

1

Developing a Marketing Framework

INTRODUCTION

Sport in the United States is a \$410 billion industry (Miller, 2011), ranking it among America's largest. Meek (1997) developed the term *gross domestic sports product* (GDSP) to capture both the breadth and depth of the industry. Details of the industry are presented in Table 1.1. An almost doubling of the industry in the last 5 years (\$213–\$414 billion) speaks to the significant and rapid growth of the industry. It should be noted, however, that precise calculation of the economic activity within any one industrial sector is difficult (King, 2002; Meek, 1997; Miller, 2011; Pitts & Stotlar, 2013). Before values can be assigned, one must define which segments make up the industry and precisely what should be included in each segment.

INDUSTRY DEFINED

Pitts and Stotlar (2013) indicated that an industry comprises a wide variety of related products that are sold to consumers. In most industries, there is an assortment of product types and a significant variance in the consumer base. Therefore, as Pitts and Stotlar (2013) indicated, the best assessment of an industry is to examine the various segments that represent the products and services offered to consumers.

Table 1.1. Sport Industry Categories		
Rank	Category	Size
1	Sporting Goods	\$71.8 billion
2	Sport Advertising	\$27.3 billion
3	Professional Sports	\$21.6 billion
4	Fitness and Recreation Centers	\$20.7 billion
5	Other Amusement and Recreation	\$20.5 billion

(Information adapted from Miller, 2011)

SPORT Defined

Sport is a collective noun that includes all activities meeting the criteria of active participation. It differs from the term *sports*, which implies a collection of physical activities. Thus, the sport industry encompasses a vast array of commercial endeavors surrounding specific sports. In Pitts, Fielding, and Miller's (1994) seminal work, they segmented the sport industry into *sport performance*, *sport production*, and *sport promotion*. The sport performance segment would include all elements related to sport participation and spectating, such as professional and amateur sport, sport education, membership-based sport organizations, and not-for-profit sport programs (municipal sport).

The sport production segment of the industry would include those products needed for the production of sport performance. Some of the elements comprising this segment are sport equipment and apparel, as well as services that enhance performance (fitness trainers, medical care, sport therapy, and sport governing bodies). It is a significant sector: Americans spent more than \$27 billion on sports apparel and footwear in 2010 (Miller, 2011). The last segment contains products and services related to promoting sport. Sport media, merchandising, sport sponsorship, and athlete endorsements are all examples of economic activity that would fall into this category.

Meek (1997) segmented the industry into sport entertainment, sport products, and sport support organizations. While these differ somewhat from Pitts et al., both incorporate all of the major contributors to the economic activity associated with sport. Meek expressed concern about attempts to measure the economic components of the industry. His most important point is that "one cannot 'double-count,' or account for the same dollars two or more ways" (p. 16). Furthermore, Meek believes most estimates of the GDSP mistakenly count spending accounted for elsewhere in the economy. For instance, he specifies that player salaries and endorsement dollars must not be included in the GDSP because they are ultimately reflected in the GDSP through the price consumers pay at retail.

Thus, discussion of the calculated value of the sport industry depends on decisions relating to which economic sectors spending should be assigned. Data indicate that only 20% of people use sports clothing for sport participation, so a question arises whether those expenditures should be included in the GDSP or in the footwear and fashion industry. Is the money spent in travel for a golf trip attributable to the sport industry or the travel industry? Sport advertising in newspapers, magazines, and in stadiums demonstrated considerable value, yet Meek indicates they are not part of the GDSP. In conclusion, Meek stated, "in estimating the size of the industry, final consumption is really all that matters" (p. 17).

MARKETING DEFINED

Kotler and Armstrong (2006) interpret marketing as utilization of a company's resources for the purpose of meeting consumer wants and needs. They further elaborated on the importance of marketing by stating that "marketing is a social and managerial process by which individuals and groups obtain what they need and want through cre-

ating and exchanging value with others. Hence, we define marketing as the process by which companies create value for customers and build strong customer relationships in order to capture value from customers in return” (p. 5). These thoughts can be more narrowly applied to specific industries, such as sport.

SPORT MARKETING DEFINED

Pitts and Stotlar (2013, p. 82) defined sport marketing as “the process of designing and implementing activities for the production, pricing, promotion, and distribution of a sport or sport business product to satisfy the needs or desires of consumers and to achieve the company’s objectives.” Thus, the focus of sport marketing falls jointly on the consumers and the company. Yet, priority must be given to meeting consumers’ needs. Ultimately, this must be the overall focus of the company. As Farris, Bendle, Pfeifer, and Reibstein (2006, p. 45) noted, “The purpose of a business is to create a customer.” While there are many in sport management who focus on organizational behavior, sport finance, and other worthy topics, it remains clear that if you have no customers, there is no need for the company.

Historically, corporations have been designed to manufacture products and sell them to consumers. Early in the formulation of marketing as a concept, many managers saw marketing as synonymous with selling. However, during the 1960s, a more advanced concept of marketing began to take shape. Mullin, Hardy, and Sutton (2007) discussed this shift in the marketing concept. The traditional concept is product oriented—sell what you make. The new, more modern, idea is customer or market oriented—make what will sell. This concept focuses on the notion that marketing is the key to securing and satisfying customers. A marketing myopia results if you “focus on producing and selling goods and services rather than identifying and satisfying the needs and wants of customers” (Mullin, Hardy, & Sutton, 2007, p. 12).

In a free market economy, consumers have a variety of choices. As a result of customer choice, an estimated 90% of new businesses are unsuccessful (Pride & Ferrell, 2008). The institutions that survive are most likely to be those most adept at meeting the needs and wants of consumers. To accomplish that, you need a well-defined marketing plan. As noted earlier, sport is a multibillion-dollar industry, yet it is amazing how many sport organizations do not have marketing plans for their products and services.

MARKETING FRAMEWORK

Marketing plans serve several critical roles within the organization. A marketing plan “allows everyone to see how their actions fit in with the actions of others.” Furthermore McDonald and Keegan (2003) suggest that marketing plans can

- provide a road map for corporate development,
- assist in the management and implementation of strategy,
- communicate role specificity to new employees,
- coordinate the assignment of responsibilities and tasks,
- assist in obtaining resources for development,

- promote efficient use of resources (people, facilities, and finances),
- identify sources of competitive advantage, and
- point out problems, opportunities, and threats.

Within the sport industry, many executives think of a marketing plan as a corporate “game plan.” For readers with sport participation or coaching experience, this analogy should prove beneficial throughout this workbook.

Considerable debate exists on what should come first, the creation of a value proposition (the product or service) or a study of the marketing environment. Marketing theory leads with a study of the market. This market-first orientation is the most contemporary and will serve those who have an existing product or service in the market. However, the author’s experience has shown that many sport entrepreneurs start with a product or service idea and then find markets that are appropriate for their offering, eventually customizing the offering based on the targeted consumers. Thus, the structure of this book will start with the value proposition.

Planning

The initial step in creating a marketing plan involves a considerable amount of planning. While this may seem obvious, lack of planning plagues many sport organizations. Hiebing and Cooper (2003, p. 1) noted, “The key to writing a good marketing plan is disciplined marketing planning.” All too often, organizations get so involved in tackling their day-to-day management tasks they tend to subordinate planning. The impediments to planning are that planning takes time and planning takes coordination (Stevens, Loudon, Wrenn, & Warren, 1997). Time is one of the most precious commodities within most sport organizations, and coordination necessitates getting the organization’s top executives together, at one time, to focus on one issue. When that issue is the future success of the enterprise, its importance cannot be minimized. Stevens et al. (1997, p. 13) noted, “Nowhere in the organization is planning more needed than in marketing. The complexity of today’s environment in terms of social, legal, environmental, economic, competitive, and resource constraints requires a high degree of skill to provide structure to a course of action an organization can follow to achieve desired results.”

Organizing to Plan

Depending on the size and complexity of an organization, the team required to develop the marketing plan varies. In large and complex sport organizations, marketing plans are typically initiated in strategic business units (SBUs) and then forwarded to top-level executives for inclusion in the overall corporate marketing plan. For example, at Reebok (now a part of the adidas group), one of their SBUs, Reebok Running (www.reebokrunning.com), developed marketing strategies within the unit, yet in consort with Reebok and Adidas Group top management. In smaller organizations, the chief executive officer will most likely be intimately involved in creating and guiding the marketing plan. Illustrations of this concept are seen in many national governing bodies for United States amateur sport. With Taekwondo appearing as a medal sport for the first time at

the 2000 Sydney Olympic Games, the U.S. Taekwondo Union completed a marketing plan to more thoroughly prepare for its future. The Best Practice section of this chapter provides an overview of that plan. Regardless of the plan selected, getting organized is a step in the right direction.

Components of the Marketing Framework

The *executive summary* is the last part of the plan written, but the first one encountered by a reader. Kotler and Armstrong (2006) suggest that an executive summary should provide the reader with a concise review of the entire plan. This allows potential investors to quickly assess if the enterprise is worthy of consideration. If such a decision is favorable, a reader will continue examining the entire marketing plan. Thus, a significant amount of importance rides on the executive summary. The challenge lies in producing a compelling and succinct summary. At a minimum, the items that should be covered in your executive summary are

- an accurate and specific description of your product or service,
- a description of the advantages of your product or service,
- an overview of the finances involved, and
- projected profit or return on investment.

Depending on the length of the marketing plan, a table of contents should probably follow the executive summary to direct readers through the remainder of the document.

The remaining content of the marketing plan should include the components discussed below.

Introduction

The introduction typically begins with the organization's mission statement, which represents the purpose of the organization. In general terms, the statement should reflect the essence of your business by answering the question, "What business are you in?"

Creating a Value Proposition (Chapter 2)

Kotler and Armstrong (2006) defined the value proposition as the set of benefits created to satisfy consumer needs. This includes clarification of the products or services offered, also called the marketing offer. A thorough product and service analysis, as well as the market position, should be clearly developed in the plan. The writer will want to discuss the unique characteristics of the organization's product/service, addressing its fit in the marketplace.

Understanding the Market Environment (Chapter 3)

This section of the marketing plan is intended to provide an analysis of the environment in which the organization must operate. This section might also be called *environmental scanning*. This process is critical for successful planning, and thus, subsequent sections should address it. In general, the factors that shape the situational analysis

include a review of the following: *economic climate*, *population demographics*, *product demand trends*, *industrial technological trends*, *competitor analysis*, and the *internal aspects of the organization* related to management and employees.

Target Markets (Chapter 4)

The target market segment of the marketing plan provides for a description of the consumer base. This entails a detailed analysis of the customers who are most likely to buy the organization's product. Typically, this analysis consists of information related to the purchasing habits of the customers, as well as data on the characteristics of consumers—such as age, gender, lifestyle, and income. These consumer characteristics are used to segment the market, allowing for more direct access and further analysis.

With the proliferation of computer technology, many organizations will create a database to manage this task. This database has also been called a *marketing information system*. Specific steps in the creation of marketing information systems are provided in Chapter 4.

Marketing Objectives (Chapter 5)

All organizations need to have clearly established objectives to guide their actions. This is, therefore, a critical aspect of a marketing plan. The old saying, “If you don't know where you are going, any road will get you there” should tell you why the plan needs to set marketing objectives. Chapter 5 of this workbook provides more information to assist in the creation of marketing objectives. However, most marketing authorities suggest that a marketing plan should include statements related to an organization's *projected market share*, *sales volume*, *profit margins*, and *product positioning* (Hiebing & Cooper, 2003; Kotler & Armstrong, 2006; Stevens, Loudon, Wrenn, & Warren, 1997).

Marketing Strategies and Tactics (Chapters 6 and 7)

Some marketing scholars separate marketing strategies from marketing tactics. Marketing strategies (Chapter 6) normally refer to what marketing activities an organization plans to undertake, whereas marketing tactics relate to how the organization will accomplish those objectives. However, in most organizations the two components are often tied together in marketing discussions. The suggestion here is that while a marketing plan may engage in discussions that tie the two concepts together, they should eventually be separated. For example, a marketer may develop a great idea about what to do, but problems may arise when implementation is considered. There may also be several methods to accomplish the same action. Separating the concepts allows for more creative solutions.

There has been some discussion in the literature regarding whether the marketing mix, a traditional ingredient of marketing, exists as a marketing strategy or as a tactic. Some authorities indicate that marketing mix variables are actually tactical because they are actions taken to accomplish a defined strategy. Therefore, the marketing mix (*price*, *product*, *place*, *promotion*) is presented separately in this workbook in Chapter 7. The manipulation of these elements can result in variations of strategy. These can be catego-

rized into market actions known as *penetration*, *diversification*, *new product development*, *market share expansion*, and *niche development*, among others.

Implementation, Control, and Evaluation (Chapter 8)

This chapter of the marketing plan should contain information needed for start-up and operational costs, public relations, cost analyses methods, and general budget parameters. In addition, managers must be cognizant of the progress made toward accomplishing the stated objectives. In this matter, criteria and processes must be established for monitoring your progress. As with all organizations, periodic measures must be made in relation to organizational performance.

Finally, a brief passage should be provided to summarize the preceding chapters of the marketing plan. The summary should bring the reader back to the mission of the organization and how that mission will be activated through the actions, strategies, and tactics outlined in the plan.

MARKETING ETHICS

Pride and Ferrell (2008) indicated that the parameters of marketing ethics begin with the laws regulating commerce and expand to include decisions regarding the interaction between personal values and business demands. The primary issue with ethical behavior is that often the decision as to whether the action is “right” or “wrong” is not easily determined.

In today’s competitive market, success in sales often comes at the expense of ethical decision making. For example, exaggerated claims are often made for the performance characteristics of sport products. While often backed up by data, that data may be of limited scientific merit or may have been conducted through grants provided to the research firm, suggesting a potential conflict of interest for the researchers. Advertising in recent years has featured carefully worded comparisons to competitors’ products. Many marketing campaigns thrive on carefully crafted “truths.” At times, marketing managers may be pushed to rush a product to market, even before safety testing is complete. In these cases, some corporations decide that it will be cheaper to pay out-of-court settlements for incurred injuries than to halt manufacturing and product design.

Other examples and ethical dilemmas arise that test sport marketers. A scheduled promotion with the Los Angeles “Laker Girls” may successfully fill an arena, but you must decide if the organization condones what many believe to be the exploitation of women as sex objects. The violence in ice hockey could certainly be used in marketing campaigns to sell more tickets; however, promoting violence may not be the most ethical marketing strategy.

Much of the responsibility for marketing ethics lies in the hands of upper management. If marketing or salespeople who behave in what most would consider an unethical manner are rewarded or not punished, others may believe that this behavior is acceptable. “Most experts agree that the chief executive officer or vice president of marketing sets the ethical tone for the entire marketing organization” (Pride & Ferrell, 2008, p. 99).

**Best
Practice****Outline of a Fictitious Marketing Plan
for Rocky Mountain Sports Academy****1. Executive Summary**

Rocky Mountain Sports Academy (RMSA) provides the community with a complete youth sports program for participants from kindergarten to high school through positive learning and team experiences. RMSA is the area's leading provider of youth sports experiences and seeks to make this experience affordable and available for all members of the community. Rocky Mountain Sports Academy now serves more than 24,000 participants in seven sports throughout the area.

Rocky Mountain Sports Academy possesses a commanding percentage of the total market share. This is based on the estimated number of participants compared to participation levels in other programs, both public and private. This share percentage drops in high school due to increased competition from other organizations as well as in-school programs offered through the public school system.

Specific goals of the marketing plan:

- a. Expand into new areas within Weld County that desire access to Rocky Mountain Sports Academy activities.
- b. Leverage the growth offered by the increasing interest in soccer in the fall and spring programs.
- c. Identify additional facilities to support future growth and offer greater flexibility in scheduling.
- d. Continue to develop corporate contributions that add to the financial resources of the participant fees.

2. Introduction

Started in 1988, Rocky Mountain Sports Academy (RMSA) provides sport and athletic programming to the youth of northern Colorado. The Mission of RMSA is to provide all youth with the highest quality education and team experience through sports participation. Participants are treated with respect through the opportunity to experience growth in the areas of teamwork, sportsmanship, fair play, skill development, and interacting with others. The goal is to create a positive environment that fosters improved self-confidence and self-esteem through experiences in sports activities.

3. Value Proposition

The "Rocky Mountain Sports Academy experience" is designed to offer the following to each participant:

- Recreation through participation in organized team sports.
- The opportunity to learn and experience a variety of sports.
- A means to improve athletic skills.
- A means to learn teamwork, sportsmanship, and fair play.

- A source of fun and enjoyment to enrich life.
- An opportunity to enhance their health and fitness.

The parents and guardians of the participants also realize benefits. They are able to offer their children a positive, well-supervised experience that does not necessarily require their time as the children learn the skills described above.

4. Situation Analysis

In recent years, school-sponsored sports programs have been significantly reduced, severely limiting the number and range of sport activities offered. Based on a recent study, 59% of the people in the Weld County area surveyed believe the public school system fails to meet their sports experience expectations. Driven by economics, most notably with the passage of state legislation limiting school funding, many sports programs have not survived increasing economic pressures on the public school system.

The need for youth sports programs is validated and magnified by information that attributes long-term value to participants in these programs. Numerous studies document the direct value of youth participation in sports. These studies indicate a direct correlation demonstrating that involvement in sports results in reducing the potential to become involved in drugs, sex, crime, and gang-related behaviors. Research indicates the economic, social, and personal value of investing in the lives of children in a positive and constructive manner avoids the social and penal system costs that may later result. To meet this need, Rocky Mountain Sports Academy offers an experience that serves as a personal *sports reference* for participants throughout their lives (see Table 1.2). These important benefits continue to validate the Rocky Mountain Sports Academy concept.

Table 1.2. Market Analysis						
Potential Customers	2009	2010	2011	2012	2013*	Growth
Public School Students	1,947	2,064	2,188	2,319	2,458	6.00%
Private School Students	388	423	461	502	547	8.97%
Home School Students	107	125	146	171	200	16.93%
Total	2,442	2,612	2,795	2,992	3,205	7.03%
*Projected figures						

Competitor Analysis

A number of other programs offer youth sports experiences. None of these programs offer the extensive range of experiences or infrastructure of Rocky Mountain Sports Academy. Some programs do, however, offer specific attributes some participants and

parents find attractive. This is particularly true for those who seek a higher level of competition and competitive screening of participants (see Table 1.3 and Table 1.4).

Table 1.3. Direct Competitors to Rocky Mountain Sports Academy
Babe Ruth Baseball/American Legion Baseball
Northern Colo. Volleyball
City of Greeley Basketball
ASA Softball
Colorado Youth Soccer
AYSO Soccer
Theo's Gymnastics Academy

Table 1.4. Price Comparison	
Competitor	Average Program Price
Rocky Mountain Sports Academy	\$85
Babe Ruth Baseball	\$120
Northern Colorado Volleyball	\$150
City of Greeley Basketball	\$90
ASA Softball	\$95
Colorado Youth Soccer	\$110
AYSO Soccer	\$105
Theo's Gymnastics Academy	\$135

SWOT Analysis*

Strengths

Program Reputation: Rocky Mountain Sports Academy is considered to be the premier choice for youth sports-related experiences. There is now a generation of participants that send their children to participate in the program.

Sponsorship Base: We have developed a stable and loyal sponsor base from both private and corporate sources.

Facilities Relationships: We depend on access to athletic facilities including gyms and soccer, football, softball, and baseball fields. Close relationships and reciprocal maintenance agreements with public and private schools and church facilities are an invaluable asset to the organization.

The Internet: Our website, www.RockyMountainSportsAcademy.com, promises to be a significant technological solution for Rocky Mountain Sports Academy in the area of registration, communication, and information delivery. The website has demonstrated the ability to provide more extensive and current information at reduced costs. We can reduce the need for printed materials, voicemail communication equipment, and staff payroll time.

Weaknesses

Capital Requirements: Rocky Mountain Sports Academy continues to make impressive improvements in the management of financial resources. Additional funds are needed to maintain the quality of the experiences offered and to meet future program demands. The Fundraising Foundation's strategy is to provide significant

* For more detail on SWOT analysis, see Chapter 3: Understanding the Market Environment.