statement](#) suggesting they regretted supporting the new league
- 2021: After facing widespread criticism for its controversial handling of the GameStop and AMC stock situation where the company placed restrictions on purchases of stocks, the company invested in a Super Bowl commercial for some damage control
  - Click [here](#) to learn more about the commercial and to see the Super Bowl spot at cnet.com.

<sup>35</sup> Sport Marketing, Presentation Notes, Slide 17 of the Chapter 15 Lecture, Ryan Langan, University of South Florida

<sup>36</sup> <http://joefavorito.com/category/crisis-management/page/2/>

<sup>37</sup> <http://collegefootballtalk.nbcsports.com/2015/08/21/illinois-calls-on-good-old-dan-beebe-for-crisis-management-help/>

<sup>38</sup> <https://www.dukechronicle.com/article/2019/03/duke-mens-basketball-thanks-nike-zion-williamson-mike-krzyzewski-discuss-the-aftermath-of-the-shoe-lemma>





## DISCUSSION TOPICS

Crisis management presents one of the biggest challenges for sports and entertainment organizations from a PR perspective. Carefully crafted messages can, and often do, come across as too scripted. Knee-jerk reactions can be perceived as tone deaf, or unsympathetic. An effective crisis management plan will strike an effective balance that resonates with a fan base in a positive way.

In 2021, several sports and entertainment organizations made headlines for transgressions that necessitated a crisis management strategy. Select one of the stories below and discuss the organization's response, and how students think they should have responded. Alternatively, you might assign each story to groups of students and have each group develop a crisis management strategy and present their plans in class.

**The Washington Football Team** – The NFL franchise in Washington D.C., formerly the Washington Redskins, has been busy making headlines for all the wrong reasons the past two seasons. In addition to the scrutiny surrounding the team's former nickname, the franchise was also investigated by the league for allegations of sexual harassment in the workplace. In 2021, the team was fined \$10 million by the NFL based on the conclusion that the franchise operated in a "highly unprofessional" manner that included bullying, intimidation, multiple allegations of sexual harassment and a "general lack of respect in the workplace."

**JPMorgan** – In response to widespread criticism of a proposed European Super League, JPMorgan apologized for the company's support. Was that enough or was the brand's involvement enough to warrant a stronger position to regain the trust of fans (and potential customers)?

**Tokyo 2020** – Organizers of the 2020 Summer Olympic games were put in a difficult spot. First, the pandemic forced Tokyo officials to postpone the event for a year. The decision cost organizers millions. Then, another COVID-19 surge occurred one month before the games were scheduled to begin. With low vaccination rates among residents in Japan, the general public and thousands of doctors lobbied for another postponement or cancellation. Homeless people in Tokyo were displaced, and the event was millions of dollars over budget. Could Japanese officials conclude that Tokyo 2020 was a success and a benefit to the people of Tokyo?



# Integrating Publicity

## Importance of Integration

Publicity can provide exposure, visibility and awareness for sports and entertainment organizations at all levels. Many businesses successfully leverage that publicity in a way that can help the organization to reach business goals.

Some of those areas could include:

- Sales
- Sponsorship and endorsement
- Promotion
- Game operations
- Merchandising
- Viewership and ratings

## Sales

The presence of negative publicity can have an adverse impact on sales. Statistically, consumers have shown a decline in willingness to support organizations who demonstrate an inability to effectively control or manage their image.

- A combination of poor on-field performance and consistent negative publicity off the field resulted in an almost 8,000 fans per game drop in attendance for the 2011 Los Angeles Dodgers for the season.<sup>39</sup>
  - Under new ownership and a resurgence on the field, the Dodgers attendance rebounded in 2012, increasing by nearly 5,000 fans per game by the all-star break and by 2013, the team was leading the league in attendance.
    - The franchise, who struggled mightily to fill seats just five seasons ago, have now led the league in [attendance](#) for the last six seasons in a row.
      - Click [here](#) to view current MLB attendance figures from espn.com.
- According to [NPR](#), all the negative publicity surrounding the host country (recession, political chaos, high crime, Zika virus) hurt ticket sales for the 2016 Summer Games in Rio.
  - Only a few months prior to the games less than 50% of tickets had been purchased, figures that are significantly lower than previous Olympic games.
    - With just two weeks prior to the start of the Paralympic Games (hosted in Rio right after the Olympic Games), only [12%](#) of ticket inventory had been sold despite being priced at around \$3 each.
    - Compare that to the Summer Games in 2012 when the London Paralympics attracted a nearly sold-out crowd.
- In 2017, Wells Fargo pulled their sponsorship of the Iditarod (the world's most famous sled dog race).
  - Event organizers [speculated](#) the decision was based on pressure created publicly by animal rights organizations.
- In 2021, several sponsors distanced themselves from the Tokyo Olympic Games in the wake of a whirlwind of negative publicity surrounding the event.
  - Executives from major Olympic sponsors like Panasonic and Toyota chose not to attend the Tokyo 2020 opening ceremony as Japanese public opinion polls showed a majority of its citizens were against hosting the event as the pandemic continued to surge
  - Many sponsors also pulled back on advertising and promotional activities surrounding the Tokyo Games

<sup>39</sup> <http://latimesblogs.latimes.com/dodgers/2011/08/dodger-stadium-half-empty-and-just-wait-until-next-year.htm>

If a newly released film receives poor reviews from the New York Times or negative reviews through social platforms like Rotten Tomatoes, movie-goers are less likely to flock to the theatre to see it.

- Hoping to follow the formula that made Sony's '21 Jump Street' a box office success, Paramount enlisted Dwayne "The Rock" Johnson and Zac Efron to star in their 2017 adaptation of the popular television series, 'Baywatch'.<sup>40</sup>
  - Unfortunately for the studio, sometimes negative publicity can trump even the best marketing and promotional efforts. The movie was crushed by critics and the film flopped.
  - Hollywood Reporter explains: "The most striking difference between 21 'Jump Street' and 'Baywatch' was the critical reaction. The former, starring Channing Tatum and Jonah Hill, garnered an 85 percent fresh rating on Rotten Tomatoes, compared to a 19 percent rotten rating for 'Baywatch'."<sup>41</sup>
    - "The reviews really hurt the film, which scored great in test screenings. We were all surprised," says Paramount's Megan Colligan, president of worldwide marketing and distribution. "It is a brand that maybe relied on a positive critical reaction more than we recognized. The cast could not have done more work in aggressively promoting Baywatch. Dwayne gave this 150 percent."
- The negative publicity associated with 'Blackfish', a documentary drawing attention to SeaWorld's treatment of killer whales, was still eroding the theme park company's revenues four years after the film's release.
  - Despite a heavy investment in marketing and promotional efforts, the company has been unable to reverse the trend of declining attendance.
  - Increases in marketing expenditures also contributed to declining profits.

On the flip side, positive publicity can result in a significant uptick in sales. For example, positive reviews from film critics and fans can provide a nice lift at the box office.

- Praised by both critics and fans (91% positive audience rating on Rotten Tomatoes), ew.com says 'Wonder Woman' was the best-reviewed superhero film of all time.
  - As a result, the film raced out to a \$103 million opening weekend at the box office, shattering several records along the way, ultimately surpassing \$820 million globally in ticket sales.
- The buzz generated by performing at the annual Grammy Awards typically provides an increase in music sales for featured artists (referred to as the "GRAMMY effect").
  - The 2021 Grammys had a major impact on sales for artists and their music.
    - According to Billboard, the 2021 Grammy Awards, which aired live on March 14 on CBS, spurred immediate sales gains for every song performed on the show, posting a 330% increase in sales compared to the previous day.
    - Mickey Guyton's hit single "Black Like Me" received a huge boost with a 106% increase in streams and a remarkable 13,892% increase in song sales (the singer's overall catalog enjoyed a whopping 4,870% increase in song sales and 7,800% in digital album sales).
- The excitement surrounding the possibility of a horse winning the sport's most prestigious title, the Triple Crown, inevitably gives a big boost to sales of almost everything associated with the races.
  - In 2018, with Justify in position to capture the Triple Crown, ticket prices at the Belmont Stakes cost an average of 145 percent more than admission to the event the previous year with merchandise sales also getting a huge lift.
- In 2021, a 'Save Manifest' campaign drew global attention when a petition from fans demanded more seasons of the show 'Manifest' (which had recently been canceled by NBC). The publicity generated through the #SaveManifest campaign helped to quickly propel the show to the #1 most-viewed program on Netflix in the early summer, even putting it on track to potentially become the most popular show on Netflix ever.

Positive publicity can provide fans with a sense of optimism which often leads to increased sales.

<sup>40</sup> <http://www.hollywoodreporter.com/news/why-baywatch-bombed-at-box-office-1008399>

<sup>41</sup> <http://www.hollywoodreporter.com/news/why-baywatch-bombed-at-box-office-1008399>

- According to [WMCA Action News](#), The University of Memphis men's basketball team experienced a boost in ticket sales when they hired well-known and highly respected coach Anfernee "Penny" Hardaway in 2018.
  - The Tigers reported a \$4.5 million increase in athletic tickets sales and donations after the hire.
  - When a picture of the team's new coach was posted of him recruiting players at a camp in Dallas wearing a blue, flat-brimmed hat, the school bookstore immediately [sold](#) out of the product.
  - Last season, attendance at Memphis Tigers men's basketball games [doubled](#), thanks in large part to the enthusiasm generated by Hardaway's involvement with the program.
- When the Philadelphia Phillies signed MLB star Bryce Harper to a record contract in 2019, fans responded to the news by flooding the team's website and team store to buy his jersey.
  - The day he was officially introduced and his jersey hit the team's store, Harper's jersey broke the 24-hour sales record for a jersey launch in any sport, according to [data](#) from Fanatics.
  - Overall, the news of the Bryce Harper signing drove a 5,000 percent increase in sales of Phillies merchandise compared to the same day from the previous year.

Historic moments and "anniversary" events create positive publicity that helps to boost sales.

- In 2016, the 100<sup>th</sup> running of the Indy 500 drew a [record](#) crowd of 350,000 – roughly 100,000 more fans than attended the race in 2015.
- In 2018, in celebration of the 100<sup>th</sup> PGA Championship, event organizers [expected](#) to sell over \$2 million in headwear merchandise at the tournament's merchandise shop alone.

## Sponsorship & Endorsement

Corporations do not want an affiliation with an individual or organization with image problems.

- 2016: After fabricating a story about being robbed at gunpoint during the 2016 Summer Games in Rio, many sports business experts suggested that USA swimmer Ryan Lochte would not only lose over \$1 million in sponsorships but would be highly unlikely to find other brands to partner with ever again.
- 2018: After Papa John's founder John Schnatter was heard uttering a racial slur, more than 20 sports teams and leagues either distanced themselves by suspending the relationship or [cut ties](#) with the brand altogether, even though Papa John's was a paying sponsor.
  - Major League Baseball suspended its "Papa Slam" promotion while the University of Louisville changed the name of the football stadium from Papa John's Cardinal Stadium to Cardinal Stadium.<sup>42</sup>
- 2020: The negative publicity surrounding the Washington Football Team's former nickname (Redskins) prompted the team's sponsors to pressure the team to change its nickname.
  - According to a report in [AdWeek](#), investors worth over \$620 billion sent letters to Nike, Pepsi and FedEx calling for the end of their sponsorships of the team.
- 2021: Ralph Lauren cut ties with golfer Justin Thomas after he uttered a homophobic slur during a PGA Tour event, issuing the following [statement](#): "We are disheartened by Mr. Thomas's recent language, which is entirely inconsistent with our values. While we acknowledge that he has apologized and recognizes the severity of his words, he is a paid ambassador of our brand and his actions conflict with the inclusive culture that we strive to uphold. In reflecting on the responsibility we have to all of our stakeholders, we have decided to discontinue our sponsorship of Mr. Thomas at this time. As we make this decision, our hope is that Mr. Thomas does the hard and necessary work in order to partner with us again—truly examining this incident, learning, growing and ultimately using his platform to promote inclusion."

<sup>42</sup> <https://www.usatoday.com/story/sports/2018/07/16/papa-johns-pro-college-teams-cut-ties-john-schnatter-slur/790722002/>

## Promotion

Some promotions can be offensive to some consumers.

- MiLB's Lexington Legends faced significant fan backlash when their 'Millennials Night' promotion offended a segment of their fan base.
  - The team promised that, upon entering the park, fans would receive a participation ribbon, stating in a news release: "We know it's a big feat to leave the safe confines of your home with Netflix beaconing you to stay on the couch, so the Legends are ready to congratulate fans on their accomplishment, even if they are still in sweatpants."<sup>43</sup>

Promotions may become too "gimmicky" or don't feel authentic and turn fans off to the product or backfire in a way that creates negative publicity.

- Woody Harrelson participated in one of Reddit's "Ask Me Anything" (AMA) threads, but the actor's answers infuriated the website's users as he attempted to promote his film, "Rampart." After Harrelson grew frustrated with fan questions and left the discussion, users called it "the worst AMA of all time" and an "epic fail by Woody Harrelson's PR machine."<sup>44</sup>

Publicity can help generate revenue in other ways through the implementation of creative promotions.

- University of Notre Dame offers membership opportunities for kids 14 and younger to join "Clancy's Kids Club" for an annual fee of \$15. Members receive, among other things, free admission to more than 100 Notre Dame athletic events each year, a newsletter, t-shirts, coupons and invitations to special kid's club events.<sup>45</sup>
  - Kids clubs are an effective tool by generating additional revenue as well as enhancing the team's image.
  - Kids clubs also enable the organization to begin building brand loyalty at a grassroots level.

## Game Operations

Game entertainment can become a source of negative publicity for a sports franchise.

- Music can be too loud at games
- Particular entertainment acts may be offensive to some fans

Game entertainment can also be a valuable source of positive word-of-mouth advertising.

- A child may choose to wear the face paint to school the next day to show off to friends, sparking interest within the school. Game entertainment examples like face painting are prevalent among minor league baseball franchises and collegiate athletic events.

## Merchandising

Sales of team, player, or celebrity related merchandise tends to slump in the wake of negative publicity while positive publicity or associations can help increase merchandise sales.

- When news broke that the New York Mets' would sign former Heisman trophy winning ex-NFL QB Tim Tebow to a minor league baseball contract, [sales](#) of jerseys bearing his name shot to #1 among Mets players on MLB's online store and #3 overall in just one day.<sup>46</sup>

<sup>43</sup> <https://www.kansascity.com/sports/spt-columns-blogs/for-petes-sake/article211083979.html>

<sup>44</sup> [http://www.huffingtonpost.com/2012/02/06/woody-harrelson-enrages-redditors-with-marketing-attempt\\_n\\_1257871.html](http://www.huffingtonpost.com/2012/02/06/woody-harrelson-enrages-redditors-with-marketing-attempt_n_1257871.html)

<sup>45</sup> [http://www.huffingtonpost.com/2012/02/06/woody-harrelson-enrages-redditors-with-marketing-attempt\\_n\\_1257871.html](http://www.huffingtonpost.com/2012/02/06/woody-harrelson-enrages-redditors-with-marketing-attempt_n_1257871.html)

<sup>46</sup> [http://www.espn.com/blog/new-york/mets/post/\\_/id/124289/dont-look-for-tim-tebow-jersey-at-citi-field](http://www.espn.com/blog/new-york/mets/post/_/id/124289/dont-look-for-tim-tebow-jersey-at-citi-field)

- When the Loyola University Chicago men's basketball team advanced to the Final Four in 2018, sales of Ramblers merchandise [skyrocketed](#) by 300%.
  - The star of the tournament was not even a player, it was the Ramblers' Sister Jean, the 98-year-old nun and team chaplain, who [ESPN](#) noted had been mentioned in over 20,000 stories in the media—more than several high profile coaches in the tournament combined.
    - The publicity generated by the media attention surrounding the program during its March Madness run helped boost sales of everything from t-shirts to keychains (and Sister Jean bobbleheads, which set a sales [record](#)).
- With the buzz generated by a rebranding effort and a move to a new \$54 million downtown ballpark, the Charlotte Knights Minor League Baseball club saw merchandise sales increase sevenfold.<sup>47</sup>
- When the Charlotte Bobcats rebranded using the franchise's original nickname, becoming the Charlotte Hornets once again, merchandise sales for the year jumped by 300% despite a subpar team performance.<sup>48</sup>

## Television Audience/Ratings

- Major League Baseball's decision to change the format of its annual home run derby helped generate more buzz surrounding the Gillette Home Run Derby presented by Head & Shoulders, ultimately resulting in a 26% increase in ratings on ESPN
  - The event got another boost in 2017 when the league saw a resurgence in home runs for the first half of the season including a record-setting performance from Yankees' breakout star, Aaron Judge.
  - All the hype and excitement building up to the event led to record ratings, with nearly 9 million fans tuning in to ESPN to watch ([representing](#) a 55% increase from 2016).
- The NCAA's decision to move football playoff games to Dec. 31 last season proved to be incredibly unpopular with fans.
  - The negative publicity surrounding the decision had a major impact on viewership as ratings fell 40% from the previous season.
  - The ratings disaster prompted the NCAA playoff committee to reverse their decision to air games on New Year's Eve, instead broadcasting them on the Saturday before in hopes of creating higher ratings.
  - The decision paid off as ratings for the Peach and Fiesta Bowls increased 14% over 2016 (although ratings were still down from two years prior).

It is critical that an organization effectively communicate internally as well as communicating messages externally.

1. Employees in every department should be on the same page
2. The workforce should be not only informed, but also involved
3. Employees should be aware and contributing
4. The organization must exercise the mentality that each employee is the face of the organization
5. The staff must realize that they are representatives of the organization at all times

<sup>47</sup> <http://www.sportsbusinessdaily.com/Journal/Issues/2015/06/01/Marketing-and-Sponsorship/MiLB-merchandise.aspx>

<sup>48</sup> <https://hoopshabit.com/2015/04/16/charlotte-hornets-rebranding-literally-pays-off-big-time/>

# Generating Publicity

## HOW DO ORGANIZATIONS GENERATE AND MANAGE PUBLICITY?

It is critical to recognize how consumers perceive the organization as a whole. The organization must have a realistic and accurate understanding of how the brand is received throughout the community and manage the publicity strategy accordingly. This strategy is developed as part of the organization's publicity plan.

Sports and entertainment organizations generate publicity through a variety of platforms, all designed to increase visibility. These initiatives are also intended to help to craft a positive perception of the organization as a whole.

### Publicity Plan

To establish an effective communications strategy, an organization must develop a publicity plan. The plan will identify how the organization intends to generate publicity. It will also identify how the organization will monitor and gauge community response to each organizational effort to manage the publicity.

**Common components of a publicity plan include:**

- Press conferences
- Press kits
- Press (news) releases
- Public speaking engagements
- Clinics
- Player appearances
- Community involvement
- Mascot, cheer team and band appearances
- Social media
- Fan correspondence
- Publicity stunts
- Media interviews
- "Private screenings" prior to a film release
- "Sneak previews" of a product prior to launch
- Media blitz

### Press Conference

**Press conferences** take place when an organization spokesperson or the athlete/entertainer addresses the media to answer questions or make announcements.<sup>49</sup> When an organization calls a press conference, it is generally implied that the organization has a newsworthy announcement featuring information of significant importance.

### Press Kit

**Press kits** are important as they provide much information regarding an organization or event to the media in a variety of ways. It is a package of information distributed to the media to assist them in reporting.<sup>50</sup>

<sup>49</sup> <https://hoopshabit.com/2015/04/16/charlotte-hornets-rebranding-literally-pays-off-big-time/>

<sup>50</sup> *Marketing Essentials*, Glencoe-McGraw Hill, 2nd ed., p. 301

### Press kits could include:<sup>51</sup>

- Athlete, entertainer, organization, or event background
- Fact sheets
- Biographies
- Photographs
- Statistical information
- Contact information
- Current press releases
- Related press clippings
- Historical chronologies
- Organizational newsletters
- Testimonials from key personnel
- Recommendations for features

Most organizations now create an electronic version of the media kit because they are easier to distribute, and it allows for the integration of multimedia, audio and video.

## Press Releases

A **press release** is a prewritten story about an organization or athlete/entertainer that is disseminated to various media.<sup>52</sup> These are often referred to as news or media releases.

### Effective press releases will:

- Be clear and to the point
- Address specific pieces of information
  - Date
  - Release statement
    - Typically states FOR IMMEDIATE RELEASE or TO BE RELEASED ON
  - Headline
  - Contact information
  - The Lead
    - Lead paragraph must grab reader's attention
  - Text (body of release)
    - Should answer the questions who, what, where, when, why and how
  - Pitch <sup>68</sup>
    - The release ends with identifying information, including a phone number and email address. This is where you pitch to the audience
    - Example: "Call this number to find out more about the new Dallas Stars "Adopt-a-Family" program
  - End
    - Press releases typically end with "end" or "#####"
- Be creative and informative or the organization runs the risk of the media not reporting the information
- Feature a catchy title
  - According to a [study](#) from SEO Agency suggests a properly crafted headline can increase web traffic by 500%
- Kept to one page if possible

<sup>51</sup> <http://www.ais.msstate.edu/AEE/Tutorial/3203presselements.html>

<sup>52</sup> The Dream Job: Sports Publicity, Promotion & Marketing, Helitzer, p. 95



## What Is The Purpose Of A Press Release?

Information an organization may distribute via a press release could include:

- Announcement of a team's key free agent acquisition
- Release of game schedules
- Highlights of a new blockbuster film to be released
- Announcement of an upcoming promotion
- Description of an upcoming community relations event



### ACTIVITY IDEAS

Press releases have been an important tool for sports and entertainment communications professionals for a very long time. However, as the landscape continues to shift from traditional media to digital throughout the industry, the role of the press release has evolved. Much of the information that would be shared with fans in another era via news releases is now posted on social media platforms like Facebook and Twitter.

However, that does not mean that the press release is no longer relevant as organizations work to maximize exposure through as many communications channels as possible. For a quick activity, divide your classroom into groups or pairs. Task each team with developing a press release for a fictitious sports or entertainment event. Then ask them to create a strategy for which the information will be disseminated to the media AND shared with fans through broader, digital platforms.

## Publicity “stunts”

**Publicity stunts** refer to specific events or activities that are activated with the sole purpose of achieving a high level of media coverage and public awareness. Publicity stunts (also referred to as PR stunts or marketing stunts) can serve as an effective vehicle in generating public “buzz” surrounding an organization or athlete/entertainer.

For example, the PR agency responsible for marketing the film “Kong: Skull Island”, staged a creative stunt when they placed giant ape “footprints” in five separate locations around Los Angeles. To enhance the imagery and make the footprints look even more realistic, fog machines, broken chairs, crushed vehicles and scenic props were added to the sites to create the illusion that Kong had been wreaking havoc around town.

### Examples of Publicity Stunts:

- To generate publicity for the start of their inaugural season, Ice Cube’s “Big 3” basketball league teamed up with the ad agency Wieden+Kennedy (representing Fox Sports, the official broadcaster of the upstart league) to take over an iconic basketball court in NYC and stage a four-point shooting contest.<sup>53</sup>
  - Click [here](#) to see a video
- Will Ferrell teamed up for a publicity stunt with Major League Baseball by playing for 10 different positions on 10 different teams in one day during Spring Training (in addition to generating tons of attention for the league and raising nearly \$1 million for charity).<sup>54</sup>
  - Click [here](#) to see why mediapost.com called the stunt a “Grand Slam” for MLB
- In 2018, MiLB’s St. Paul Saints sent out a March Madness tweet promising \$10,000 for one lucky fan (via retweet) if a No. 16 seed could knock off a No. 1 – a feat that had never been done in the history of the NCAA men’s basketball tournament.<sup>55</sup>

<sup>53</sup> <http://www.odweek.com/brand-marketing/ice-cube-fox-sports-and-wieden-kennedy-took-over-an-iconic-nyc-basketball-court-to-promote-big3/>

<sup>54</sup> <http://www.mediapost.com/publications/article/246424/why-will-ferrells-spring-training-stunt-was-a-gra.html>

<sup>55</sup> <http://www.startribune.com/st-paul-saints-keep-their-word-lucky-fan-will-win-10-000-after-16-seed-ncaa-upset/477169933/>

- The stunt generated more publicity than the team had imagined (the tweet generated more than 15,000 retweets), but cost the franchise \$10,000 (they selected one fan via Facebook Live as the lucky winner).
- In 2020, former “Jackass” star Steve-O literally taped himself to a Los Angeles area billboard outside a CVS to promote an upcoming comedy special, “Gnarly” (perhaps not coincidentally, a new Jackass movie is set to hit theaters in 2021).

## PR Stunt Risks

When spontaneous, publicity stunts pose a risk and could yield undesired results.

- From the USA Today: When U.S. luge slider Kate Hansen posted a video online questioning whether there was a wolf walking down her hallway in the Olympic Village (where athletes stay) during the 2014 Sochi Winter Games, it was part of a hoax involving talk show host Jimmy Kimmel. Hansen, who finished competing Feb. 11 and is staying at the Olympic village, tweeted a video Thursday morning with the hashtag #sochiproblems and #sochifail. The #sochiproblems hashtag was commonly used by visitors to Sochi for complaints surrounding the Games. “I’m not sure about repercussions, but I can tell you that our organization is not happy with the incident,” USA Luge spokesman Sandy Caligiore said in an email to USA TODAY Sports. “Sochi problems? Sochi fail? That’s not USA Luge speaking.”
  - Click [here](#) to see Hansen discuss the incident on the Kimmel Show.
- Michael Phelps and the Discovery Channel were widely criticized by fans after they promoted a race between Phelps and a great white shark when the “race” turned out to be nothing more than a race simulated by a computer.<sup>56</sup>
  - In 2020, Discovery Channel launched another stunt to promote “Shark Week” when they [announced](#) that former heavyweight boxing champ Mike Tyson would “fight a shark” in the new season of the popular series.
- Animal rights organization, PETA, lost credibility, support (and even members) after the organization sent scantily-clad models to Wimbledon to promote veganism by handing out strawberries and vegan cream in bikinis.
  - [Outcry](#) on social media included comments like:
    - “Exploitation of women’s bodies is never a good look. Another sexist campaign. You value animals over women.”
    - “This is absolutely disgusting – you should be ashamed of yourselves for this utterly sexist and misogynistic objectification of women.”

## PR Stunt Outcomes

In some instances, an event takes place where the public is not sure whether or not the activity was a publicity stunt.

- NASCAR driver Jeff Gordon released a [video](#) that showed him purportedly taking an unsuspecting car salesman for a wild test drive, sparking a wild debate online as to whether the video was fake.
  - In 2014, Jeff Gordon and Pepsi released a second version of the “[test drive](#)” viral video to exact revenge on the blogger who originally called Gordon’s video out as “fake” the first time around, this time posing as a cab driver (the video reached over a million views in a few hours).
- Pepsi’s “Uncle Drew” videos (starring Kyrie Irving playing pickup basketball as an old man) have generated millions of views over the past several years.
  - When they were first posted, fans were not sure if the videos were staged.
  - Pepsi described the video on its YouTube page as such: “Pepsi MAX went to a pick-up game in Bloomfield, NJ pretending to shoot a documentary on a basketball player named Kevin. When his Uncle Drew came into the game, some magical things happened.”

<sup>56</sup> <http://bit.ly/NdYwMm>

- Another video, released just after Irving and the Cleveland Cavaliers won the NBA championship, racked up 1.5 million views despite the fact that most fans were aware the games were not real.
  - Click [here](#) to see the videos on Pepsi's YouTube page.
- The campaign was so successful that it spawned a box office [film](#), 'Uncle Drew', which was released in the summer of 2018 and beat box office projections.
- Several sports teams have engaged fans over the years with April Fool's Day pranks to generate publicity.
  - In 2016, the Oregon Ducks went "all in" on an April Fool's prank, tweeting out an announcement that they would be replacing the Autzen Stadium playing surface with an LED field that would change colors and shoot fireworks whenever the Ducks scored.
    - The Ducks even posted an entire gallery of images featuring the "construction work" on their athletics website.
  - In 2018, the NHL's Phoenix Coyotes issued a [press release](#) suggesting the franchise had just hired NBA legend and TNT analyst Charles Barkley as a "special advisor" with the bottom of the release reading, "Also, Happy April Fool's Day!"

# Social Issues in Sports & Entertainment

**Social issues** in sports and entertainment refer to everything from the ethical actions of athletes, entertainers and sport/entertainment organizations to the sports and entertainment industry's efforts to do their part to positively impact society.

Ethics are the moral standards by which people judge behavior. Words often associated with ethical behavior could include honesty, integrity, respectfulness, confidentiality, non-discriminating, legal and socially responsible. Most sports and entertainment organizations feel they have an obligation to operate their business from an ethical standpoint.

In 2019, one of the biggest, most widespread scandals in history rocked the industry with revelations of corruption throughout one of the most powerful organizations in the sports world (FIFA). Dozens of FIFA officials were arrested on charges of allegedly pocketing well over \$150 million in bribes dating back 24 years, one of the biggest breaches of ethics in the history of sports.

## Examples of current social issues in sports and entertainment:

- “Greening” of sports and entertainment
- Gender equality in sports and entertainment
- Racial equality in sports and entertainment
- Sportsmanship
- Sexual Assault and Harassment
- Compensation for college athletes
- Social justice

## The “Greening” Of Sports & Entertainment

Today's consumer is more aware of how their buying decisions affect society and the environment around them, and are willing to make choices in their product purchases to have an impact on the world around them. A recent market research study concluded that environmentally-friendly packaging plays a vital role in consumer purchase decisions and helps greener companies gain a competitive advantage over non eco-friendly competitors.<sup>57</sup>

- Adidas partnered with [Parley](#) on an initiative that would take ocean waste and transform it into clothing and sneakers and recently launched a sneaker made entirely of yarns and filaments reclaimed and recycled from ocean waste and illegal deep-sea gillnets.<sup>58</sup>
  - Parley is described as “A collaboration space where creators, thinkers and leaders from art, film, music, fashion, technology and science partner up with major brands and environmentalists to raise awareness and to collaborate on projects that can end the destruction of the magic blue universe beneath us: Our Oceans.”)
  - In 2018, Adidas outfitted [every](#) Major League Soccer team with uniforms made from recycled ocean waste.
  - In 2019, adidas executed a fantastic publicity stunt when they teamed up with Parley for the Oceans to turn the iconic Bondi Icebergs Pool in Sydney into a tennis court in the leadup to the Australian Open.
    - Click [here](#) for a behind-the-scenes look at the project.

<sup>57</sup> The Dream Job: Sports Publicity, Promotion & Marketing, Helitzer, p. 95

<sup>58</sup><http://www.forbes.com/sites/abinlot/2015/06/30/adidas-and-parley-team-up-for-sneakers-made-from-recycled-ocean-waste/>

- Puma announced plans to launch a greener packaging initiative by phasing out the traditional cardboard shoe box and replacing it with a new package that includes a bag, ultimately using 65% less cardboard.<sup>59</sup>
- Nike released a free app (called “[Making](#)”) to help designers make informed decisions about the environmental impacts of the materials they select, powered by data from the Nike Materials Sustainability Index (a database built on more than seven years of materials research and analysis).
- The [Sports Business Journal](#) reported in 2016 that roughly 60% of teams are selling sponsorships that include ‘green’ assets.

#### Other examples of the “greening” of sports and entertainment include:

- Brazil, the world’s largest biofuel producer (in order to be considered “biofuel” the product must contain over 80% renewable materials), transported athletes during the 2014 World Cup in bio-diesel buses containing fuel that is made from 20% recycled oil.<sup>60</sup>
  - Click [here](#) and [here](#) for two interesting infographics illustrating Brazil’s plans for an even “greener” Olympic Games in 2016.
  - Despite Brazil’s claims of efforts to minimize the carbon footprint of hosting the Olympic Games, the host country has been subject to much [criticism](#) for high levels of water pollution with the event just one year away.
- Lincoln Financial Field in Philadelphia (home to the NFL’s Eagles) is [powered by solar panels and wind turbines](#) and plans are already in play to capture rain that falls from the stadium roof to potentially flush the toilets or even water the field.<sup>61</sup>
- [NASCAR](#) has the largest recycling and environmental sustainability programs among all U.S. sports. NASCAR has the world’s largest solar-powered sports facility, a tree planting program capturing 100% of the emissions produced by on-track racing, and the largest recycling program in sports with Coca-Cola Recycling, Coors Light, Safety-Kleen and Creative Recycling. As NASCAR Green enters its fifth year, it continues to educate NASCAR fans and reduce the sport’s environmental impact through strategic partnerships with the teams, tracks, and Official Partners while validating green technologies.
  - NASCAR’s program even features its own Twitter handle (@NASCARGreen).
- The Baltimore Orioles’ [website](#) features an entire page dedicated to informing fans about their commitment to sustainability, including the fact that the team recycles 600,000 pounds of materials annually, encourages bicycle transportation to games and recognizing that only green-friendly cleaning products are used to clean Oriole Park.
- Nike announced its NBA uniforms would be partially made from recycled plastic bottles.
  - Click [here](#) to see the uniforms.
- Nearly 400 sports teams and venues spanning 14 countries, including almost all NFL, NHL and MLB teams, are members of the Green Sports Alliance, an organization whose goal is to leverage “the cultural and market influence of sports to promote healthy, sustainable communities.”
  - Click [here](#) to see how the Atlanta Falcons implemented “green” strategies when building their new home (Mercedes-Benz Stadium).
  - Click [here](#) to see how the Sacramento Kings focused on sustainability when building the Golden 1 Center (a venue the franchise proclaims as the “greenest arena in the U.S.”).
- Organizers of the 2028 Summer Games in Los Angeles have been hard at work trying to determine methods to create the most sustainable Olympics in history, beginning with the [formation](#) of a 50-person Sustainability Committee to help lead the initiative.
- Amazon invested in the naming rights to Seattle’s new NHL arena, but instead of calling it “Amazon Stadium”, they opted for the name “Climate Pledge Arena”.

<sup>59</sup> [http://pre-agency.com/pdf/sports\\_division.pdf](http://pre-agency.com/pdf/sports_division.pdf)

<sup>60</sup> <http://www.greenpacks.org/2013/08/15/brazil-to-introduce-biofuel-buses-for-world-cup-2014>

<sup>61</sup> [http://articles.philly.com/2013-04-16/news/38558948\\_1\\_don-smolenski-turbines-desean-jackson](http://articles.philly.com/2013-04-16/news/38558948_1_don-smolenski-turbines-desean-jackson)

- According to a release, Amazon founder Jeff Bezos said “Instead of naming it after Amazon, we’re calling it Climate Pledge Arena as a regular reminder of the importance of fighting climate change.”
  - Climate Pledge Arena will [use](#) recaptured rainwater to make the ice and will source a significant amount of local food for concessions, while operating on “zero waste” and powering the arena with “100 percent renewable energy”.
  - [Estimates](#) suggest the investment was between \$300 million and \$400 million over the lifetime of the deal.



### ACTIVITY IDEAS

Ask students to research their favorite teams online to see if they have any green initiatives (click [here](#) to visit [green.nba.com](#) as an example). How about the stadiums or events they visit? Then ask them to create a list of five specific items that their team and the team’s venue could do to become even greener.

## Gender Equality In Sports & Entertainment

Title IX is a federal law enacted in the United States in 1972 that mandates equal educational and athletic opportunities for students of both genders.

- According to the Women’s Sports Foundation, one in thirty-five high school girls played sports forty years ago; one in three do today. Before Title IX, fewer than 16,000 women participated in college sports; today that number exceeds 200,000.
- The summer of 2012 marked the 40th anniversary of Title IX and for the first time in history, American women outnumbered the number of men representing the United States at the Olympic Games.
- Eight women now hold the title of “[General Manager](#)” in minor league baseball, believed to be the most at any time.<sup>62</sup>
- In 2012, Shannon Eastin became the first woman to officiate an NFL game when she worked the opening game of the pre-season between the Green Bay Packers and San Diego Chargers.
  - In 2015, the Arizona Cardinals added Jen Welter to the team’s coaching staff to work with the team’s inside linebackers as a training camp/preseason intern.
  - In 2018, Katie Sowers became the second full-time female assistant coach in NFL history when she was hired by the San Francisco 49ers, joining Buffalo Bills quality control coach Kathryn Smith, who last year became the league’s first female full-time assistant.
- In 2014, [Becky Hammon](#) became the first woman to be hired as an assistant coach in the NBA when the San Antonio Spurs announced that she would be joining head coach Greg Popovich’s staff.
  - In 2015, Hammon [led the Spurs](#) to a Summer League championship as the team’s head coach.
  - In 2019, the Cleveland Cavaliers [hired](#) Lindsay Gottlieb, former University of California head coach who led the Golden Bears to seven NCAA Tournament appearances, making her the seventh female assistant in the NBA.
- Just prior to the 2019 NBA draft, the New Orleans Pelicans hired former WNBA and UConn star Swin Cash as VP of Basketball Operations and Team Development — making her the first high-ranking African-American woman in an executive position with the league, according to the [NY Post](#).
- In 2020, Tori Miller was [promoted](#) to General Manager of the College Park Skyhawks, the NBA G League affiliate of the Atlanta Hawks. Miller’s promotion makes her the first woman to hold the title of General Manager in the history of the NBA G League.
- Today, according to the [Women’s Sports Foundation](#), all four tennis Grand Slam events offer equal prize money to the male and female winners.

<sup>62</sup> <http://www.brandchannel.com/home/post/2010/05/18/Puma-Green-Packaging.aspx>

- When the Association of Surfing Professionals was acquired in 2012, now known as the World Surf League, the new ownership made it a policy that the men's and women's Championship Tour events would offer equal prize money.
- In 2021, Breanna Stewart made history when Puma signed the Seattle Storm star to a long-term endorsement deal, [announcing](#) she would become the first WNBA player to have her own signature shoe in more than a decade
- Another WNBA star also made [history](#) in 2021 when EA Sports announced Candace Parker would be featured on the cover of its popular NBA 2K game, the first time a WNBA player ever graced the cover
- In 2021, Sarah Thomas became the first female to ever [officiate](#) the Super Bowl

Despite the progress that women's sports have made since the law was enacted, disparity remains.

- For example, in 1972, women coached 90 percent of women's college athletic teams. Today it's only 42.9 percent.<sup>63</sup>
  - According to a [newsweek.com](#) report, there remains a large gap in compensation between men and women playing for the United States Soccer Federation.
    - In 2017, women earned \$99,000 only if their team won a minimum of 20 matches – men on the other hand earned \$263,320 for the same feat, and were guaranteed \$100,000 even if their team lost all 20 games.
      - The women also received no compensation for any matches played beyond 20, whereas the men were paid between \$5,000 and \$17,625 for each game played beyond 20.
- The gender pay gap issue was perhaps the biggest storyline of the 2019 FIFA Women's World Cup with the US Women's National Team bringing the conversation to the masses throughout their championship run.
  - According to statistics from [Time.com](#), prize money totaled to \$30 million in 2019 for the Women's World Cup, with the USWNT earning roughly \$4 million for winning the tournament. By contrast, the prize money pool for the 2018 Men's World Cup totaled about \$400 million, giving reigning champion France's men's team \$38 million—more than the total pool for the women.
  - In May of 2020, Federal Judge R. Gary Klausner [rejected](#) the women's team's argument over receiving lower pay than the U.S. men's team. He also dismissed a claim of unequal working conditions related to the number of turf and real grass fields.



### DISCUSSION TOPICS

For more on the U.S. Women's National Team and their championship run at the 2019 FIFA World Cup, access the "2019 World Cup by the Numbers" PowerPoint. Use the figures from the PPT to guide a discussion relating to the gender pay gap in women's sports.

- Male and female golfers and basketball players receive drastically different levels of compensation.
  - In 2015, the LPGA offered \$61.6 million in total prize money, compared to the PGA which offered \$320 million.
    - The top purse for an LPGA major was \$4.5 million (the winner received \$810,000), compared to \$10 million for each of the PGA majors (the winner received \$1.8 million).
  - In 2018, [High Post Hoops](#) reported that Diana Taurasi, one of the greatest WNBA players of all-time, earned \$115,233 last season. To put that into perspective, it would take an NBA rookie earning the NBA's minimum salary for players with zero experience just 7 games to earn that amount.
- In Forbes' annual [ranking](#) of highest-paid athletes in 2021, just two women made the ranks (Naomi Osaka and Serena Williams) and no female athlete from any other sport besides tennis has ever made the list.

<sup>63</sup><http://www.ecofriendlomag.com/sustainable-transportation-and-alternative-fuel/nascar-goes-solar-at-pocono/>





## VIDEO SUGGESTIONS

ESPN released a series of “shorts” (called Nine for IX). One of the films in particular, “[Branded](#)”, really does a nice job on this particular social issue while also addressing a topic from a previous unit on branding.

Here is the summary from on ESPNW.com: “Anna Kournikova was never the greatest tennis player in the world. In fact, she never rose higher than No. 8 on the WTA world singles rankings. But her looks and willingness to capitalize on them made her the most famous tennis player on the planet and ultimately, a pioneer for fellow women athletes who understand that sometimes, sex sells. Sports is supposed to be the ultimate level playing field, but in the media and on Madison Avenue sometimes looks matter more than accomplishments. This film explores the double standard placed on women athletes to be the best players on the field and the sexiest of them. Branded explores the question: can women’s sports ever gain an equal footing with their male counterparts or will sex always override achievement?” At the time this version of the text was published, ESPN was offering free copies to educators. Here is the link to sign up for your free copy (for those of you who might want to share in class):

<http://espn.go.com/espnw/w-in-action/nine-for-ix/knowledge-center/sign-up>.

## Racial Equality In Sports & Entertainment

Hiring practices in the sports and entertainment industry have historically demonstrated a racial imbalance.

- In 2003, the National Football League established the Rooney Rule, requiring all NFL teams to interview minority candidates for head coaching and senior football operations positions.
  - In 2020, NFL owners approved changes to the Rooney Rule aimed at improving diversity in coach and front-office hiring, also discussing an addition to the rule that would have rewarded minority hiring with draft-pick compensation (a discussion regarding that proposal was ultimately pushed back for a later date).
    - Click [here](#) to read more about the changes to the Rooney Rule from espn.com.
  - Bill Russell, the 11-time NBA champion with the Boston Celtics, endorsed a measure in 2020 that made the NCAA’s West Coast Conference the first Division I league to require all schools to include a minority finalist for job openings in athletics.
    - According to the new “Russell Rule”, finalists for any opening for an athletic director, senior administrator, head coach or full-time assistant coach within the West Coast Conference must include a member of a traditionally underrepresented community.
- The NBA regularly scores high marks and sets the bar for other professional sports leagues in racial and gender diversity, according to a 2020 report released by The Institute for Diversity and Ethics in Sport.<sup>64</sup>
  - One week before the NBA would resume its season “in the bubble” at ESPN Wide. World of Sports, with a commitment to combating racism and social injustice during the pandemic, the league earned an A+ for racial hiring practices and a B for gender hiring practices in a [report](#) compiled by The Institute for Diversity and Ethics in Sport.
  - Major League Baseball had one of the lowest scores among professional sports leagues, earning an overall “B/B+/C” in the Institute for Diversity and Ethics in Sports annual report.<sup>65</sup>
  - Click [here](#) for links to more racial and gender reports from the University of Central Florida’s Institute for Diversity and Ethics in Sport.

Unfortunately, with regards to racism, the industry still has much room for improvement.

<sup>64</sup> <https://www.orlandosentinel.com/sports/orlando-magic/os-sp-nba-race-gender-report-card-20200724-7xrvdkwslredrebqup4crfrdbe-story.html>

<sup>65</sup> <http://nebula.wsimg.com/2b20e1bb7ea3fad9f45263b846342d04?AccessKeyId=DAC3A56D8FB782449D2A&disposition=0&alloworigin=1>

- The University of Central Florida's Institute for Diversity and Ethics in Sport [recorded](#) 25 acts of racism in sports in the United States in 2019, down from 52 in 2018. Internationally, there were 131 instances of racism in sports in 2019, down from 137 the previous year, demonstrating a slight decrease but showing racism in sports is still prevalent.

## Social Justice

When the 2020 murder of George Floyd sparked protests around the country, the sports and entertainment world took the opportunity to use their position of influence as a platform to fight for racial injustice and police brutality.

- After Floyd's death, the [Minnesota Twins](#) made multiple statements in support of the racial and social justice movement and removed a statue of the team's former owner Calvin Griffith, who made explicitly racist comments in the past. The Twins also donated \$25 million to the racial justice movement in the Twin Cities.
- When NBA players resumed the 2019-20 season "in the bubble" during the COVID-19 health crisis, many players included messages of social justice on their jerseys instead of their names while the league unveiled a basketball court that prominently [displayed](#) the message "Black Lives Matter".
- The day after Jacob Blake was shot seven times in the back by police in Kenosha, Wisconsin, leaving him paralyzed from the waist down, the Milwaukee Bucks boycotted their playoff game with the Orlando Magic, which led to the NBA and the NBPA agreeing to call off all the playoff games for the next two days. The WNBA quickly followed suit, followed by several MLB and NHL games being postponed, while several NFL teams had walkouts at practice.
- In 2021, as the league celebrated its 25th anniversary, the WNBA unveiled a series of new initiatives aimed at tackling social justice issues, including the development of a Social Justice Council, formed by several of the league's players.
  - The mission of the council, according to the league's [website](#), is to create space for ongoing conversations about race, voting rights, LGBTQ+ advocacy, gun reform and other important social issues.
- At the Tokyo Games, despite the IOC's hard stance on prohibiting expressions of social justice by banning any protests, U.S. shot-putter Raven Saunders briefly held her arms above her head in the shape of an X after accepting her silver medal, defying event organizers.
  - In a statement, Saunders (who has been outspoken on racism, bigotry and issues of social justice throughout her career) [explained](#) what the "X" meant, saying it represented the "intersection of where all people who are oppressed meet"

## Sportsmanship

Sportsmanship and the spirit of competition (competing in a moral and ethical manner and not with a "win at all costs" mentality) often fall by the wayside when stakes are the highest.

- U.S. women's soccer star Hope Solo was criticized for being "unsportsmanlike" with her comments when she called the Swedish team "a bunch of cowards" following the team's loss to Sweden in the 2016 Summer Games in Rio.
- In 2017, two of the world's most popular soccer players were hit with suspensions and fines for treatment of league officials.
  - Lionel Messi received a four-game ban and was fined \$10,000 by FIFA for verbally abusing a match official.
  - Cristiano Ronaldo Cristiano Ronaldo received a five-match suspension for pushing a referee in the back after being sent off with a red card.

- Also in 2017, an operations employee for the St. Louis Cardinals was given a 46-month prison sentence, fined and banned for life from Major League Baseball for hacking into the Houston Astros' computer system and gaining access to the team's classified information.
- In 2020, the Houston Astros were [criticized](#) by many fans and media members when Major League Baseball confirmed they found evidence of the team orchestrating an elaborate "sign-stealing" scandal during the 2017 playoffs when the team went on to win the World Series.
- In 2021, an former clubhouse attendant for the Los Angeles Angels accused star MLB pitchers Yankees' Gerrit Cole, Astros' Justin Verlander and Nationals' Max Scherzer of doctoring baseballs in formal lawsuit
  - Sports Illustrated [covered](#) the story with the headline, "This Should Be the Biggest Scandal in Sports"

Poor sportsmanship can even trickle down to all levels of sport.

- A cheating scandal rocked the 2014 Little League World Series when the U.S. champion, Jackie Robinson West out of Chicago, allegedly used ineligible players.
- Another scandal disrupted the 2015 Little League Softball World Series when one team allegedly intentionally tried to lose in an effort to force a three-way tie in the U.S. division that would eliminate an Iowa team that the Washington team wanted to avoid playing in the championship game.
  - Click [here](#) to read more about the 2015 scandal from foxsports.com.
- In 2019, a New Hampshire Little League coach accused a Rhode Island team of cheating (stealing signs) in a tournament game leading up to the Little League World Series.

Professional sports teams are subject to public scorn and fan ridicule when the actions of the front office are perceived as "tanking" (intentionally losing games) in an effort to gain a higher draft pick the following season (typically positioned by the franchise as a "rebuilding year").

- In 2015, it was the NHL's Buffalo Sabres, which led one Buffalo area sports reporter to publish [this story](#) online: "At Every Level of Sport, Tanking Raises Moral Questions".
- Last year, it was NBA teams being [accused](#) of tanking for the opportunity to draft LSU's Ben Simmons, one of the most heralded basketball prospects to enter the NBA in recent history.
- In 2017, Dallas Mavericks owner Mark Cuban came under scrutiny and received a call from league commissioner, Adam Silver, for his comment, "once we were eliminated from the playoffs, we did everything we could to lose games."
- In 2020, after the front office completed a complete shake up of the franchise's roster, including trading and releasing several of the team's top players, many in the media suggested the team was "tanking" to end up with the worst record, and top draft pick next year, for the opportunity to select Clemson's QB Trevor Lawrence in 2021 (Lawrence is considered by many to be a "can't miss" NFL prospect).
  - After the team traded Pro Bowl defensive standout Yannick Ngakoue and released star running back Leonard Fournette, many in the media accused the team of "Tanking for Trevor"
    - [USA Today](#): "The team waived running back Leonard Fournette on Monday, a stunning decision many outsiders view as the latest in a series of head scratchers that could help the franchise tank the season and get the No. 1 draft pick" while a [Fan Sided](#) headline reported "Jaguars going into complete Tank for Trevor Lawrence mode" and a [Bleacher Report](#) headline read "Jacksonville Jaguars in Driver's Seat for Trevor Lawrence After Ngakoue Trade".

The concept of tanking has long been a conversation in the NFL with several teams in recent years all but admitting they were trying to lose games to secure higher draft picks. Many [experts](#) think if the NFL adopted a draft lottery system they could eliminate teams from losing on purpose.

## Sexual Assault and Harassment

- 2018 saw the launch of the #metoo movement, as sexual assault and harassment allegations became rampant in the sports and entertainment industry, shining a light on how much work the industry has to do to create a safer environment for women.
  - In Hollywood, several successful producers and popular actors were accused of harassment and assault.
  - Nearly a dozen high profile executives at Nike were exiled from the company based on claims of harassment in the workplace.
  - Tampa Bay Buccaneers Jameis Winston, already with a history of sexual misconduct allegations, was suspended three games by the NFL after a female uber driver accused the quarterback of groping her.
  - Ex-USA Gymnastics and Michigan State athletics doctor Larry Nassar was sentenced to up to 175 years in prison for sexually abusing more than 250 women and girls.
- At least three [female](#) reporters at the 2018 World Cup were sexually harassed, live and on air, including Colombian reporter Julieth Gonzalez Theran who was groped and kissed as she was reporting on the tournament.
- In 2021, the New York Mets [fired](#) the team's General Manager after reports showed he sent a series of unsolicited, lewd, harassing text messages to a female journalist

## Compensation For College Athletes

In 2021, the NCAA began to allow its athletes to monetize their name, image and likeness, or NIL. The move represents one of the biggest changes to the landscape of college athletics in history, and opens the door to collegiate athletes potentially earning millions through endorsement deals and sponsored content on social media.

Immediately after the rule took effect, several college football, basketball, and volleyball players cashed in. NCAA athletes were allowed to begin profiting from their NIL on July 1<sup>st</sup>, and Nebraska volleyball star Lexi Sun [announced](#) on Twitter that her clothing line with partner Ren Athletics would launch July 1<sup>st</sup> at midnight.

The University of North Carolina also quickly jumped to the forefront, developing a program to organize group licensing deals for its athletes. According to [NPR](#), UNC athletes can now earn money from their NIL alongside the school's trademarks and logos, meaning when a UNC jersey bearing their name and number is sold, the student-athletes would be paid by a third party (not by the University).

- It took less than a month for the University of Alabama's quarterback to cash in on the new rules as Bryce Young rang up over [\\$1 million](#) in Name, Image and Likeness endorsement deals, despite the fact that he had only thrown 22 pass attempts in his entire college career
- Syracuse basketball star (and the son of the team's coach), Buddy "Buckets" Boeheim, became the [first college athlete](#) in the new NIL era to sell gear with his name and also have it licensed with the trademark of the university
  - Buddy Buckets merchandise included:
    - Hoodies for \$59.99
    - T-shirts for \$29.99
    - A "Buddy Buckets" inscribed mini-basketball for \$75
    - Limited edition trading cards for \$45
    - A 15-20 minute Zoom call with Buddy for \$200
- High school basketball sensation Mikey Williams, one of the top prospects in the 2023 college basketball recruiting class, quickly took advantage of the new rules when it was announced that he signed a contract with an agency to handle his NIL rights.
  - According to ESPN, thanks in part to his massive following on social media (Mikey has over 5 million followers across his platforms), the deal is expected to generate "millions" for the young star

## UNIT 11 KEY TERMS DEFINED:

**Community Relations:** Focus on an individual or organization's commitment to bettering their community.

**Ethics:** The moral standards by which people judge behavior.

**Foundation:** An association established by an organization, athlete or celebrity to maintain, assist, or finance other institutions or programs that are of an educational, charitable, or social nature.

**Goodwill:** A general willingness to work with a person or organization based on a positive reputation or relationship.

**Media Relations:** The relationship between an organization and the media.

**Press Release:** Prewritten story about an organization or athlete/entertainer that is disseminated to various media.

**Public Relations:** Activities that promote the image and communications an organization has with its employees, customers and public.

**Publicity:** Public information about a company/team, good, or service appearing in the mass media as a news item at no cost to the organization.

**Publicity Stunt:** Specific events or activities that are activated with the sole purpose of achieving a high level of media coverage and public awareness.

# Unit 12

## Sports & Entertainment Careers

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### OVERVIEW

Unit twelve focuses on the broad range of career opportunities in the sports and entertainment industry. In this section, it is important to distinguish the difference between potential careers in operations and those careers in business. The incredible growth of the sports and entertainment marketing field provides increased opportunities for business careers within the industry.

### KEY TERMS

*Career Development*

*Cover Letter*

*Resume*

### OBJECTIVES

1. Identify the four primary career segments available in the sports industry
2. Identify career opportunities specific to entertainment
3. Discuss the future of the SEM job market
4. Discuss the preparation required for a career in SEM
5. Explain why a cover letter and resume are important

### LESSONS

[LESSON 12.1](#) [Careers in Sports](#)

[LESSON 12.2](#) [Careers in Entertainment](#)

[LESSON 12.3](#) [Preparing for Sports & Entertainment Marketing Careers](#)

[LESSON 12.4](#) [Cover Letters & Resumes](#)

[LESSON 12.5](#) [The Job Market](#)

# Careers in Sports

## INDUSTRY SIZE AND SCOPE

The sports industry accounts for over 3 million jobs in the U.S. alone.

- There are 12,660 professional US athletes.<sup>1</sup>
- Florida's [golf industry](#) creates nearly 167,000 jobs.
- Under Armour employs nearly 13,000 people.
- The Walt Disney Co. has more than 200,000 full-time employees.
- ESPN [employs](#) more than 6,000 employees.
- Globally, Nike employs more than 75,000 people.

The inevitable incorporation of new growth areas such as e-commerce, gaming and new technologies points to a broader field with multiple new career opportunities.



### INSTRUCTOR NOTES

Click [here](#) to see an interesting infographic that provides a general snapshot of the sports industry. It illustrates the size and scope of the industry as a whole while offering a breakdown of the number of jobs created by various industry segments.

## Sports Operations Careers

Sports operations careers are actively involved with what happens on the court or field and less involved with the business aspect of the field.

Potential career paths could include:

- Scouting
- Coaching
- Athletic training
- Video coordinator
- Equipment manager
- General manager
- Player development
- Operations
- Strength and conditioning
- Travel and accommodations management
- Performance Analytics

Sports operations career profile:

- The Video Coordinator for the Portland Trailblazers is responsible for providing video for basketball staff. The basketball staff uses the film to break down games and for scouting purposes. This position is extremely important, as video enables a team to gain an inside edge on competitors as they study opponent strategies and player tendencies. The job becomes increasingly demanding during the season, as the team plays many games and he is required to provide video on short notice.<sup>2</sup>

<sup>1</sup> <http://www.top-business-degrees.net/sports>

<sup>2</sup> [http://www.nba.com/blazers/community/Learn\\_More\\_About\\_Raman\\_Sposato-100949-41.html](http://www.nba.com/blazers/community/Learn_More_About_Raman_Sposato-100949-41.html)



## Corporate Sports Marketing Careers

Many major corporations like Pepsi, Coca Cola, Visa, American Express, and Federal Express employ individuals to manage their promotional campaigns, domestic and global sponsorship efforts as well as domestic and international sporting events and entertainment.

### Potential positions in corporate sports marketing:

- Sports Media Coordinator
- Suite Ticket Manager
- VP of Sports and Entertainment Marketing
- Director of Event and Sponsorship Marketing
- Corporate Communications Manager
  - Helps develop the organization's brand and marketing activities
- Business Analytics
- Social Media Manager

### Corporate sports marketing career profile:

- The Sports Partnership Marketing Manager for a Fortune 500 company (Coca-Cola for example) might be responsible for overseeing a \$200 million sports and entertainment marketing budget. He or she might be responsible for all media planning and advertising purchasing for the company's related brands. He or she might also be the company's representation in sponsorship negotiations and/or supervising any events the company is participating in.<sup>3</sup>

## Sports Business Careers

**Careers in sports business focus on helping the organization achieve its financial goals in some way, shape or form:**

- Major league sports (NBA, MLB, NFL, NHL, PGA, MLS)
  - Tennis, lacrosse, beach volleyball, bowling
- Collegiate sports
- Motor sports
- Action sports
- Minor league sports
- Contact sports (Boxing, MMA)
- Horse racing
- Rodeo

### Potential sports business career paths:

- Ticket sales
- Sponsorship sales
- Marketing
- PR & Communications
- Legal
- Finance and accounting
- Information technologies
- Graphics design
- Box office
- Broadcast and journalism
- Publications
- Customer service
- Game operations

<sup>3</sup> <http://www.onlinesports.com/sportstrust/sports10.html>

### Sports business career profile:

- The Vice President Public Relations, Madison Square Garden Sports oversees all of MSG Sports business public relations activity relating to the trade, business, consumer media, internal communications and industry relations. The position works closely with all divisions to ensure integrated activities and communication and also works closely with MSG Sports management to create targeted, impactful public relations plans that meet short and long term business objectives, support critical marketing partnerships, and powerfully deliver key messages to target audiences.<sup>4</sup>

## Recreation And Fitness Careers

Because of the broad range of industry segments covered, recreation and fitness careers offer many different career opportunities.

### Potential careers:

- Athletic Director
- Parks and Recreation Director/Manager
- Exercise Physiologist
- Corporate Fitness Director
- Fitness Program Coordinator
- Personal Trainer
- Physical Therapist
- Sports Nutritionist
- Wellness Coordinator
- Recreation Center Director
- Park Planner
- Marketing and Sales Directors
- Finance/Accounting
- Sales Representative

### Recreation and fitness career profile:

- The Group Fitness Director for the Hawthorn Farm Athletic Club in Portland, Oregon is responsible for managing over 90 hours of classes per week ranging from cycling to aquatics and Pilates and everything in between. He or she might be an ACE and AFFA certified group fitness instructor with additional certifications in BODYPUMP, BODYCOMBAT and Cycling.<sup>5</sup>

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<sup>4</sup> <http://sportsprblog.com/blog/2009/07/03/job-opening-vp-public-relations-msg-sports>

<sup>5</sup> <http://www.hfac.com/programs/fitstaff.htm>

## Additional Sports Related Career Fields

- Sports agencies and professional services
  - Specialty services
  - Sports law
  - Advertising
  - Accounting
  - Sports medicine
  - Event management and marketing
  - Sponsorship
  - Collegiate multi-media rights management
    - Learfield Sports, ISP Sports, IMG College
  - Sports agents
  - “Super” agents such as Scott Boras and Drew Rosenhaus
  - Athlete representation agencies such as IMG
  - Celebrity Speakers Bureau
- Facility management
  - Manage facilities such as stadiums, arenas, golf courses etc.
  - Comcast-Spectacor and Global Spectrum
  - Concessionaires
  - Manage the food and beverage service for stadiums, venues and other sports or entertainment related facilities
    - Aramark, Levy Restaurants, Centerplate, Sportservice
- Sports associations
  - International Olympic Committee (IOC)
  - United States Golf Association (USGA)
  - United States Youth Soccer Association (USYSA)
- Sports corporations
  - Colorado Springs Sports Corporation
  - Oregon Sports Authority
  - Florida Sports Foundation
  - St. Louis Sports Commission
- Sporting goods, footwear and apparel
  - Manufacturers
  - Nike, Adidas, Under Armour, Reebok, Puma
  - Burton, O’Neill
  - Rawlings, Spalding, Wilson
  - Wholesalers
  - Distribute to retailers from manufacturers
  - Retailers
  - Champs
  - Foot Locker
  - Dick’s Sporting Goods

# Careers in Entertainment

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## ENTERTAINMENT CAREER OPPORTUNITIES

Potential career paths within segments of the entertainment industry span a wide variety of industry segments:

### Gaming

- Video games
- Computer games
- Board games

### Music

- Songwriting
- Performing

### Acting

- Television
- Film
- Screenwriting
- Script writing (television)

### Comedy

- Stand up performer
- Writer

### Theme Parks

- Theme park engineer
- Theme park management; event planner; coordinator

### Travel

- Travel director
- Local, domestic, international tours and cruises

### Writing

- Magazines
- Fiction
- Non fiction

### Arts

- Painting
- Sculpting
- Illustration

## Entertainment Job Functions

Like sports, there are opportunities for employment in entertainment catering to a wide variety of skill sets and interests. Specific job functions within the entertainment industry could include:<sup>6</sup>

- Sales
- Marketing
- Financial management
- Legal work or consulting
- Negotiations
- Personnel management
- General maintenance
- Distribution

### Entertainment business career profile:

- The Senior Vice President of Marketing for Six Flags Amusement Park in St. Louis directs the worldwide strategic marketing initiative for the company. He oversees advertising, public relations, research, sponsorships, promotions and group sales, and works closely with the company's regional vice presidents of marketing, the corporate vice president of public relations and marketing directors at the parks worldwide.<sup>7</sup>



### ACTIVITY IDEAS

Have students select a segment from either the sports or entertainment industry from the examples listed in lessons 12.1 and 12.2 that interests them. Ask them to conduct some research online and encourage them to find the following information (at a minimum):

- Skill requirements
- Experience requirements
- Pay range

Once they track down that information, see if they can find an example of a job opening in that particular segment. Be sure they find a description of the job responsibilities associated with the position. Then, ask them to prepare a cover letter and resume as if they were applying for the position.

<sup>6</sup> [http://www.entertainmentcareers.cc/encar/business\\_careers/business\\_careers\\_index.htm](http://www.entertainmentcareers.cc/encar/business_careers/business_careers_index.htm)

<sup>7</sup> [http://www.sixflags.com/investor\\_exe\\_bios.asp](http://www.sixflags.com/investor_exe_bios.asp)

# Preparing for Sports & Entertainment Marketing Careers

## CAREER PREP

Although securing a job in the competitive field of sports and entertainment marketing is challenging, young professionals can begin preparing themselves now.

**Consider the following to help prepare for a career in SEM:**

1. Personal skills and passion assessment
2. Matching skills with interests
3. Self-preparation
  - Researching
  - Learning about the industry
  - Becoming an expert in the field
4. Networking
5. Gaining experience
6. Initiating contact and an aggressive job/internship/volunteer search

## Employment Tools

- Cover letters
- The resume provides background information about a prospective employee.
- Quality professional and personal references
- Online profile(s) – LinkedIn, Facebook
- Employers often request documentation to be submitted electronically via email or via an online website.
- Cover letters, job interviews and resumes are all valuable employment tools for both the employer and prospective employee.

## CAREER DEVELOPMENT

**Career development** refers to the process of gaining the skills and knowledge necessary for, in the short term, beginning a career in a desired field and, in the long term, creating opportunities for career advancement.

### Personal Brand

Athletes and celebrities aren't the only ones who should be developing a personal brand. From the Montreal Gazette: *"Regardless of age, regardless of position, regardless of the business we happen to be in, all of us need to understand the importance of branding. We are CEOs of our own companies: Me Inc. To be in business today, our most important job is to be head marketer for the brand called You. You're every bit as much a brand as Nike, Coke, Pepsi, or the Body Shop."*

The career development process includes building your personal brand to become more marketable to prospective employers.

**In addition to creating an effective cover letter and resume, there are a number of ways to build your personal brand:**

- Reading as much about the industry as you can
- Talking with industry professionals to learn more about the business
- Networking
- Volunteering, participating in an internship opportunity
- Online presence: LinkedIn, blogs, self-branded websites, etc.
  - Careful consideration of posts on social media channels is critical to developing your personal brand
    - Hiring managers will review social media accounts when evaluating whether a potential employee is a good fit with the company
    - Think before you post!



### ACTIVITY IDEAS

After reviewing this section on personal branding, have students take some time to reflect on their own personal brands. Have them write a brief essay describing their personal brand and why developing and maintaining this brand might be helpful when applying for jobs. Encourage them to create a LinkedIn profile if they don't have one already.

Here are a few links that you might want to share with your students to help provide additional guidance:

- <https://frntofficesport.com/go-and-get-it-lessons-in-personal-branding-5522b9c820b4>
- <https://frntofficesport.com/4-tips-to-help-you-grow-your-personal-brand-1e7019f14016>
- <http://www.sportsnetworker.com/>

## Interviews

Careful preparation for the interview is essential.

### Some tips for interview prep:

- Learn as much as possible about the company and the products and/or services they provide prior to the interview.
- The individual should bring a copy of the resume and references for the interviewer.
- The interviewee must understand what the employer is looking for in prospective employees and tailor their skill sets, cover letter and resume to fit those needs.
- Interviewee should dress appropriately.
- Interviewee must offer a firm handshake during the introduction and look the interviewer in the eye.

After the interview, the interviewee should send the interviewer a note thanking them for the opportunity and for their time as quickly as possible. The prospective employee should place a follow up call to the employer within one week following the interview.



### ACTIVITY IDEAS

Consider staging mock interviews in class. Post a few fictitious jobs, encourage students to apply, then engage in practice interviews in class. Remind them to think about their personal brands as they go through the process.



# Cover Letters & Resumes

## Cover Letters

The **cover letter** (also known as a letter of introduction or letter of application) tells the employer the type of position the individual is seeking and specifically how the applicant is qualified to fill the job opening.

### An effective cover letter will:

- Draw the attention of the reader
- Encourage careful review of the resume
- Successfully highlight key personal achievements
- Explain why the candidate's skill set is an effective match for the position

### Cover letters should:

- Be addressed to prospective employer
- Specifically identify the position being offered
- Include a description of skill matches (qualifications)
- Highlight specific, applicable achievements
- Reaffirm interest in position
- State willingness and desire to meet face to face (interview)

## Resumes

A quality **resume** will help the individual reach the interview process, resumes that are not well prepared will likely be discarded.

### An effective resume will include:

- Contact information
  - Name
  - Address
  - Telephone number
  - E-mail address
- Experience and employment history
  - Description of duties and responsibilities
  - Traditionally listed in reverse chronological order
- Education
  - List of schools attended and degrees earned
  - Should include dates attended and related coursework
  - Include list of certificates, training, and/or licenses obtained
- Personal achievements
  - List of affiliations with personal or professional organizations including volunteer or charitable organizations
  - Include personal and professional awards or recognition
- Reference list
  - List of people prospective employers may contact for more information regarding an applicant
  - Include the name, title, name and location of business, telephone and fax number, and e-mail address
  - Avoid using family members as references
  - Portfolio (collection of relevant work) might be requested by some employers

# The Job Market

Although the competition for careers in sports and entertainment business is fierce, the field has experienced and will continue to experience rapid growth. The expansion of major league sports, growth of minor league sports and rapid expansion of sports related ventures by corporate giants like Disney, Warner and Fox indicate continued growth in job opportunities. Introduction of new entertainment and the increase in popularity of existing entertainment opportunities (action sports, rodeos, fishing, e-sports, gaming) will only expand the employment options in the future.

Making oneself more marketable as an individual becomes increasingly important as the pool of prospective employees becomes more crowded. How can you make yourself more marketable and continue to build your personal brand?

- Gain experience
- Become knowledgeable
- Have a desire to learn (anyone is willing to learn, not everyone truly wants to learn)
- Network
- Strong references
  - Job seekers in sports and entertainment must perform well when given the opportunity to gain the confidence of employers.
    - Strong performance will result in positive recommendations for future positions, either within the existing organization or with another company.

## NETWORKING

It is often said that “it isn’t what you know but rather who you know.” That couldn’t be more accurate when it comes to the business of sports and entertainment and the employment process. The development of a strong network and ability to impress employers with hard work, dedication and effective job performance are paramount in building a career in the sports and entertainment industry.

Use of social media can influence the employment process, both positively and negatively. It can be a very useful networking tool. However, while enabling people to easily connect with potential employers, it also presents certain risks. Inappropriate or controversial social media posts will result in losing out on potential employment opportunities. Employers do check social media platforms, both current and old posts!

## CAREER EXPECTATIONS

Careers in the sports and entertainment industry are in extremely high demand. Because of that demand, employers are in a position to offer lower salaries than similar positions in other industries. The reality is there are thousands of people seeking work in sports and many are willing to work for less money than they might earn in a different field.

Job seekers must recognize the level of commitment required by professionals in the sports and entertainment industry. Most jobs require long hours on a pretty consistent basis.

Competition for jobs in sports and entertainment is very high. As such, a positive attitude, strong work ethic and track record of success on-the-job are all essential characteristics for distinguishing candidates from one another.

General manager of the Atlanta Braves, John Coppolella, offers the following sports industry career advice to young fans: “Look for internships. Don’t worry about the money. Work hard & don’t have expectations beyond being part of a team. Assume nothing.” Click [here](#) for more career advice from Mr. Coppolella at cnbc.com.

Although sports and entertainment professionals often make less money and work longer hours than a similar position outside of the industry, one thing remains constant: most sports and entertainment industry professionals enjoy going to work every day.

Realistic expectations of a sports or entertainment career is perhaps the most important consideration for anyone hoping to break into the industry. Just because someone works for the Dallas Cowboys does not necessarily mean they will be watching games every Sunday from a luxury suite. Working for Warner Brothers Studios does not mean an employee will be hanging out with Natalie Portman or Dwayne Johnson on weekends. Many times, regardless of degree, job seekers must start with entry level positions just to get a foot in the door.

## Career Related Resources:

- [Sports Career Consulting's Certification Programs](#)
- Industry books, magazines, periodicals and trade journals
  - Newspapers
  - Guidance counselor
  - School career centers
- Online resources
  - [Indeed.com](#)
  - [Monster.com](#)
  - <http://www.nikebiz.com>
  - <http://www.corporate.disney.go.com/careers>
  - <http://www.teamworkonline.com>
  - <http://www2.ncaa.org/portal/employment>
  - <http://www.warnerbroscareers.com>
  - <https://www.linkedin.com/>
- Additional sources for job leads<sup>8</sup>
  - Company personnel offices
  - Cooperative education experiences
  - Employment agencies
  - Family and friends
  - Former employers
  - Internships
  - Job fairs
  - Newspaper ads
  - Placement agencies
  - School personnel, such as career development coordinators, counselors and teachers



### STUDENT CERTIFICATION OPPORTUNITY

Want to network with sports industry professionals? Consider earning a sports marketing certification, a joint initiative between Ohio University and Sports Career Consulting, by enrolling in our Business of Sports Certification course today! Earning your certificate will unlock a variety of benefits, including opportunities to connect with sports industry experts on LinkedIn. Click [here](#) to learn more.

## UNIT 12 KEY TERMS DEFINED:

**Career Development:** Refers to the process of gaining the skills and knowledge necessary for, in the short term, beginning a career in a desired field and, in the long term, creating opportunities for career advancement.

**Cover Letter:** A cover letter tells the employer the type of position you're seeking and specifically how the applicant is qualified to fill the job opening.

**Resume:** Provides background information about a prospective employee.