“Marketing strategy in connection with sport”

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Marketing strategy in connection with sport

Abstract

The topic of the article is marketing strategy that is linked in certain areas with sport branches. The first part of the work focuses mainly on history, how marketing strategy is started in Egypt and Mesopotamia and how it has gradually developed not only in the world but specifically in the Czech Republic. Thanks to a significant neglect of sponsoring as well as marketing development, this subject does not have a long tradition in the Czech Republic. Whereas it is common for famous people abroad to endorse different products, in the Czech Republic the cooperation with sportsmen is in its beginning. Therefore, this new subject needs time to develop. Marketing in the form of sport sponsorship has been gaining its importance since the beginning of the 1970s especially due to the creation of the first soccer league in Germany. As the main method for this work the author uses analysis and synthesis as well as data collection.

Keywords: marketing strategy, sport, planning, history.

Introduction

The main focus of marketing strategy is a customer. The main goal is to satisfy customer needs. It is preceded by his attraction and followed by customer care in order to retain customer loyalty. For this reason, marketing is connected with other science studies such as psychology that provides insight into customer behavior.

Marketing strategic planning is built on setting goals which can be achieved in specific time as well as describing instruments and procedures leading to their achievement. A marketing plan contains specification of goals and strategies to be achieved by the help of gained and redistributed financial sources which are assessed by financial marketing. It is followed by an implementation stage which puts the main emphasis on organization and focuses on actions leading to achieving goals. The final stage is a control stage which assesses the results of marketing efforts.

Strategic direction has to define the company vision which is based on traditions and aims of current management. Next important steps are to specify the short- and long-term company goals. According to existing goals it is necessary to determine strategic direction by identifying the company opportunities such as risks, opportunities and advantages. The differentiation from other companies is the biggest advantage for a company. This also plays an important role when specifying customer preferences.

The model for improvement and efficiency of a marketing strategy consists of five steps. Firstly, it is important to carry out a market analysis which will help us understand customer behavior. Secondly, market segmentation is necessary for determining target customer groups and for setting different approaches to these consumer groups. Thirdly, it is important to carry out a competition analysis the aim of which is to compare and try to be one-step forward. For both sides it is sometimes better to cooperate in order to improve the market supply. Next, we make a plan with our goals which need to be flexible depending on the change of customer demands. The last step is the marketing process control and assessment of results of existing marketing.

Prediction is the base for visions and strategic goals. Therefore, the one who can best predict upcoming progress is the winner in the omnipresent competition. Making prognosis is quite often affected by a lot of macroeconomical, political, international, competitive, manufacturing and other trends.

1. History and development

1.1. First signs of marketing, commercial communication. As a matter of fact, the prehistoric roots of marketing can be found in ancient civilizations. According to discoveries of archaeologists, the first signs had already appeared in Egypt and in Mesopotamia with the use of first trademarks. Various manufacturers created symbols in order to distinguish the goods in the market and to help to set their value. Trademarks were the indicators of quality and guarantee for customers. Also medieval Europe knew some types of trademarks which enabled better orientation for the customers. However, types of promotion were restricted mainly to a spoken word. The majority of the population was analphabetic and due to this fact the main way of selling their own products was by attending markets and by shouting “advertising slogans”. We can speak about the era of product orientation marketing, when mass production, mass selling and targeting of customer needs was not in the center of attention. Turning-point came as a result of the invention of letterpress which enabled creating the first newspapers issued in big series like Antwerp Nieuwe Tydinghen or La Gazette, which were both founded in the first decade of the 17th century. This led to advertisement and thus paid commercial communi-

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cation. In the 18th century English newspapers already contained advertisements, every time in two or three columns on the last pages (Pavlecka, 2008).

1.2. What has the history brought? The development of marketing did not mean that each period would get rid of everything from the previous one. Concepts targeting a product and its sale still exist. For example, we know product concepts from producers of luxury cars such as Ferrari. Another example is the production of cheap and not brand food which you can find in supermarkets with the supermarket's logo (Pavlecka, 2008).

1.3. History of sports marketing. Marketing, as one of the basic management ideas, was founded at the end of the 19th century and in 1930s it was very progressive in the USA. Marketing received public awareness approximately in the mid-1950s as a market research for manufacturing and trading needs and it quickly started to expand to all advanced countries (Marketing ve sportu, 2002).

Since the beginning of the 70s, marketing started to gain its own place in the form of sport sponsorship. The creation of the first German Bundesleague in 1962 helped to expand marketing into sport. Advertisement on jerseys started there in 1973, when the soccer club Eintracht Braunschweig decorated its jerseys with Jeagermeister logo. The first reaction to advertisement was not positive. The attitude of a sport association to advertisement was uncompromising: "Advertisement on people is not moral and unethical, living advertisement columns harm the view on sport, its social and political position, and lead to corruption and bribe" (Stiftung Deutsche Sporthilfe, 1974). AC SPARTA Praha received 1 million EUR per year for wearing jerseys with Eurotel logo in the period from 1999 to 2003. The next contract provided 1,4 million EUR for the year of 2004 (Marketing ve sportu, 2002).

1.4. Development in the Czech Republic. Similarly to advanced European countries, also sponsorship in the Czech Republic has been developing slowly since the beginning of the 70s. Marketing was in the previous period significantly neglected. However, the sale of advertisements started in 1990, and therefore it has here only a short-time tradition. Whereas abroad it is common that famous sportsmen endorse various products, in the Czech Republic the cooperation with sportsmen is in its beginning. Sports marketing and further trends need time to develop. In the past years, fractional as well as integrated concepts of sports marketing have appeared. Sport unions, clubs and other various sport movements do not want to be seen as suppliants asking for additional financial sources, but they want to show their sponsors and other economical and entrepreneurial subjects that they have rational thinking and are business partners for them (Marketing ve sportu, 2002).

2. Marketing strategy

The main focus of marketing is a customer; the main goal is his attraction and satisfaction. Nowadays, the main objective of management is marketing and it is a philosophy which is important for the whole company from organization to providing sales – promotion of services, products. The main objective, idea of marketing, is to satisfy the customer, determine what the customer wants, what he is seeking for and sell it to him with profit. It means to offer the right product in the right place at the right time, with the right form and price which the customer accepts (Kosík, 2007).

Marketing is an integrated concept of business and manufacturing policy of a company, which is based on market research, customer knowledge, advertisement and demand creation with the goal to reach maximum economical effect. Services form a big part of marketing and due to their specific features they differ from products. Marketing strategies and marketing mix instruments are adapted to their specifications. Marketing has also become an integrated part of sport industry reacting flexibly to all development trends. Consequently, these trends are applied in a right form to its options. A lot of other science studies provide support to marketing, such as psychology (insight into consumer behavior of individuals, statistics and theory of probability). They also support result processing from surveys, their modeling, etc. Law sciences – set law regulations and conditions for marketing activities (Kosík, 2007).

3. Trends and perspectives of sports marketing in the Czech Republic

In the past ten years, sport marketing has increased a lot in the Czech Republic. This process can be characterized by the following trends. New media in sports are emerging and they can be used as advertising media. These are sport facilities, sportswear, equipment, gear, performance indicators, starting numbers, etc. This way, alternative communication channels are created, which causes efflux of money from traditional media.

Sport, as a social activity connected with entertainment, is significantly exceeding other social areas (culture, arts) as for raising money from companies. We can say that it offers specific features that attract customers – businesses and individuals.

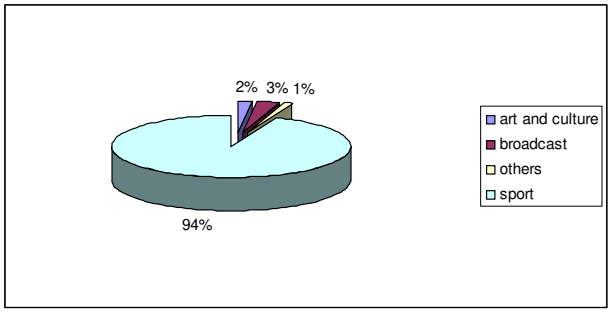
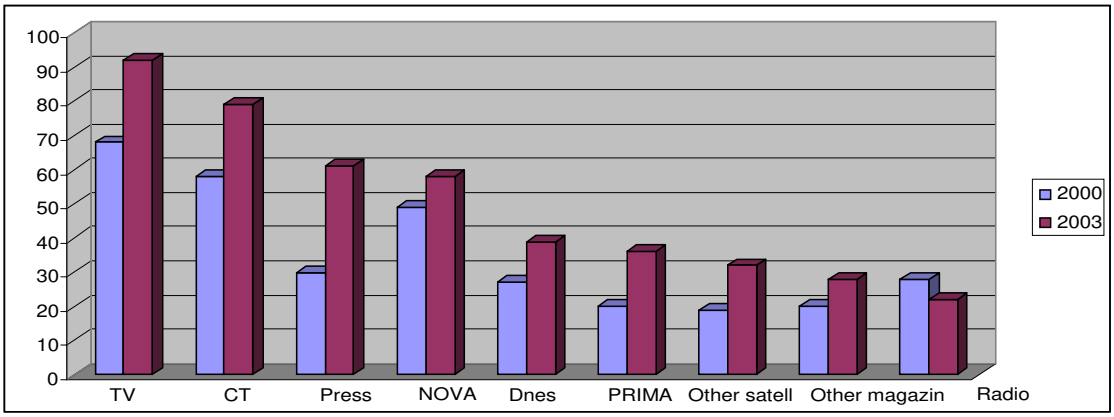


Fig. 1. Share of sport sponsorship

Sport sponsorship starts to be dominated by half with other activities than advertising. Examples are the so-called "hospitality programs" or "VIP service". They provide their partners not only with other services (catering and accommodation) and products (such as exclusive tickets, parking spaces), but they also offer their partners social and entertainment programs.

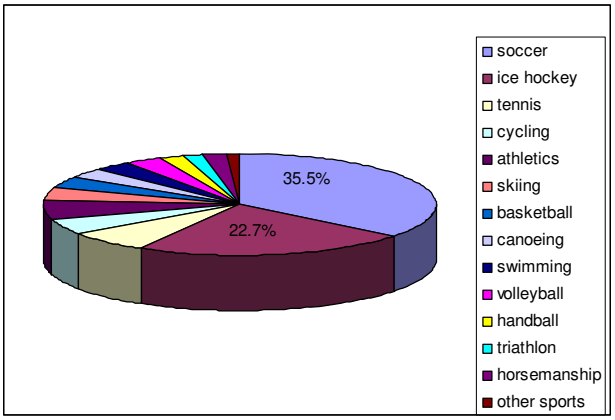
Sports marketing in the Czech Republic is dominated by soccer and ice hockey. These sports are the most popular. This means that for example football is interesting for mass media, public (according to the research agency STES 2004 about 3.3 mil people are interested in it), but it also has its own broad membership base.

In the Czech Republic there is a significant gap between football and ice hockey and a group of ten other sports – athletics, basketball, volleyball, skiing, cycling, canoeing, etc. These sports use marketing, but are not so successful when addressing the characteristics mentioned above. Other sports use only advertisements and only partly. Football and ice hockey get the highest ratings in the Czech television channels and Czech press. The following charts show the results of a survey at Charles University.



Source: Janak, Department of sport management FTVS UK Praha.

Fig. 2. Sport ratings at various mass media in the Czech Republic (in %)



Source: Caslavova, Department of sport management FTVS UK Praha.

Fig. 3. Proportion of sports broadcasted in sport programs by Czech TV channels (1999-2003)

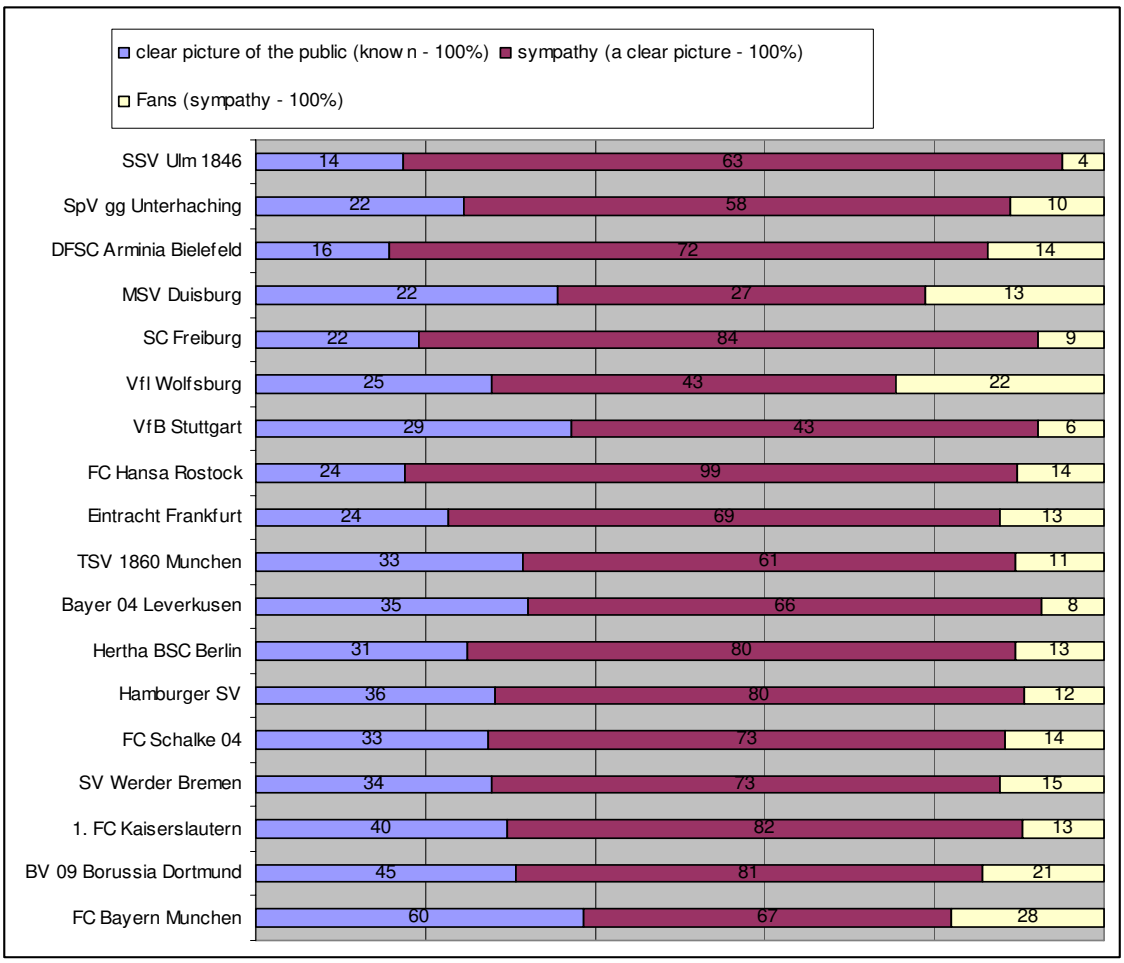
The European trend regarding building of sports brands is in our country from various reasons only in its beginning. Not all the factors that define a sports brand are positively perceived.

Table 1. Factors determining a sports brand

Fan base	♦ a strong fan base; ♦ a sufficient number of fans both domestically and internationally; ♦ purchasing power of fans and licensing area.
Historical achievement	♦ the value of a sports brand increases with an extensive long-term success.
Use of the brand	♦ methods of brand communication with the public in relation to maximizing its financial value.
Absence	♦ brand value increases when there are fewer teams, limited access and less competitors.
Value	♦ brands that have clearly defined and attractive values are more valued.
Stars	♦ past and present, fans and players. This factor adds shine and a desire for connection with a brand.

All these factors have an impact on the differentiation of a sports brand, market positioning and its strategic development.

As the studies of the European Football Association (UEFA) say, football club brand management depends primarily on the creation of a clearly defined club profile to the public. This profile provides the base for the brand recognition, public preference to a football club brand and the number of fans.



Source: UEFA Fussballstudie 2000.

Fig. 4. Status of Bundesleague football club brands (order of clubs according to familiarity)

According to the study, only a half of the 18 football clubs had a clear profile. Other clubs may strengthen its brand by working with the public and press. E.g. all the respondents like the FC Hansa Rostock because of the clear profile of its club. This study reveals that brand management at football clubs must be viewed in a much more complex way than the attributes of a classic brand of goods.

Companies are looking for ways to communicate with their target audience (customers, suppliers, investors, legislation, media, etc.). Their primary objectives are:

- increasing the degree of knowledge of the company/brand;
- increasing the degree of knowledge of the company as a sports partner;
- increasing brand sympathy;
- update of a brand image;
- strengthening business contacts between companies through hospitality programs;
- strengthening individual components of a sports image in general and specifically in connection with a particular sports club or association.

3.1. Expected trends in sports marketing in the Czech Republic in the next ten years. There are the following trends in sports marketing:

1. Differentiation in the use of marketing by profitable and non-profit sport organizations. The non-profit sport organizations can assume a greater use of social marketing.
2. Other marketing preferences in football and ice hockey in the system of their competitions. These competitions offer globalized opportunities for advertising products as well as other products. Companies operating with the most popular sports will closely monitor their access to the benefits which generate profits.
3. Transition from the partial concepts of sponsorship and advertising to integrated marketing concepts at the top level of football and ice hockey. Searching for multi financing options for these concepts.
4. Attempts to build sports brands of selected teams in the highest football league in the Czech Republic.
5. Development of partial concepts for advertising and sponsorship regarding professional level of other sports such as athletics, volleyball, etc.

6. Increased use of professional agencies organizing one-off sporting events.
7. Exploiting potential feasibility in the marketing of new sports facilities.
8. Searching for news regarding sports marketing abroad and their adaptability to Czech conditions.

3.2. The future of sports marketing in the Czech Republic. The process of forming a market economy in the Czech Republic is reflected in all aspects of our lives. Physical education and sport is not an exception. The ties with economy, which were being overlooked even a few years ago, are now becoming more and more influential. It is crucial to raise funds needed to run high-quality physical education and sports activities. In this respect, marketing plays an important role as an integral part of its management.

The main emphasis is put on the presentation of examples, on solutions of selected concepts, on various forms of marketing segments at different stages of a sport structure. It is necessary to consider the level of sport clubs and physical education units, thus fundamental sport entities and product managers.

Regarding the development of the characteristics of sport products, increasing attention is drawn to the so-called sport industry with all its consequences (job creation, participation in the gross domestic product including business activities). The results suggest some further orientation and formation of sports marketing which is likely to develop in a broader economic context and not just in the macro-dimension.

As for the physical education in the Czech Republic, it is desirable to achieve, in a historically short time, an increase in the quality of its management, including marketing concepts, strategies, tools and forms. This requires systematic development of theoretical and practical aspects of this specialized management and marketing as an organic component of the general management. In a way, it is a crucial task because, to a large extent, viability and quality production of the federal physical education and sport in the Czech Republic depend on its effective implementation.

3.3. Model of sport marketing strategy. Having information is the base for successful marketing, i.e., information mainly about market situation, partners and competition. Marketing strategy has to be directed to reach the main goals of a sport organization in this area and it needs strategic planning. Defined model suggests how to reach development and efficiency of marketing strategy (Durdova, 2009).

3.3.1. Step one: market analysis. Understanding the behavior of customers is the base for marketing. It is important to have a clear view about who is a potential or an average customer and to know what are his needs, wishes and demands. Consumption of a sport product is complicated, active participation and audience is often connected. It is necessary to assess all relevant social, economical, demografic and geographic differences which can affect consumption and customer needs – it means to answer for example questions such as:

- How is a potencial customer informed about the sports offer of your organization?
- Is current information sufficient and up-to-date?
- What do clients demand from your organization, what needs do they have, or how have their needs changed?
- Why did the clients leave?
- Who are potencial clients?
- How is the price of your product perceived in comparison to prices of your competitors?
- Are there different prices for representatives of various market segments?
- Is the location of the product consumption convenient or is there a more preferable place?

3.3.2. Step two: market segmentation. Segmentation of the market into individual segments is important in order to determine different customer groups and for a precise approach to a target group. It is necessary to have special attitude to different market segments and to develop different market strategies for specific customer groups.

Sport affects a wide group of consumers, consumer demography can be very wide-spread and it deserves big attention in marketing strategy. For example we can have a situation in a public swimming-pool. People visit a swimming pool for recreation and relaxation and there are people of different age groups, families with children, schools, professional swimmers and others. It is important to create a list of various needs of each group and try to meet their needs as much as possible and offer something more.

3.3.3. Step three: competition analysis. Workers in marketing have to collect new facts continously, gain new information about activities in the market and compare their own activities with competition. It is important to know how to find quality information about competition and about customer needs. This is the only way how to improve your own offer. The cooperation with competition is also necessary because it can lead to improving your own offer. The potential in sport and in freetime activities is so large that providers of the same services can generate partnership, cooperate, communicate and this all is beneficial for both sides. Information obtained from a competition analysis can lead for example to:

- quality improvement of services;

- capture of new trends and inovations;
- formulation of own strengths and weaknesses in comparison to competition.

3.3.4. Step four: plan formulation. Marketing plans should be periodically formulated, assessed and eventually adjusted. Sport organizations estabilish the following goals:

- sport goals;
- economical goals;
- social goals.

When formulating goals of a sport organization, it is important to determine:

- which marketing strategies will be applied to individual goals;
- priorities, time period, skills needed to reach the goals;
- dividing tasks, competences and demands on people;
- sources needed to reach goals.

New goals should be set as a reaction to changes in the market. When setting goals for an organization, it is important to:

- introduce own sport organization, draw attention;
- present own uniqueness;
- utilize competitive advantages;
- attract by an important position in the market;
- understand customer needs.

Reaching the goals should be in harmony with a SMART form:

- specific;
- measurable;
- attainable;
- realistic;
- timely.

3.3.5. Step five: controlling. One of the basic conditions of a successful marketing strategy is choosing a useful form of controlling. When evaluating goals, it is recommended to focus on these points:

- time schedule control;
- control of fund raising and ensuring additional financial sources;
- human factor control;
- fulfilment of plans and to which extent they have been completed;
- how to amend observed facts;
- proposal of eventual plan adjustment (Durdova, 2009).

Conclusion

The present article deals with marketing strategies applied to sport. Marketing strategy itself is very wide and it can be applied in a lot of studies. It is connected for example with mass behavior which, according to me, certainly belongs to it.

Since I have been keen on sports all my life and I am very close to it, I tried to connect this work with sport as much as possible. In the Czech Republic, there are fields of study focusing on sport and I have written this article to highlight them. As I am a university teacher, in my subjects I talk about sports marketing, sports management and other sport disciplines. I think that the task of marketing in this branch is rising, but we still have to learn a lot. Everything needs time to develop succesfully and we should not abandon this discipline. Customer, as our most important subject, is being very perceptive and not everything affects him in a positive way.

Importance and application of sport marketing during the past ten years has been evident. These expressions are becoming stronger in the sports environment and sport organizations themselves are involved in marketing very much. For this reason, they bring resources to the pursuit of sporting activities. In this article I wanted to emphasise that sports marketing is connected with marketing strategy.

At the end of my article I chose some conclusions and consequences which focus on mass theory and explain what the mass theory says and what is its practical use for everybody who tries to change mass behavior.

First conclusion: valid is relationship customer-customer, not company-customer. When trying to create mass behavior, You should think how individuals influence each other, it is more important than how we influence them. Even if a powerful corporation is trying to fight this fact, it is true.

Consequence: Accept the system to work for you be humblier. Throw away the illusion of power and persuading, trade egoism and marketing thinking, feeling that you are important and customers and citizens are tiny, isolated and weak. Instead of this, begin to recognize the system which makes the mass behavior. Your task is to change the way it works.

Second conclusion: verbal recommendation is the most powerful tool. Verbal recommendation is one of the most unique and simply observable forms of customer influence. Real people communicate with themselves all the time and this way they create strong and valuable form of influence from customer to customer.

Consequence: make verbal recommendation Your real target, not only campaign. Verbal recommendation can form thanks to all important factors of behavior of society or thanks to a product. But it is

important to make a difference between superficial (exogenic, outer) and its better achievable (endogenic) form. Many practicians assume that the mix with some gossip or advertisment tricks is efficient, it is not and you often take a risk that the others would see you as a big marketing cheater.

Third conclusion: be more interesting. It is the only way how to create consistent, long-time influence on customer and on crowd so that it works for your benefit and creates sustainable, long-time mass behavior. You must be authentic and trustworthy.

Consequence: find your own faith and live through it. The key is to build a company based on your faith, to make from your company your own personal crusade or instrument how to express your own opinions. Arrange your company and employee behavior not only to make them behave according to Your opinions but to express them in a positive way.

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