

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.¹ 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 Taylor Swift or Harry Styles concert
- Streaming the latest Khalid song on Spotify
- Watching the Broadway musical “Lion King”
- Seeing a Cirque du Soleil show in Las Vegas
- Universal Studios [opening](#) its ‘Super Nintendo World’ attraction in 2023, and Disney investing billions in theme park additions like ‘Star Wars: Galaxy’s Edge’, the ‘Avengers Campus,’ or the new [\\$500 million](#) ‘Guardians of the Galaxy’ ride which opened in 2022 at EPCOT Center

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.

¹ Sports & Entertainment Marketing, South-Western Educational Publishing, p. 15

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 & 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, Adidas, Visa and McDonald's are spending millions to [sponsor](#) the 2022 FIFA World Cup in Qatar 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.
 - Gatorade unveiled its "[Fuel Tomorrow](#)" campaign debuted at the 2022 NBA All-Star Weekend and featured tennis star Serena Williams, NBA star Karl-Anthony Towns and WNBA legend Elena Delle Donne in a mentorship-drive initiative.
 - 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.
- BMW is prominently featured in the blockbuster film, 'Black Widow.'

Marketing of Sports & 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 Golden State Warriors promoted the team's 2022 NBA Playoff push with the slogan "[Gold Blooded](#)" in collaboration with Bay Area streetwear brand Adapt.
- Marvel Studios spent an estimated \$200 million in marketing on the box office smash 'Avengers: Endgame'.²

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



- Compare that to 1980 when the average cost of marketing a studio movie in the U.S. was \$4.3 million.
- Any time HBO Max promotes a new series.
- When a country club offers a special rate to increase its membership.
- New Balance [advertised](#) the launch of Kawhi Leonard's new sneaker during the 2022 NBA offseason.
- Field Turf sells and installs a synthetic grass football field at high schools around the country.

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. ⁷ 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



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.³

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.

³ 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."*⁴



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 4th, comparing eating champion Joey Chestnut to some of the most iconic, legendary athletes of all-time.



ACTIVITY IDEA

As a class, come up with a name for a new sports and entertainment network to compete with ESPN, Fox Sports, Comcast Sports etc. Then, have students come up with ideas for programming to fill a week's worth of scheduling. 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.

⁴ 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. Have 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, Dr. Dre, Snoop, Eminem, Mary J. Blige, Kendrick Lamar and 50 Cent performing at halftime of the 2022 Super Bowl represents an example of cross promotion.



SUPER BOWL TRIVIA

How much do performers typically get paid for appearing during the Super Bowl Halftime Show?

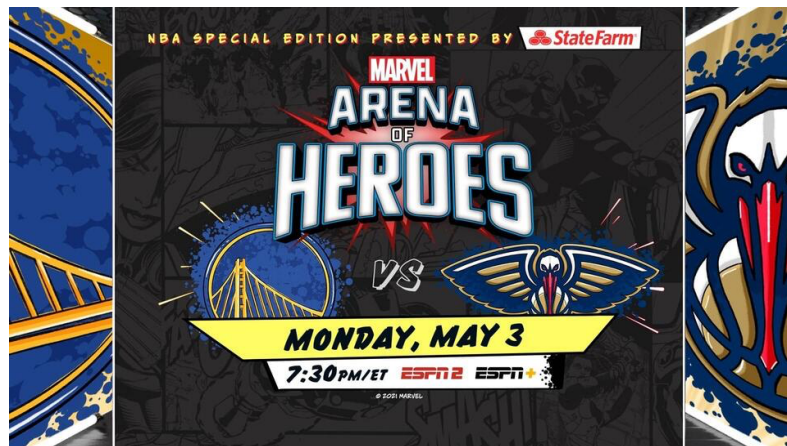
The answer? NOTHING. The NFL does not pay the performers anything for appearing. However, the millions of viewers tuning in provide performers’ brands and music sales a significant boost, providing at least some compensation for their efforts.

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.⁵
- 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.
 - 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.

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



- 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
- In 2022, even more collaborations were revealed
 - Star Wars' [bounty hunter](#) characters Boba Fett, Fennec Shand and Krrsantan
 - Star Wars' character Obi-Wan Kenobi was also [added](#) to the game to coincide with the Disney+ release of the series of the same name
 - Marvel characters Doctor Strange, Scarlet Witch, Thor Odinson and Moon Knight in promotion of the 'Doctor Strange in the Multiverse of Madness' and 'Thor: Love and Thunder' movie releases and 'Moon Knight' television series
 - Athletes like two-time Olympic gold medal-winning [snowboarder](#) Chloe Kim



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

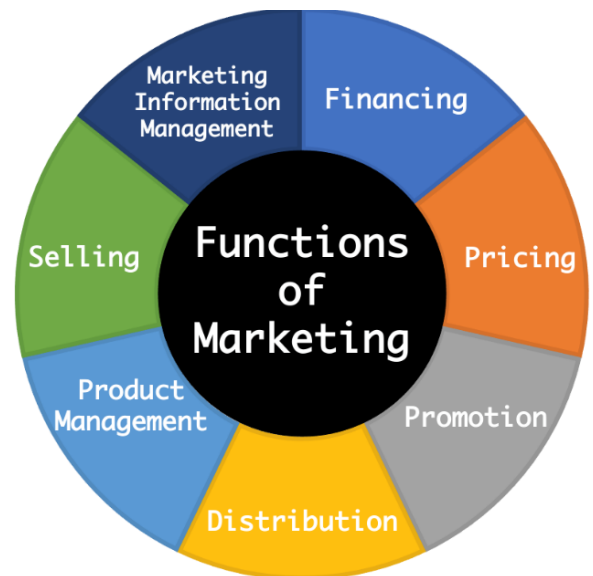
MARKETING FUNCTIONS

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.

Seven Functions of Marketing:

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.
 - 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](https://www.usatoday.com)).
 - At Super Bowl 56 at SoFi Stadium in Los Angeles in 2022, entrees from the concession area ranged from \$20 house blend meatballs to \$12 for a hot dog and \$7 for a chocolate chip cookie (via [NY Post](https://www.nytimes.com)).
 - Because of limited parking at SoFi Stadium, [USA Today](https://www.usatoday.com) reported the cheapest parking pass option on the secondary market was selling for \$370
- 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](https://www.fortune.com), prices were 145% higher than any previous Final Four in NCAA history and 233% higher than any previous championship game.

Demand Effects Price

When demand drops, prices will likely decline as well.

Example:

- Due to lagging fan attendance two years ago, the University of Minnesota decreased ticket prices for men's hockey and basketball games.
 - The athletic department announced that season tickets for men's basketball would start at \$340, the lowest price since the 1995-96 season.⁶
- Once one of the most loyal fan bases in all of sports, the NFL's Washington Commanders have struggled to sell tickets, finishing last in attendance last season, experiencing a nearly 22% decline in average attendance compared to the 2019 pre-pandemic year
 - According to [Sports Business Journal](#), The Washington Football Team lowered prices for 11,000 season-ticket locations, in hopes of enticing season ticket holders to renew their seats
 - No ticket prices increased anywhere in the stadium for the 2022-23 football season

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).

Secondary Markets Effect on Price

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.
- Tickets to see Game 5 of the 2022 Stanley Cup Final between the Colorado Avalanche and Tampa Bay Lightning at Ball Arena in Denver were reselling on the secondary market for an average of \$1,375, according to Vivid Seats.
 - According to [ESPN](#), \$1,375 was the highest ticket price for any event held at Ball Arena since 2010, with the other two Stanley Cup Final home games ranking second and third. The next highest-priced average on the secondary market was a July 2016 Adele concert, for which tickets averaged \$468.
 - According to [Seat Geek](#), Avalanche playoff tickets can be typically be purchased at an average price of \$205
 - The [Denver Post](#) reported the highest-priced tickets on the resale market for the game peaked at around \$10,000 Highest price over \$10k

Supply & Demand Effect on Price

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.

- Two years ago, 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.

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

- 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.
- In 2022, the NFT market continued to grow, although it experienced much more volatility than in 2020 and 2021, but overall the number of active NFT buyers and sellers [increased](#).

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 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.

Covid-19 Effect on Distribution

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.

As consumer behavior shifts, sports and entertainment companies are investing more into streaming platforms, a strategy that also influences distribution decisions.

- In hopes of giving its Peacock streaming service a boost, NBCUniversal [announced](#) they would be sending three new movies produced by Universal Pictures straight to the streaming service when they release in 2023.
 - Those movies include “Shooting Stars”, a LeBron James biopic; “The Killer”, and “Praise This,” a music-competition feature set in the world of youth choir



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 Armor 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 billion⁷
 - 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.
- 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.

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



- 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).
- In 2022, MTN DEW and Doritos teamed up with Buffalo Wild Wings for the exclusive distribution of new flavored products, with MTN DEW “LEGEND” and Doritos “Flamin’ Hot Nacho Sauce”
 - Said NBA star Klay Thompson, brand ambassador for Buffalo Wild Wings, in a press release, “Buffalo Wild Wings and MTN Dew are a legendary combination, so it makes sense that B-Dubs is the only place you can get the new MTN DEW LEGEND. MTN DEW LEGEND is delicious and pairing it with the Doritos Flamin’ Hot Nacho sauce is a slam dunk, both exclusively available at B-Dubs.”
 - Click [here](#) to watch the commercial on Buffalo Wild Wings’ official YouTube channel

However, exclusive distribution does not always guarantee success, as illustrated by the disappointing sales of Sears’ “Kardashian Kollektion.”⁸

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.⁹
 - 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.”

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

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

- 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.¹⁰

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.¹¹
 - 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.¹²
- Disney Pixar's film 'Lightyear' was a box office disappointment in 2022, and analysts dropped box office revenue forecasts by as much as 35% after the first day
 - The film was estimated to open to as much as \$85 million for opening weekend, but ended up generating just over \$50 million, according to [IndieWire](#).

Analyzing Existing and Previous Marketing Efforts

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.¹³

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.¹⁴

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.

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

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

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

¹³ http://www.heraldsun.com/view/full_story/19269512/article-The-U-S--Army-ending-NASCAR-sponsorship

¹⁴ http://www.mlb.com/was/ticketing/season_payment_plan.jsp



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."¹⁵
- 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.

Marketing Information Management

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

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.¹⁷

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.¹⁸

Product Improvement

Sports business professionals are always working to improve their product.

Examples:

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."¹⁹

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

¹⁶ http://www.mapnp.org/library/ad_promot/defntion.htm

¹⁷ Sports & Entertainment Marketing, South-Western Educational Publishing, p. 6

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

¹⁹ http://www.nascar.com/en_us/news-media/articles/2017/1/23/new-nascar-race-format-2017-announced.html

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..

- 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.
 - 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.
 - 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
 - In 2022, a pair of Seattle sports teams introduced "value" concession items
 - Climate Pledge Arena, home to the NHL's Seattle Kraken, [reduced](#) prices for several items, including hot dogs, cookies and ice cream
 - The Seattle Mariners' introduced a "fan friendly" menu at T-Mobile Park for the 2022 MLB season, with a list of items priced at just \$3, including hot dogs, popcorn and nachos



SELLING

HOW WILL WE ENCOURAGE CONSUMERS TO BUY OUR PRODUCT OR SERVICE?



FINANCING

WHAT ARE OUR EXPENSES?
HOW MUCH REVENUE WILL WE GENERATE? HOW CAN WE PROFIT?



PRICING

HOW MUCH WILL WE CHARGE FOR OUR PRODUCT OR SERVICE?



PROMOTION

HOW WILL CONSUMERS KNOW ABOUT OUR PRODUCT OR SERVICE?



DISTRIBUTION

HOW WILL YOU GET THE PRODUCT OR SERVICE TO YOUR CONSUMER?



MARKETING INFORMATION MANAGEMENT

WHAT ARE OUR EXPENSES?
HOW MUCH REVENUE WILL WE GENERATE?



PRODUCT MANAGEMENT

WHAT IS OUR PRODUCT OR SERVICE? WHAT ATTRIBUTES MAKE THIS SOMETHING CONSUMERS WANT OR NEED?

HOW DO WE IMPROVE THE PRODUCT OR SERVICE OVER TIME?

functions of marketing

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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.²⁰

Examples of sports products:

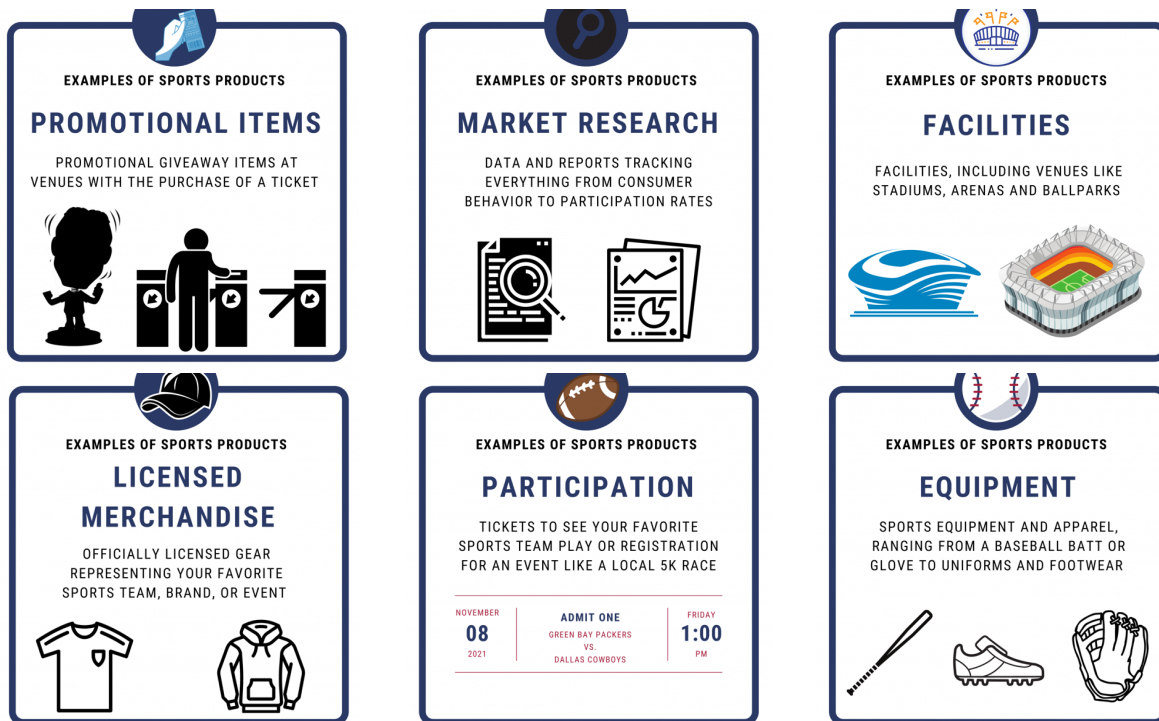
- Licensed merchandise - A Houston Rockets hat
- Participation - Tickets to a Gwinnett Stripers baseball game
- Equipment and apparel - Louisville Slugger baseball bat
- Promotional items - A bobblehead giveaway/promotional item
- Sports facilities - The Verizon Center arena in Washington, D.C.
- Marketing 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.

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

²⁰ http://www.brandchannel.com/education_glossary.asp#T



SPORTS & ENTERTAINMENT PRODUCT CHARACTERISTICS

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 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.³⁶ 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:²¹

- 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.

- Before purchasing something from a business, the majority of consumers research the product quality, including 54% of U.S. shoppers (according to a [2022 study](#) examining consumer shopping habits).



²¹ 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.

In 2022, the XFL began to ramp up its marketing. The upstart league [announced](#) a five-year deal with ESPN to air all games on ESPN and other Disney-owned networks, ensuring broadcast production quality would be on par with the type of product the league hopes to present to fans. Dwayne Johnson and league co-owner, Dany Garcia, even appeared on the ESPY Awards to help promote the XFL.



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.²²
 - 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."
- Several leagues have experimented with "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.

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

- 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](#)).
- 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.
- After reaching a [16-year](#) ratings low for the Pro Bowl thanks to diminished quality of play over the years, the NFL began exploring ways to improve the product, including the possibility of replacing tackle football with a flag football game or eliminating the game altogether in favor of skills competitions



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 for virtually every professional sports league All-Star game have bottomed out in the past three years. Major League Baseball hit a [record low](#) in 2022 for the MLB All-Star game. Viewership for the 2022 NHL All-Star game was the [lowest](#) since 2009. Three years ago, the MLS All-Star game suffered a massive ratings drop, declining 50% from the previous year. The 2022 NBA All-Star Game tied the 2021 event as the [lowest](#) rated game in history. The 2022 NFL Pro-Bowl game was the [least-watched](#) since 2006.

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.

Winning 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.

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.

Tampa Bay Lightning

- According to [Sports Business Journal](#), the NHL's Lightning rode the on-ice success of the franchise (the team had just won back-to-back Stanley Cup championships) to front office success
 - The Lightning led the league in follower growth across social media platforms and finished first in paid tickets per game, capping off the fourth year in a row the team was in the top three in overall league attendance
 - The franchise also saw significant sponsorship growth, with revenue climbing to 120% more than the league average while overall revenue jumped an astounding 214% from the previous year

Atlanta Braves

- Major League Baseball's Atlanta Braves won the World Series in 2021, enjoying significant revenue increases along the way²³
 - The team generated a franchise-record \$568 million in overall revenue
 - Braves' merchandise was the top-seller on Fanatics for MLB merchandise, posting a 527% sales increase over the previous year
 - The team averaged \$1.32 million at the gate per game, the highest total in franchise history

²³ Sports Business Journal, May 16-22, 2022 issue. Page 22A.

- The team and Truist Park stadium broke the following records on the way to winning the World Series:
 - Ballpark and entertainment district combined attendance
 - Sponsorship sales
 - Merchandise sales
 - Concessions sales
 - Social media engagements
 - Total revenues

Cincinnati Bengals

- After a Super Bowl appearance in 2022, merchandise sales at the Bengals Pro Shop at Paul Brown Stadium in Cincinnati jumped by more than 219% from 2019, the most recent prior season fans were allowed to attend games at full capacity, according to a story published by the [Cincinnati Business Courier](#).
 - Corporate sponsorship sales saw a big increase and season tickets sold out for the 2022-23 NFL season

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.”²⁴

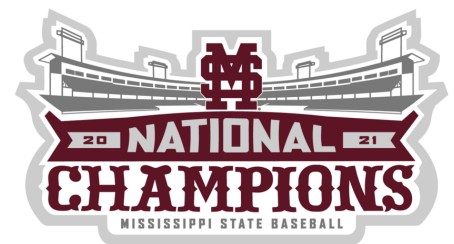
- Click [here](#) to see how Clemson’s NCAA football championship helped boost interest in enrollment

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.



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

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.²⁵
 - 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.
 - According to an [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](#), 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](#), 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](#), 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).
- To compete with the PGA Tour, the Saudi-backed LIV Golf Invitation Series league knew it would need some of the biggest names in golf to attract the attention of fans
 - The league invested millions to pay several golf stars to leave the PGA Tour and join LIV Golf

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



- Phil Mickelson was paid a [reported](#) \$200 million
- Dustin Johnson and Brooks Koepka were paid a [reported](#) \$150 million
- Bryson DeChambeau [made](#) more than \$125 million
- The league was unable, however, to attract the biggest name in golf, when Tiger Woods [reportedly](#) turned down an offer of \$700-800 million to join LIV Golf

Sports Team Product Decline

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](#), 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](#), 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](#), 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](#), a Major League Soccer franchise with a tradition of fielding a competitive team, finished in last place in 2020, 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."

Quality Products in Entertainment

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

- When Disney+ introduced the movie adaptation of ‘Hamilton’ over the 4th of July weekend in 2020, downloads of the app [spiked](#) by 74% in the U.S. and 46.6% globally.
 - 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, and had accumulated 5.23 billion minutes of viewing time by 2022, good for third best among all Marvel and Star Wars content on the Disney+ platform.
 - Click [here](#) to see viewership figures from all the top Marvel and Star Wars shows on Disney+
- 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.
 - In 2022, it took “Stranger Things 4” just two and a half weeks to [break](#) “Bridgerton Season 2” record for most hours viewed, amassing 781.04 million hours viewed in the first 17 days after its release
 - The show drew 1.65 billion hours of viewing in just one month



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
 - Performance technology

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 or through other digital platforms.

Examples 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
 - According to [Payments Journal](#), League of Legends, an online game played by 115 million people globally, a significant portion of the game’s \$1.75 billion annual revenue is generated from micro-transactions ²⁶
 - The global online microtransaction market is estimated to be roughly \$33.4 billion.
- Customized jerseys from NFLshop.com or sneakers from NikeiD.com

²⁶ <https://www.paymentsjournal.com/the-growing-importance-of-microtransactions-in-digital-gaming>



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:

- At All-Star Weekend in 2022, the NBA [placed](#) QR codes throughout the city of Cleveland where fans could purchase a series of NFTs commemorating the state of Ohio’s legacy in the game of basketball
- 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.²⁷
- 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.

Interactive Shopping in Sports & Entertainment

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.
- Just before the 2022 NHL Playoffs began, the St. Louis Blues [opened](#) a first-of-its-kind retail shopping experience in the metaverse

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

- In addition to opportunities to browse a selection of new Blues merchandise, the experience also included a 3D, virtual tour of the team's locker room

“Shoppable” Social Media Applications

- 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.
- 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.”⁴⁷

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.

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.²⁸
- 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.²⁹
 - “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.³⁰
- Advertising firm “Instadium.com” sells promotional materials and “touchpoints” to advertisers at venues such as Coors field in Denver. They have ads positioned in hundreds of locations around the stadium, from rotational signage around the field perimeter to ads in the restrooms, concessions areas, and concourses. Fans can’t help but be exposed to their messages.
- 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.³¹
 - 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.
 - In 2022, the New York Mets became the first Major League Baseball team to test LED signage behind home plate, according to [Sports Business Journal](#)

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

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

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

³¹ “Are you looking to sell new, digital inventory?” Partnership Activation Newsletter. April 2011. PartnershipActivation.com.

- 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!"⁵⁷ 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)⁵⁸ 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 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.³²
- 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).

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

- 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."³³
- 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."³⁴
- 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.
- The launch of USFL in 2022 provided Fox and NBC, the two media companies with television rights, with opportunities to test new technologies that could improve the overall football broadcast experience for fans
 - Click [here](#) to read about some of the technology and 'Inside FOX and NBC's first attempt at the perfect football broadcast' at al.com.

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.

For example:

- Fox filled stadiums during its broadcasts of Major League Baseball games with virtual fans using augmented reality.
 - According to [verge.com](#), Fox Sports producers were able to control things like how full the virtual "crowds" were for a given game, what weather fans were dressed for, and what percentage of the crowd were home fans versus away.
 - 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."

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

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

- 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, 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.³⁵
 - 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.

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

- 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.





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.³⁶
 - 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.

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

- 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.
- 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 technologies leading the way in product innovation and influencing marketing strategies including:

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

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.³⁷
- 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.³⁸
 - 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."

³⁷ <http://www.billboard.biz/bbbiz/industry/digital-and-mobile/shazam-says-super-bowl-audio-tagging-was-1006109752.story#oVrQtdtJjuGtWJwz.99>

³⁸ <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.
- According to [CNBC](#), Amazon introduced an augmented reality shopping feature in 2022 that lets consumers try on shoes from brands like New Balance, Adidas, Reebok and Puma virtually, creating an interactive shopping experience

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 4th of July release of Spider-Man: Far From Home Spider-Man in 2019, Sony [launched](#) an augmented reality app that provided fans with a unique experience to see Spider-Man visit them in their own homes.
- 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 4th of July debut on the popular streaming service), with an app loaded with codes and clues related to the series that were hidden throughout the real world.

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.



- Chipotle
 - Using extended reality, Chipotle unveiled a unique advertisement with the NHL's Colorado Avalanche in which a Chipotle-branded zamboni brought a giant burrito onto the ice, and a giant hockey glove breaks through the ice and snatches the bowl. The ad aired on the stadium's giant video board during home games during the 2022 season.
 - The brand also posted the video advertisement on [Twitter](#), generating nearly 20,000 unique views on the social media platform

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](#) 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.

The Metaverse

The **metaverse** describes a virtual world that exists online using a combination of virtual and mixed reality. Sports and entertainment companies view the metaverse as a powerful tool for maximizing fan engagement and potentially lucrative opportunities to create new revenue streams.

Notable applications of marketing in the metaverse in SEM:

- In 2022, the Los Angeles Rams announced the unveiling of what they [claimed](#) as the first virtual venue in sports history
 - The "Virtual Rams House" will be open year-round, and played host to the team's inaugural End of Season Summit where executives discuss the prior season (including the Rams' Super Bowl win), along with offseason plans and expectations for the franchise moving forward.

Competition for the Entertainment Dollar

DISCRETIONARY INCOME

Discretionary income is money left to spend after necessary expenses are paid.⁶⁹ 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/Theater

- Boulder's Dinner Theater
- 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
- Theater
- 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.”*³⁹

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 property⁷²
 - 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.

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.⁴⁰

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

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



- 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.⁴¹
 - 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
- Formula 1 Racing
- 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 2023.⁴²
- 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.
 - 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.

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

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

- 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 canceled 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.

Formula 1 Racing

Formula 1 Racing is one of the fastest-growing sports brands in the United States.

- The sport experienced several breakthrough moments in the last two years
 - 2021 was the most-watched F1 season on American television ever, averaging nearly 1 million viewers per race, representing a 54% increase over the previous year, according to ESPN
 - Through five races in 2022, however, the F1 season was poised to [crush](#) those viewership numbers, averaging 1.4 million viewer per race (and up 131% over the 2020 season)
 - F1's stop in Miami for a Grand Prix race event at Miami Dolphins' Hard Rock Stadium in 2022 quickly sold out, drawing 240,000 fans over three days, generating the second most expensive seats on the F1 calendar behind Monaco
 - ABC's coverage of the event [drew](#) 2.6 million television viewers, making it the largest live TV audience for a Formula 1 race of all-time in the United States
 - Tickets for the Circuit of the Americas (COTA) F1 race in Austin, Texas in October of 2022 sold out in 24 hours, a full seven months ahead of the event, according to a [Yahoo! Sports](#) news story.
- Formula 1 has ambitious plans to continue to push growth in the United States
 - In 2023, the United States will be the only country to host three F1 races in a single season

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.⁴³
 - 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

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

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."⁴⁴

- 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.
 - 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](#), 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.

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

- 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 2023, 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.⁴⁵

- 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
- 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.

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

- 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.⁴⁶
- 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).⁴⁷
- As the sport continues to grow, it was [reported](#) in 2022 that the UFC earns over \$1 billion per year

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.

- 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.

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

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



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: ⁴⁸

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.

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).

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

- 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.”⁴⁹

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)
 - Click [here](#) to read a story from the New Yorker entitled “The Audacity and Greed of The Super League”
- In 2022, dozens of golfers and others associated with the sport were widely criticized for defecting from the PGA Tour for massive paydays in a new league financed by Saudi Arabia’s sovereign wealth fund
 - Phil Mickelson, one of the most beloved golfers in PGA history, was suddenly a lightning rod for criticism after accepting \$200 million to join the LIV Golf league and for some of his comments in wake of the controversy
 - Mickelson was dropped by sponsors, [banned](#) from PGA Tour events, and is now facing the potential to have his legacy and reputation tarnished forever
 - Click [here](#) to read more about the controversy from cbc.ca.

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

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.
- Similarly, many Pittsburgh Steelers fans voiced their disappointment when the team's stadium, known as "Heinz Field" for more than twenty years, was renamed to "Acrisure Stadium" in 2022
 - The backlash even prompted the Wall Street Journal to publish a [story](#) with the headline, "Hold the Ketchup: Steelers Fans Flip Over Heinz Stadium"

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.⁵⁰
 - 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.⁵¹
 - 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

⁵⁰ http://www.mediabistro.com/sportsnewser/wnba-to-put-ads-on-10-of-12-team-unis_b13294

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

- 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.⁵²
 - One league executive suggested in a 2019 interview with [Sports Business Journal](#) that some type of advertising on MLB uniforms is “inevitable”
 - MLB recently [announced](#) that it will be allowing ads on jerseys and helmets, beginning with the 2023 season
- 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.

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



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

XFL

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."

Creative Methods for Generating Advertising Dollars

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).⁵³
- 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.⁵⁴
- 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, 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, 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.

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

⁵⁴ http://articles.baltimoresun.com/2012-04-16/news/bs-bz-nfl-casino-advertisement-20120416_1_casino-at-ocean-downs-maryland-live-casino-casino-industry

- 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.
 - 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.



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.⁵⁵
 - 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.⁵⁶

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

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

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.⁵⁷ 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.

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.

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

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.⁵⁸

- Visit [bizzabo.com](https://blog.bizzabo.com/event-marketing-statistics) 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.⁵⁹

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.

The cost of construction or renovation of the 8 venues being used for the 2022 FIFA Men's World Cup in Qatar was [estimated](#) to be between \$3 and \$4 billion – and that's just the stadium costs. Many estimates suggest Qatar will spend more than [\\$220 billion](#) overall to host the event, making it the most expensive World Cup in history. While the event is expected to give Qatar a \$17 - \$20 billion [economic boost](#), the cost far exceeds the economic benefit.

The reality is, 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. According to [SportsPro Media](#), the Beijing 2022 Winter Olympics may have cost China an estimated \$38.5 billion, a figure nearly ten times higher than the country's initial estimate of \$3.9 billion.

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.

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

⁵⁹ <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.⁶⁰
- In 2019, one of the biggest events on the British Darts tour was [canceled](#) 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.⁶¹
- 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.

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

⁶¹ <http://www.reuters.com/article/2010/02/27/us-olympics-sochi-sb-idUSTRE61QOCQ20100227>

The 5 P's of Event Marketing⁶²

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

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

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
- Contributing the high cost of hosting the 2022 Winter Games, Beijing [reportedly](#) made almost ALL of the snow used for events because it receives a limited snowfall in the winter months

⁶³ http://blog.oregonlive.com/breakingnews/2008/05/downtown_portland_gets_snow_an.html

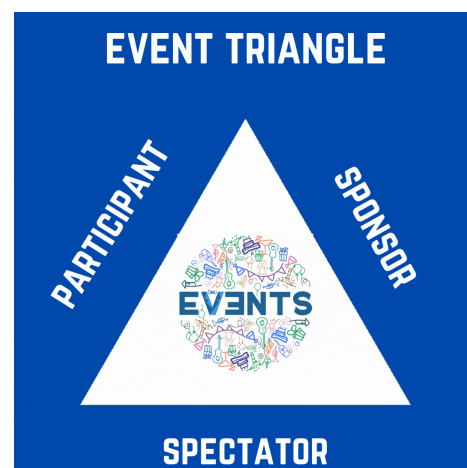
⁶⁴ <http://www.pdxpipeline.com/2011/05/26/ford-campus-rail-jam-pioneer-courthouse-square>

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

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).⁶⁵
- 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.⁶⁶
 - Click [here](https://sfgiants.mlblogs.com/giants-host-inaugural-rugby-night-fee8b9e21d68) for more on the Giants' creative event activation

⁶⁵ www.redbullusa.com/kingoftherock

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

- 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.
 - 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.
 - Thanks to the success of the 2021 Field of Dreams game, the movie site’s ownership unveiled plans for nine new ballfields, dorms for the teams and a boutique hotel as part of their plans for upgrading the venue, all [expected](#) to be completed by 2023
- 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 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.

