In this chapter

- What is marketing and who are the customers it is aimed at?
- How can information on customers be organised to help marketing?
- What is relationship marketing?
- How does assessing the internal and external environments contribute to marketing?
- What is the ‘marketing mix’?
- How important is sponsorship to marketing in sport and leisure?
Much of the modern emphasis in sport and leisure businesses is on the customer. Satisfying customers is at the centre of notions of service quality. This chapter follows a marketing planning process which begins with identifying the organisation’s objectives and understanding customers, particularly the market segments of interest to the organisation; proceeds through analysis of the organisation’s internal and external environments and its market positioning; then involves a range of decisions about the ‘marketing mix’; before implementing an action plan; and monitoring whether or not marketing objectives have been achieved.

Eight marketing mix decisions are considered in this chapter, because sport and leisure are largely service industries. This marketing mix consists of product, price, place, promotion, people, physical evidence, process and sponsorship. These are not separate considerations, however, but are interrelated and interdependent parts of an integrated plan. The one element of this mix which is different from many other industries is sponsorship, which is particularly important to some parts of the sport and leisure industry.

15.1 Introduction

Marketing is an essential part of good management practice. It is a process of identifying customer needs, wants and wishes, and satisfying them. Sport and leisure services and facilities depend on satisfied customers or they go out of business. Marketing involves creating appropriate goods and services and matching them to market requirements. Therefore, far from being just about selling, marketing is from the beginning an integral part of the business process. Marketing does the following:

- assesses the needs and wants of potential customers;
- analyses the internal organisational and external market environments;
- segments the market appropriately;
- positions the product in the market;
- implements a number of decisions, termed the ‘marketing mix’;
- secures appropriate relationships with customers;
- analyses, evaluates and adjusts.

However, marketing is as relevant to not-for-profit organisations, in the private and public sectors, as it is to the commercial profit-making sector. Any providers should be motivated to supply their customers with what these customers want. In the commercial world, marketing has proved to be an effective means of staying in business and making greater profits. For leisure services in the public and voluntary sectors, it can help to achieve a more complex set of objectives. The common link is the customer, because it is through satisfying customers that any organisational objectives are achieved. As Chapter 17 makes clear, the essence of quality management is satisfying customers.
Marketing is not a single function in a business or service organisation. It is a business philosophy, a business way of life. Traditionally, many companies used to be process led and product oriented; having a predetermined product or service, they found customers and convinced them to want their product. The approach is ‘This is what we’ve got – now sell it’. Local government services in particular have often worked in this way. For example, facilities are built, equipment is installed, markings are put on to the floors, programmes are devised, times are decided, charges are determined, systems are established, and the council will proudly announce that the facility is open. Councillors might then say of the facility, ‘It is there for them to use; if they don’t use it that is their lookout. We provide plenty of opportunity in our town.’ This approach is concerned with providing predetermined products.

The marketing approach reverses the process and starts with the customer. It is market led. It requires the manager to find out what the customer wants and then design, produce and deliver what is required to satisfy customers, and achieve the organisation’s objectives. Blake (1985) said: ‘Sports centres, pools, theatres, art galleries, libraries, museums, gymnasia, are merely warehouses holding tangible and intangible products that have no value except that brought to them by customers.’

15.1.1 The concept of social marketing

Marketing can be interpreted as much broader than just economic exchange and can also include exchanges dealing with social issues. Kotler and Zaltman (1971) define social marketing as ‘[t]he design, implementation and control of programmes calculated to influence the acceptability of social ideas and involving consideration of product planning, pricing, communication, distribution and market research’. Marketing can encompass political campaigns, community programmes and social causes, such as environmental issues, healthy living, child protection, disability issues, anti-smoking campaigns and equal opportunities. Social marketing, however, is less concerned with finding out what consumers want, and more concerned with convincing consumers that certain decisions are in their own interests and worth acting on for social reasons.

Of particular relevance to sport and leisure is healthy living social marketing, such as participACTION in Canada, where sport and physical activity has been stimulated by a national campaign (see Case Study 15.1). In the UK and other countries, health is currently a primary motivation for public policy to increase participation in sport and physical activity. ParticipACTION provides an important precedent in successful social marketing for this purpose.

A recent initiative on similar lines to participACTION in England is Change4Life (see ‘Useful websites’, p. 424). This is a three-year healthy living campaign run by a coalition of government, industry partners and other non-governmental organisations. Social marketing is at the heart of the campaign, which is designed to reverse the country’s growing obesity problem by encouraging people to be more active and make healthier food choices. A similar campaign in Scotland is called Take Life On.

15.2 The marketing planning process

In order to market successfully, there needs to be a marketing plan. Sometimes this is used to mean the selection of the marketing mix (see p. 410) but it is a more holistic process than this. Figure 15.1 illustrates a ten-stage marketing planning process. This process establishes
ParticipACTION

ParticipAction (see ‘Useful websites’, p. 424) is one of the most successful social marketing campaigns to have aimed at increasing physical activity. It was established in 1971, ran until 2000, but then was revived in 2007 as the national voice of physical activity and sport participation in Canada.

The first participACTION programme was founded to create awareness of how inactive and unfit Canadians were, and educate Canadians on how to get more physically active. At its core was a very effective communications campaign, utilising commercial marketing methods, funded by government. One of the most effective messages claimed that, on the basis of international evidence, the average 30-year-old Canadian was in about the same shape as the average 60-year-old Swede. Edwards reports that one of the key principles in the communications strategy was to respect the audience:

> Communications campaigns that condescend or tell people what they should do inevitably fail. An effective campaign shows rather than claims that an idea is good, and how and why it is worth acting on.

(Edwards, 2004: S9)

Throughout the campaign, surveys suggested that the prompted awareness level for participACTION was consistently in excess of 80 per cent of those questioned – much higher than equivalent campaigns elsewhere (Edwards, 2004). It has become a model for social marketing.

However, although the impact of participACTION in terms of awareness levels is undeniable, it is more difficult to report reliably on the effects of the social marketing on physical activity levels in Canada. Other factors affect physical activity, such as government ‘community mobilisation programmes’, of which several occurred simultaneously with participACTION. There is evidence that physical activity in Canada rose during the period of participACTION, including time-use evidence (Zuzanek, 2005) which shows that the average time given to physically active leisure by Canadians rose by 79 per cent between 1981 and 1998 – from 19 minutes to 34 minutes a day. How much of this increase was due to participACTION is difficult to quantify, although it undoubtedly had a role to play.

The major problem that the second phase of participACTION is designed to combat is unacceptably high levels of obesity and overweight in children and adults, with associated health problems. Participation in sport for both children and adults declined in the period of reduced funding and eventual closure of the original participACTION programme in 2000. ParticipACTION adopted a ten-point agenda for increasing population physical activity (Shilton, 2006), which demonstrates the integrated marketing approach required for such an ambitious social objective – effective communication is necessary but not enough by itself. The agenda was as follows:

1. Establish a multidisciplinary task force, from across government departments and the community, including health, education, transport, planning, sport and local government.
2. Develop and implement a comprehensive physical activity strategy.
3. Ensure appropriate investment in new resources.
4. Support population monitoring of physical activity.
5. Fund and implement communication and mass media campaigns.
6. Support mass participation through proven programmes.
7. Fund active transport initiatives, such as walking and cycling.
8. Partner with those who plan the built environment, so that design facilitates physical activity.
9. Take a life-stage approach, to meet the needs of market segments at greater risk from physical inactivity.
10. Require compulsory physical education.

These ten points include some of the basic principles of marketing, i.e. clear objectives as part of point 2, understanding customers in point 9, evaluating effects in point 4 and implementing appropriate elements of the marketing mix in points 5 (promotion), 3, 6 and 7 (product), and 10 (place).
Skills and techniques

1 Identify the organisation’s mission, vision and objectives
2 Research and understand customers
3 Analyse internal and external market environments
4 Set marketing objectives
5 Devise marketing strategies
6 Decide the specific market mix
7 Set budgets
8 Write the marketing action plan and communicate
9 Implement the plan and control
10 Monitor, review and update

Figure 15.1 The process of marketing planning.

the structure for the rest of this chapter. Whilst each element is reviewed separately, it is important to remember that this is an integrated set of issues and decisions which are dependent on each other.

15.3 Organisational vision, mission and objectives

Concise organisational statements of vision and mission are very important, not only to steer marketing planning but also for all stakeholders in an organisation, whether they are customers, staff, shareholders or partner organisations. An organisation’s vision statement is a clear statement of where it wants to go. Its mission statement identifies the organisation’s main reason for existing and indicates the values guiding its policies and strategies. The vision and mission statement are equivalent to aims, but they do not contain sufficient detail to enable them to be confidently translated into operational details and targets. For this objectives are necessary.

To be operationally useful, objectives need to have certain attributes – often summarised in the term ‘SMART’, but this is modified and has an extra letter added to form the term MASTER (Measurable, Achievable, Specific, Time-specified, Ends not means, Ranked) (see Chapter 17). The essential point is that it must be possible to identify if and when objectives have been achieved.
Arts Council England’s mission statement reads: ‘Our mission for the next three years, ten years and beyond is clear and unequivocal. It is about great art for everyone’ (www.artscouncil.org.uk). How useful is this as a steer for marketing the arts?

15.4 Understanding customers

An essential part of analysing external and internal environments for an organisation is understanding customers. Customers include:

- individuals;
- organisations (who buy for others);
- supporters;
- spectators;
- schools;
- clubs;
- parents of young users;
- the community.

Even non-users might be seen as potential customers and are therefore worthy of consideration from a marketing perspective. Different customers have different needs, a principle which is at the heart of market segmentation (see Section 15.4.2).

Chapter 2 identifies some dimensions to the concepts of customer need and market demand. Understanding customer needs and demands is a foundation stone for marketing. Market research and demand forecasting are tools to help with this (see Chapter 14). There are a number of other techniques to help, including customer profiling, market segmentation and analysis of customer relationships. Before reviewing these techniques, it is important to understand consumer behaviour.

15.4.1 Consumer behaviour

This is a branch of marketing analysis which examines the reasons for customer purchases. It centres on needs and motivations, which have already been reviewed in Chapter 2. Many theories of consumer behaviour are based on logical processes. For example, the theory of reasoned action suggests that consumer behaviour is driven by intentions, which are themselves driven by a variety of internal and external factors. Consumers have attitudes towards prospective purchases which will be driven partly by their perceptions of value, partly by their personal circumstances and partly by the social environment they live and work in (Pope and Turco, 2001).

With a particular focus on sport marketing, Mullin et al. (2007) identify a range of environmental and individual factors which influence consumer behaviour, either positively or negatively. Such factors include:

- Environmental:
  - significant others, such as parents, teachers and peer group leaders;
  - cultural norms and values, which may be inherited but may also be influenced by the media;
Skills and techniques

- class, race and gender relations;
- climatic and geographic conditions;
- market behaviour of sport organisations;

○ Individual:
  - self-concept, including self-image, and self-confidence;
  - life-cycle stage;
  - physical characteristics;
  - income and employment;
  - education and learned skills;
  - perceptions;
  - motivations, including physiological, psychological and social;
  - attitudes.

In short, sport and leisure marketers have a significant task in understanding why consumers behave the way they do. But this understanding is an important foundation for the rest of marketing activity.

15.4.2 Market segmentation

Knowledge of consumer behaviour leads to the conclusion that customers are not one set of people with the same characteristics and preferences. Instead, customers comprise numerous groups of individuals within each of which there are similarities in needs, characteristics, motivations, etc. It is no longer appropriate to believe that an organisation is providing a service for all people. Even local authorities, with arguably the broadest remit in terms of a potential customer base, now recognise that if they indiscriminately market their services to all, it will probably result in particular types of people being over-represented among their customers and some groups, particularly the disadvantaged, being under-represented. Remedying this requires market segmentation and target marketing.

A market segment, then, is any relatively homogeneous subdivision of a market that is likely to be attracted to particular products or services. Several forms of market segmentation are available:

○ by demographics – e.g. age groups, gender groups, ethnic groups, tourists;
○ by socio-economics – e.g. by income, occupation, housing type, car ownership;
○ by geography – i.e. different areas, from countries to communities, the latter often coinciding with socio-economic variables in formal classification systems such as ACORN in the UK (see Chapter 14);
○ by behaviour and benefits – i.e. how customers respond to and what they get from the service, e.g. off-peak visitors, fitness motivated customers, visitors motivated by education/skill improvement;
○ by psychographics – typically different attitudes, lifestyles and values.

Many practical segmentation exercises involve a mix of these different methods. It is possible to conduct clear and simple segmentation by using descriptive statistics such as age, gender and socio-economic profiles of populations, to identify major market segments suitable for marketing actions. It is unlikely that many sport and leisure organisations will have the resources to undertake a complex statistical analysis, such as that illustrated in Case Study 15.2 – particularly small and medium-sized enterprises and organisations in the voluntary sector. Sport England’s segmentation analysis enables relevant organisations to utilise a ready-made system for identifying market segments and what motivates them, and designing appropriate marketing communications.
Sport consumers segmentation in England

Consultants Experian have produced for Sport England a 19-segment classification of people in respect of sport (see ‘Useful websites’, p. 424) – using national survey data to identify their activity levels, their socio-demographic characteristics, their motivations and their attitudes. This segmentation was conducted to provide those working in community sport with both an insight into the sporting behaviour, barriers and motivations of existing participants; and a practical marketing tool. The 19 market segments are identified in Figure 15.2 and comprise:

1. competitive male urbanites;
2. sports team drinkers;
3. fitness class friends;
4. supportive singles;
5. career-focused females;
6. settling down males;
7. stay at home mums;
8. Middle England mums;
9. pub league team mates;
10. stretched single mums;
11. comfortable mid-life males;
12. empty nest career ladies;
13. early retirement couples;

Figure 15.2 Sport England market segments.

Notes: The size of the circles relates to each segment’s total percentage in the English adult population. The percentages refer to those doing three × 30 minutes moderate intensity sport per week.

The process of segmentation needs good market research, to identify the different segments. It requires strategies and matching of segments to particular products within the overall service – using tools such as the Sport England segmentation analysis. In practical terms, market segmentation requires that the selected segments are measurable, substantial (of sufficient size to be worth separate marketing planning and implementation) and easily identified and accessible, so that marketing communications can be directed at them effectively and efficiently.

15.4.3 Customer relationships

Relationship marketing is an approach to marketing which is designed to improve the relationship between the customer and the service provider. Being led by considerations of what matters for customers, it contrasts with product-led and process-led marketing. Relationship marketing is increasingly important in sport and leisure marketing, as the many examples in Ferrand and McCarthy (2009) demonstrate. Through this approach, the understanding of customers is structured by their relationship with the product, the brand
and the organisation. Sport is an excellent example of this. At one extreme are fans of sports teams – the most loyal of customers, who turn out to support their teams no matter what, often home and away, who purchase associated merchandise in larger quantities than other supporters and who provide the most vocal sounding board for any matters the organisation wants to test, e.g. through fanzines. At the other extreme are commercial fitness clubs, whose greatest problem is often poor retention of members, because their customers tend to shop around to find the service most appropriate to their needs and at the best price.

The rationale for relationship marketing is undeniable, especially in sport and leisure. More loyal customers spend more and cost less than new or less loyal customers. Customers with a good relationship with the product, brand and organisation will act as ambassadors or agents for attracting further customers – their word of mouth is a powerful medium. Relationship marketing translates market segments into individuals, because a key objective is to establish a relationship with each individual customer.

The main marketing implications of relationship marketing are that it is important to:

- **build new and stronger relationships** – e.g. through personalised marketing communications to selected market segments;
- **retain and develop existing relationships** – e.g. through loyalty offers and rewards and added value services;
- **recover from problems with existing relationships** – e.g. through fast identification of problems and effective action to resolve them (see Case Study 17.1).

These are principles which any marketing strategy should adopt. However, Ferrand and McCarthy (2009) promote relationship marketing as an alternative strategic approach to more traditional marketing approaches such as that identified in Figure 15.1, which is the structure for this chapter. Their model consists of three key stages:

1. Change the internal marketing structure of the organisation to focus on developing relationships.
2. Create and develop relationships with targeted customers, i.e. with the market.
3. Create and develop relationships with key stakeholders, i.e. with the network or organisations relevant to supply.

**Discussion question**

Discuss the difficulties of professional sports clubs simultaneously developing good relationships with corporate clients, ‘fair weather supporters’ and relatively low income, long-term fans.

### 15.5 Analysing internal and external environments

Understanding customers is really part of a first stage of marketing planning, which involves auditing and analysing the internal (organisational) and external (market) environments of the organisation. This involves assembling appropriate data and then analysing it. The types of data which are relevant include:

- **Internal**:
  - mission, vision and objectives;
  - customers, e.g. satisfactions, dissatisfactions, expectations, relationships;
Skills and techniques

- resources, e.g. management structure, staff, finance, technology;
- stakeholders, e.g. staff, partners, funders, relationships.

- External:
  - PEST – Political, Economic, Social and Technological considerations which impact on the organisation’s activities (also called STEP; see Chapter 7 for an overview in relation to tourism markets);
  - potential customers – needs, motivations, profiles, behaviour and locations;
  - competitors, both direct (same products) and indirect (appealing to similar customer needs) – profiles, market shares, critical success factors, limitations, strategies, trajectories over time;
  - markets – size, growth, product developments, prices, distribution characteristics, promotion norms and development.

15.5.1 SWOT

A traditional means of summarising the internal and external environmental analysis which is still in common use is SWOT: Strengths and Weaknesses summarise the internal analysis of the organisation; Opportunities and Threats summarise the external environment for the organisation. SWOT analysis is typically concise, attempting to select the key issues important to marketing decisions. It is also often descriptive, but the word ‘analysis’ is important – it needs to both justify the importance of the selected SWOT features and make clear the marketing implications for the organisation.

Discussion question

Consider the main strengths, weaknesses, opportunities and threats of a sport or leisure organisation in your locality. What are the marketing implications of your conclusions?

15.6 Marketing objectives and strategies

Marketing objectives should aspire to the same attributes as organisational objectives (see p. 400) and they should be shared by the whole organisation, not just the marketing manager/department (see Chapter 13). They should specify marketing targets in relation to appropriate performance indicators (see Chapter 17 for a review of performance indicators and performance management). Marketing objectives are also likely to be specific to selected market segments. Examples include reaching a certain number of members from a particular demographic section of the catchment area, such as older people; and reaching a target for secondary income per attendance, from merchandise and catering.

Discussion question

For a sport or leisure organisation of your choice, discuss possible organisational objectives and marketing objectives to illustrate the differences between them.
A marketing strategy is a calculated approach to achieving objectives and targets. The strategy sets a direction for the specific marketing instruments – the marketing mix. One important element of the strategy is market segmentation (see pp. 402–4). Another is market positioning.

### 15.6.1 Strategic positioning

‘Positions’ are people’s perception of where products fit in the market. A product’s position can be easily recognised and favourable positions encourage continued sales. Products and services have long-term ‘personalities’, just like people. For example, the Bank of England – normally safe and dependable; Wimbledon – the pinnacle of tennis and its traditional values; Richard Branson’s Virgin products – innovative and creative. Disney, McDonald’s, Nike and hundreds of other brands have a position in our minds and in the marketplace. Positions, however, can be favourable or unfavourable. Local authority leisure services for years have had to battle with the public perception of their facilities as basic and cheap, in comparison with higher quality commercial sector facilities.

Positions are established through well-targeted marketing communications. For example, activity holiday resorts like Center Parcs established a strong market position in a relatively short time, principally through television advertising. Sponsorship enables companies to establish a strong position within their industries, e.g. insurance companies like Cornhill and Axa Equity and Law improved their market positions and market shares through sponsorship of cricket.

Repositioning is possible. The drink Lucozade used to be sold in chemist’s shops for people who were ill. However, TV promotions using Olympic gold medal winners, like Daley Thompson, repositioned Lucozade as a refreshing energy drink for athletes – from a position of a drink for the sick to a drink for the fit. Crompton (2009) views repositioning as vitally important for the future of public leisure services. It is his claim that leisure services are still not central to public service provision, because they are not sufficiently positioned alongside major social concerns. Their future, therefore, depends on repositioning public sport and leisure so that the public and politicians associate them with solutions to such concerns, e.g. poor health, obesity, crime and vandalism, children’s safety, etc.

Two other commonly cited tools can help in positioning products within the market place and within the organisation’s portfolio of products. These are the Boston Matrix and the Ansoff Matrix.

### 15.6.2 The Boston Matrix

This matrix, shown in Figure 15.3, was designed for the Boston Consulting Group as a device to help analyse sources of cash flow within an organisation. Its two axes, market share and market growth rate, are associated respectively with cash generation and cash usage. The organisation’s business units, or alternatively brands or products, can be positioned in this matrix by the use of data and judgement. The matrix helps to identify the balance of the portfolio of business units, brands or products, although not all the quadrants of the matrix are of equal merit with respect to cash flow:

- **Cash cows** – with high market share but low market growth, these are often described derogatively as mature and boring, but in fact because they are highly likely to be net cash generators, they are very valuable assets, with a market position which should be
defended by rejuvenation tactics. In the UK, at indoor sports centres, five-a-side football leagues might be seen as cash cows.

- **Stars** – with high market share and high market growth, these typically attract all the attention as the best performers, although the high growth rate requires high cash usage. Gyms in indoor sport and leisure centres in the UK are a current example of ‘stars’.

- **Question marks** – with low market share and high market growth, these are net cash users and although they may increase market share as a result of high market growth, there is a risk that their growth rate falls and they become ‘dogs’. Specific forms of exercise class are possible ‘question marks’ because there is always uncertainty about whether they will become established or be replaced by a new form of exercise.

- **Dogs** – with low market share and low market growth, these are not worth continuing. In recent years in the UK, squash has been of this nature, and has been disposed of by a number of indoor sports centres.

The Boston Matrix gives a clear positioning of an organisation’s products, but it requires a detailed knowledge of the market to be accurate. It does not reveal the profitability or social impact of the organisation’s products. It is therefore useful for analysis of cash flow and its potential, but it should not be interpreted as more than this. Nevertheless, cash flow is important to organisations in all three sectors, not just commercial companies. And it is from this perspective that the Boston Matrix gives implications for marketing priorities and activities, e.g. defensive marketing for cash cows against threats to market share, and demarketing or disposing of ‘dogs’.

### 15.6.3 The Ansoff Matrix

This matrix, shown in Figure 15.4, was devised in order to help organisations and their marketers identify the strategic choices for growth in their business. Each quadrant represents different potential for growth and risk:
Market penetration offers probably the lowest growth potential but also the lowest risk, i.e. more of the same product to the same market. Growth can be achieved by capturing customers from other suppliers, attracting non-users or encouraging existing users to buy/visit more frequently. The free swimming initiative in the UK could be viewed as largely market penetration, because it is likely to stimulate more swimming from the same markets that provide current swimmers.

Market development requires marketing activity in new markets. These may be new geographical areas or new market segments that were previously not targeted. Outreach services are a typical form of market development in sport and leisure, i.e. taking the services into geographical areas where usage is low. The growth prospects are higher than market penetration, but so are the risks – the new market may not be as suitable as the existing market.

Product development requires identification, supply and promotion of new products to existing customers. The growth prospects and risk depend critically on designing the right new product for the market – customer research is essential to reduce the risk. Commercial fitness centres are very good at developing new fitness products for their existing customers.

Diversification is the most risky strategy and the one requiring most research because both the products and markets are new. Several sports, for example, have developed new variants of their activities for very young participants.

The Ansoff Matrix, like the Boston Matrix, is a descriptive device to categorise products. These devices are not prescriptive and need careful interpretation with respect to marketing strategies for brands, products and markets.
15.7 The marketing mix

Marketing is concerned with providing the right products and services, and then forging the best relationships between customers and those products and services. The ‘marketing mix’ is the means by which that relationship is developed. It has a number of ingredients, each of which will have a greater or lesser influence in different settings. The first four are commonly referred to as ‘the four Ps’, while the last three are usually added in consideration of services marketing to make ‘the seven Ps’:

1. product (including service);
2. pricing;
3. place;
4. promotion;
5. people;
6. physical evidence;
7. process.

An eighth element of the marketing mix which is particularly relevant to sport and leisure is sponsorship. The sections which follow review these components.

15.7.1 The sport and leisure product

The product (including the service) is the basis of all marketing. It is the unit of exchange with the client or customer. If it offers customers satisfaction, they may continue to buy it. Sport and leisure products are opportunities for customers and they can be of different types, including tangible and intangible elements. They include one or more of the following:

- goods, e.g. photographic equipment, sports clothing and footwear;
- facilities, e.g. tennis courts, museums;
- services, e.g. a lesson, a guided walk, outreach opportunities;
- events, e.g. a sports competition, a music festival;
- programmes (see Chapter 16), e.g. a Shakespeare production, a mother and child swimming session, an aerobics class.

These are the vehicles for realising demands. When these products successfully match customer demands, it leads to the realisation of service outcomes, in particular the benefits sought by customers. People want to enjoy, to be with friends, to learn, to look better, to feel better, to be skilful, to win. If customers do experience such benefits, they will want to ‘buy’ them again. Customers help to create the final product, which is the participation experience – this is the inseparability of leisure service products and consumption. Another key characteristic of many sport and leisure experiences is that they differ on each occasion. Every sports game is different, every drama production is different, every concert is different, even when there are some standard infrastructure elements supporting the delivery of the final product. It is this difference, or novelty, that is said to be a key driver of leisure demands (see Chapter 2).

The provision of services, facilities and programmes is important in providing opportunities but the purpose of the product is not realised until it is utilised. In this sense the sport and leisure product is highly perishable; for example, an unsold seat at a theatre production represents the permanent loss of an experience. Matching products to likely demand is a very difficult task, not just in terms of the timing of opportunities (around peak and off-
peak fluctuations in demand, seasonal changes) but also in terms of the quantity and quality of the product offer. A sports centre which is too big for its catchment area, for example, will give rise to continual capacity utilisation problems, which represent a waste of product.

Products exhibit life-cycles. With most commercial products, that life-cycle consists of:

- product start;
- growth;
- development;
- decline and replacement by better products.

In sport and leisure services, many products have been with us for a long time but a number are relatively new (e.g. various forms of aerobic exercise classes) and some have declined (e.g. squash). Product development provides a continuous stream of new or changing products which fit customers’ needs. Cinemas have changed from single to multi-screen. Tenpin bowling and bingo have changed to social venues with a wider range of products. In public sector sport, it is apparent that needs and motivations have changed over the years, with less demand for competitive team sports and growing demand for non-competitive, individual, fitness activities (see Chapter 10). This is not supply led, but rather is determined by changing motivations towards health- and fitness-related outcomes, such as losing weight for health reasons or looking good for social reasons.

Leisure products, like any other products, need testing and changing to suit customer needs. Hence market research and product testing need to be undertaken to have the best chance of matching products with markets. Capturing interest with the product is essential, and novelty is a desirable attribute. Good marketers should encourage levels of originality and be prepared to take risks. This is particularly the case in the arts, where new products are an important element of attracting repeat business. Originals and ‘firsts’ capture interest and can also create a lasting impression.

Packaging different products can generate customer benefits at all levels of participation, e.g. a daytime public leisure centre package might include sports activity, dietary clinic, sauna and a crèche for the children. Marketers have identified three levels of product and the packaging of products is clearly aimed at embracing all three:

1. The core product is the main motivation for the customer, e.g. a visit to an exhibition, or a fitness class.
2. The actual product wraps certain elements around the core product, such as changing facilities in the case of sport.
3. The augmented product includes a variety of optional extras, such as merchandising, drinks, food or transport arrangements.

Most sport and leisure programmes, even those designed with a specific activity in mind, tend to market more than one product. A combination of facilities can attract greater use, be more economical and also provide the spin-off to other activities, expanding the market.

**Discussion question**

Think of a core product, e.g. enjoying a theatre production, a game of sport, an art exhibition. Now think of additional product items that can be offered to create added value for the customer. Are all these typically on offer and if not why not?
15.7.1.1 Brands

Another form of product augmentation which has become important in its own right is brands. A product is the basic functional item for sale, whether it is a physical good or an intangible service. Often it can be easily copied. However, a brand is fundamentally an identifier, such as a logo, which helps to distinguish one seller from its competitors – it cannot be copied. Aaker (2002) suggests that brands add a number of intangible associations which augment the product, such as customer relationships, emotional benefits and user imagery.

The brand helps position the product in the market. A product takes on added value from a brand, because of the intangible associations and benefits which consumers relate to the brand. This added value is termed ‘brand equity’, which can be financial, such as increased sales and profits, and consumer based, such as perceived higher quality, brand associations and brand loyalty. The marketer uses brands because they help to enhance the relationship with the customer, generating greater customer loyalty and more repeat purchasing of the product.

Discussion question

Many customers buy only branded sports clothing and footwear, typically at considerably higher cost than unbranded equivalents. What are the main ‘added value’ reasons for this behaviour?

15.7.2 Pricing

It is important not only to match people’s needs with appropriate products but also to do so at prices they are willing to pay. Otherwise demand remains latent, not revealed. Price is an important signal to both consumers and producers in the market system. Economists begin an explanation of the market system with a demand and supply diagram, with price as the controlling variable for both. Often the importance of price is overstated. In some art forms, where demand is dominated by customers without socio-economic disadvantage, evidence suggests that price is not very important compared with the product – the performance, e.g. theatre and music concerts. Nevertheless, for many products demand is more price sensitive, particularly in markets where there is strong competition between alternative providers, or for market segments which suffer from socio-economic disadvantage, such as older people without private pensions, the disabled and the unemployed.

Prices perform valuable functions for providers – they raise revenue, they rationalise demand and they can help discriminate in favour of certain types of customers. They are also important signals for customers, who may perceive prices as indicators of quality, e.g. low pricing may suggest low product quality, whilst high prices reinforce perceptions of high quality and exclusivity, e.g. exclusive holidays and yachts.

Pricing policy is an important factor in financial planning and a vital part of marketing. Important pricing decisions for any product include:

- The level of price which is appropriate to the organisation’s objectives and its market demand – too low and there could be considerable excess demand, with queues for services and waiting time for goods; too high and there will be underutilised capacity in services, and unsold stocks of goods. Even a free product should involve an explicit decision by the provider, because it should match the organisation’s objectives and a way needs to be found to recoup the costs of provision.
The structure of prices, including whether or not to have different prices for different customers – in arts or sports events this is normal, with higher prices for better audience positions. In tourism, higher prices are charged in peak seasons. Many other leisure organisations charge discounts for various reasons such as socio-economic disadvantage, promotion at slack times of the day or week, to attract new customers, to build relationships or to reward loyalty and repeat purchasing.

In principle, pricing decisions should be made with respect to a number of criteria:

- **The financial and marketing objectives of the organisation**, which can vary from maximising profits, through maximising utilisation, to maximising social benefits such as health improvement and reduction in crime and vandalism.
- **The costs of provision to the organisation** – not just the operating costs but also capital costs.
- **Strength of demand**, particularly in response to changes in prices. In economics this is termed ‘price elasticity of demand’, i.e. the relative strength of response of demand to a change in price. For many sport and leisure services demand is typically price inelastic – examples include attendances at professional team sports events, sport and leisure centres, and arts venues such as theatres and concerts – meaning that the percentage change in demand is less than the percentage change in price.
- **Strength of competition**, not only from within the sector, e.g. between commercial firms, but also across sectors, e.g. between commercial firms and local authority providers. The greater the competition, the more responsive or ‘elastic’ demand is to changes in price, because it is easier for customers to find substitutes.

In practice, evidence suggests that not all these criteria are typically employed when pricing decisions are made. In the commercial sector the most common pricing determinant is costs, e.g. cost-plus pricing, where prices are decided by calculating average cost per unit of supply and adding a profit margin. There is sometimes fierce competition in the commercial sector which has to be considered (see Chapter 4), and which in an oligopoly situation (a few major competitors) sometimes leads to stable prices, for fear of a price war between competitors.

In the voluntary sector, the most likely pricing level is one which will result in a break-even on operational costs for the organisation, so again costs are the major criterion for setting membership fees. This is because most clubs in the voluntary sector are non-profit, e.g. Chapter 6 shows that the average financial surplus in UK sports clubs is very small. Aiming to break even, however, requires an appreciation of both the costs of supplying opportunities for members and how sensitive members are to different prices. One way of linking prices to costs more directly is to charge prices for different elements of costs, e.g. membership fees (for club overheads), NGB affiliation fees and match fees (for match day costs).

In the public sector, pricing has largely been based on tradition, e.g. previous prices plus an increment, with some consideration of what is an ‘acceptable’ level in other authorities (so-called ‘copycat pricing’). Subsidies are common in the public sector, so the pricing decision needs to consider what subsidies are reasonable and can be afforded from the public purse and how big the subsidies should be. Figure 15.5 illustrates a common charging continuum for public sector leisure services. The bulk of public sector leisure activities are priced at a subsidised level, with the primary objective of making activities accessible to disadvantaged segments of the community.
Discussion question

In attempting to attract a wide cross-section of the community to a public leisure attraction, what are the relative merits of (1) generally low prices for all customers and (2) specifically targeted price discounts for disadvantaged people?

15.7.3 Place

Products – facilities, programmes, activities – need to be accessible to the people they have been developed for. Place, or distribution, is the final contact with the customer, after other marketing decisions such as product, price and promotion have been taken. Once customers attend a facility or a service opportunity, or purchase a sport or leisure product, it is a sign of effectiveness in distribution. In sport and leisure services the product is often centred on particular types of facility, which means that instead of the distribution of goods to customers, as in manufactured goods, the customer very often has to attend a facility, e.g. a sports centre, a theatre, a country park. In these circumstances, one key product decision, facility location, is simultaneously a place decision.

Distribution decisions should be based on the market research about customers, their home and work locations, transportation and other accessibility factors. A critically important decision for facilities is where to locate them in relation to their anticipated markets.
Marketing of sport and leisure

This is arguably the most important marketing decision (see Chapter 14), because whilst programmes, activities, prices and promotion can all be changed in the short run, within weeks if necessary, facility location is typically only changed in the long run, every thirty years or more.

It is therefore very important for services and facilities to be placed in locations that customers can get to easily. Accessibility can also be influenced with directional signs, maps, an attractive welcoming entrance, and by lighting the parking areas and walkways. The general awareness of the leisure facility can be reinforced by attractive displays and exhibitions in public places and by leaflet distribution. Place is also important within facilities, i.e. locating key elements within facilities with customer convenience in mind, e.g. changing rooms near playing areas, crèche adjacent to outdoor play space, good viewing for spectators.

Time and information are also key aspects of accessibility. Activities need to be in the right place at the right time, so programming is essential to distribution. Different market segments have potential for visiting at different times, so conventional programming – such as evenings for the theatre and concerts, weekday evenings and weekends for sport and physical activity – may be restricting accessibility unnecessarily. Less conventional programming times can work, with the right products and promotion, such as theatre matinees on weekday afternoons (attracting older customers) and early morning fitness opportunities (attracting people in nine-to-five jobs). Similarly, information centres for sport and leisure opportunities often close in the evenings and weekends, when they may be most needed, although the internet has facilitated round the clock information.

Distribution of sport and leisure is often direct, from producer to consumer, e.g. participating in local public sports facilities, visiting a local library, museum or art gallery. Other forms of sport and leisure are increasingly distributed indirectly, i.e. by agents or intermediaries. A major example is music and sport events, with internet agencies such as Ticketmaster in the UK taking increasing shares of ticket purchasing, rather than the venues themselves. Other examples such as books, recorded music and sports equipment and clothing are increasingly showing a switch of agents, from normal retail outlets to online purchasing (see Chapter 12). Whether distribution is direct or indirect has an effect on accessibility and price – typically indirect distribution increases both accessibility, by promotion to a wider set of potential customers, and price – either to the customer through a booking fee or to the supplier through a commission on sales.

Many leisure facilities will be inaccessible to segments of the population, for example people living in rural areas. In these cases, needs can be met by organising mobile services, e.g. mobile library, play bus, travelling theatre, and by appointing artists in residence, ‘animateurs’ and sports development officers. Community facilities such as village halls can be utilised to widen the distribution of sport and leisure services. In the arts, many drama and music companies have devised innovative alternative locations to traditional indoor venues, for summer productions, using parks and the gardens of historic houses. Some of these are designed to be more attractive places for existing customers, rather than places which appeal to new market segments, but they demonstrate the effectiveness of imaginative place decisions.

15.7.4 Promotion

Many people mistakenly use the word ‘marketing’ when they really mean promotion. Promotion’s purpose is twofold: creating awareness of the opportunities provided by the supplier; and seeking to attract and persuade customers to purchase the particular service or product. It is a process of familiarising, and creating and reinforcing favourable images,
Skills and techniques

attitudes and a willingness to buy. Through this process it is also a means by which cus-
tomer relationships can be enhanced.

Promotional activity can be defined as an exercise in communications. There are many
factors affecting demand, some of which consumers may be not be conscious of. Restricted
impressions or preconceptions, for example, can determine consumer responses, e.g. ‘sports
facilities are only for young, fit people’, ‘theatres are only for educated, well-off people’,
‘classical music is only for older people’. It is the job of promotion to correct such mis-
 impressions and motivate anyone with a potential interest in an opportunity into actually
moving towards the purchase stage.

Discussion questions

Is it asking too much of promotion to change the image of theatres from
being only for educated, well-off people? What other parts of the mix
have a complementary role to play in achieving this image change?

Promotional communications can provide information about such things as the existence
of the opportunity, opening times, etc.; or they can simply create and reinforce a favourable
image, through symbolic association. The general functions of promotion are summarised
by the acronym AIDA, i.e.:

- **Attention** – drawing the customer’s attention to the product;
- **Interest** – creating interest in the product, through promotion of its benefits;
- **Desire** – stimulating a desire to purchase the product;
- **Action** – purchase and consumption of the product.

Promotion can set off an important additional round of communication about the
product through word of mouth and recommendation – a large proportion of sport and
leisure customers come with friends and like-minded groups of people. Masterman and
Wood (2006) demonstrate the complexity of the communications process, which involves:

- the organisation encoding the messages it wants the market to notice with the required
  images and information;
- the potential customer decoding the message with the required interpretation;
- ‘noise’ – external distractions in the communications process, which need to be mini-
mised.

A promotional strategy should be built around a proper brief, taking account of the following:

- the benefits of the products to consumers;
- target markets;
- the information and messages to be conveyed to potential customers;
- the media and promotional methods to be used;
- offers and inducements.

Promotion consists of one or more of the following key components:

- **personal selling** – a direct ‘presentation’ to one or more potential customers with the
  objective of selling a service or a product;
- **advertising** – a paid form of non-personal presentation about the organisation and/or
  the opportunities it offers;
Marketing of sport and leisure

- **incentives/promotions** – a financial offer or ‘gift’ that is made to potential customers with the objective of encouraging them to purchase a particular service or product;
- **publicity/public relations** – favourable communication in the media (e.g. print or broadcast) which may be achieved at no direct cost to the organisation concerned.

These four methods are not necessarily independent of each other and different methods can be used to enhance both the message and the customer relationship, e.g. an incentive to introduce a friend to an organisation, promoted by direct mail, will provide added value for existing customers. Sponsorship is sometimes identified as a fifth promotional vehicle, but in this chapter it is covered later as another element of the marketing mix (see pp. 420–2).

15.7.4.1 Personal selling
Personal selling is important to sport and leisure and does not typically take place through such means as telesales, but rather through face-to-face contact with frontline staff, such as bookings or reception staff. To be effective in personal selling, it is necessary that the person concerned does it with enthusiasm, so that he or she is perceived as being able, efficient and caring. The function of personal selling involves a two-way communication process and can provide valuable feedback about existing and potential programmes and activities.

15.7.4.2 Advertising
Advertising encompasses many forms of communication and includes:
- posters – in prominent, eye-catching locations;
- brochures and leaflets that describe the facilities, services and programmes on offer;
- advertisements placed in the local media, i.e. newspapers and radio;
- newsletters and fully paid supplements in the local newspapers;
- direct mailing enclosing new information, e.g. offers of new benefits in new programmes;
- internet advertising, social network sites, texts.

Advertising is not just aimed at potential new customers but is also important for existing customers, i.e. to expand sales to people already buying the product, either by increased frequency of purchase, or by purchase of different products from the same supplier. For example, a customer who has used a travel agent for a certain type of holiday may, through targeted advertising, be attracted to other types of holiday arranged by the same travel agent.

Advertising does not provide immediate feedback and can be an expensive form of promotion. Television advertisements are extremely expensive, as are paid advertisements in the press. In contrast, the local cinema can be a relatively cheap form of advertising – as cinema-going audiences are largely young people, products, activities and services that appeal to young people could be effectively advertised in local cinemas. A ‘mail shot’ using an agency address list or compiling a database can be an effective way of getting directly to a target audience.

The message to leisure managers appears to be to look at the whole variety of ways of communicating, to try out various forms and ‘shop around’ and then act positively, measure results and make appropriate adjustments. Self-testing criteria for an advertising communication are that it should produce positive answers to the following questions:
- Is it eye-catching?
- Is the layout attractive?
- Do the headline and text stimulate the reader to proceed further?
Skills and techniques

- Does it provide adequate information?
- But at the same time, is the message clear and simple?
- Is the text persuasive and credible?
- Does the advertisement create a favourable public image of the organisation?

However, no matter how well designed an advertising communication is, it needs to be effectively targeted at appropriate market segments to achieve success in promoting sales.

Discussion questions

What advertising do you particularly remember and why? Did you purchase any of the associated products?

15.7.4.3 Incentives
Incentives in the form of an ‘offer’ have become a prime means of persuading people to buy. In contrast to the other forms of promotional activity, incentives should not be used on a regular basis but when offered should be restricted to a limited period of time. The main objective of using incentives is to stimulate participation from identified target markets, particularly from new customers. The incentives can take the form of an introductory offer such as no joining fee at a fitness centre for a specified period, discounts, two-for-one purchases, and gifts of CDs and t-shirts.

Financial incentives can be persuasive. We all like to think we are getting something for nothing. The offer of discounts such as reduced off-peak pricing without adequate promotion and publicity, however, is unlikely to have a great impact. One of the cardinal principles of attracting a positive and warm response is to give freely and generously. Professional sports clubs, for example, knowing that the capacity of their home venue is unlikely to be sold out for certain matches, often give free tickets to local schools – this attracts new customers and also creates a better atmosphere at the match.

15.7.4.4 Publicity
Publicity normally takes the form of press releases or feature articles, and in some instances a theatre or leisure centre may write its own weekly column in the local newspaper. Since most local authority leisure services departments have a minimal promotional budget, this has often resulted in many concentrating more on publicity than other forms of promotion. Local presses are often in need of appropriate features and they are unlikely to be critical in editing these features. Publicity is a useful method of informing the community of the results of programmes, fixtures and forthcoming events. To keep a facility continually in the public’s mind, it is necessary periodically to have general interest stories relating to the facility in the local newspaper, since not all readers read the arts and sports pages.

Although publicity does not directly involve financial expenditure, the true cost of preparing the publicity material may be considerable, particularly if many senior personnel are involved. Publicity carries the risk that the press editorial staff may reject the ‘press release’ or prepared copy on the grounds that it is not adequately newsworthy. The press can sometimes give a negative image very forcefully and they can be seen as challenging and questioning towards a local authority. Therefore, the only effective approach is to influence the press coverage by well-organised public relations. This includes informing and involving the press, keeping them up to date with news. Good press coverage will help the public to say that taxpayers’ money spent on leisure services is well spent.
Rather than treat the four elements of promotion as separate decisions, Masterman and Wood (2006) promote an integrated marketing communications approach. This requires one integrated communications strategy embracing all relevant mechanisms, a focus on building relationships with customers, and specific targeting of particular customer groups.

15.7.5 People

Because sport and leisure are often services, people are an essential part of the marketing mix. One of the defining characteristics of services is the inseparability of production and consumption. Face-to-face interaction between the supplying organisation and the customer is inevitable and the success of a service is very dependent on this people relationship. Avoiding this relationship is not a solution — a commercial fitness centre once tried to dispense with its line staff to reduce costs, by making everything card swipe controlled, including entry and use of all facilities. It failed as a business.

In Sport England’s National Benchmarking Service for sport and leisure centres (see Chapter 17) staff attributes are typically ranked among the highest for customer satisfaction, particularly the helpfulness of staff and the standard of instruction. These ‘people’ attributes are also ranked by customers in the top half of the attributes for importance. Personal service, with genuine good intentions for the customer, is a core attribute for sport and leisure services. This needs careful recruitment of staff with appropriate interpersonal skills, and training in customer care. It also needs a customer orientation for all staff, not just the line staff working at the ‘customer face’.

Bad news travels fast. It is passed on more readily than good news. Sport and leisure marketers must therefore be concerned not only with what motivates people to take part in sport and leisure, but also what demotivates them. Nothing demotivates customers more than being poorly handled: rudeness; a ‘take it or leave it’ attitude; double bookings; ruined expectations; dissatisfactions and broken promises. At the heart of these risks to service success is the quality of the people delivering the services.

Discussion questions

When did you last encounter a ‘bad’ people experience in consuming a leisure service? What might the organisation have done to prevent this experience from happening?

15.7.6 Physical evidence

Another defining characteristic of services is that they are intangible, yet ironically it is often the physical circumstances or ‘tangibles’ of a service that are most important to customers. In Sport England’s National Benchmarking Service for sport and leisure centres, out of twenty service attributes certain tangibles are among the most important to customers, i.e. water quality for swimmers, and cleanliness of changing areas and activity spaces. These tangibles relate to the core or actual product. Other tangibles which are part of the augmented product are less important to customers, e.g. quality of food and drink, quality of car parking.

The setting of a sport and leisure experience and the design of a facility are further important ingredients of the physical evidence. They can reinforce the image of a service when they excite, when they give a sense of occasion. Alternatively there may be a danger of
Skills and techniques

deterring the customer if these ‘atmospherics’ are missing and the setting/facility is dull and uninspiring.

15.7.7 Process

Because of the inseparability of consumption and production in services, the process of service delivery is under the spotlight throughout. This process runs from finding out about opportunities, through booking an activity, finding the facility, parking, entering the facility, finding the way round the facility, engaging in the activity, possibly buying food and drink, to leaving the facility. The whole process of service delivery determines the relationships between the organisation and its customers.

An obvious way to demonstrate an active and dynamic relationship with customers is through publicising customer suggestions and organisational responses in order to demonstrate and promote a process of continuous improvement. For example, on the website of Ponds Forge International Sports Centre in Sheffield, UK, there is a section on ‘You said, we did’ in which there is a monthly update of customer suggestions and the centre’s responses. Typically these are about minor matters, such as the difficulty of opening doors, the range of food and drink, and the telephone response times for queries. But as the adage goes, it’s the small things that matter.

15.8 Sponsorship

For sport and the arts in particular, sponsorship is another significant element of the marketing mix. Sport and leisure organisations are attractive vehicles for sponsorship because their products, services and events are associated with positive feelings, strong brand images and clear target markets. Sponsorship is different from other elements of the marketing mix, however, because rather than the marketing of sport’s products, it is the marketing of the sponsor’s brand through sport (Hoye et al., 2009).

Meenaghan provides one of the clearest definitions of sponsorship:

Commercial sponsorship is an investment, in cash or in kind, in an activity, in return for access to the exploitable, commercial potential associated with that activity.

(Meenaghan, 1991: 36)

Sponsorship differs from patronage, where the finance or professional expertise is given by a commercial company for philanthropic reasons, without it looking for any material reward or benefit and often with it remaining anonymous. It differs from advertising in that the promotional messages are much less direct and the sponsor has much less control over the marketing communications.

The exact amount of sports sponsorship expenditure is difficult to ascertain. Many companies are reluctant to reveal exact information; and in addition to the payment for sponsorship rights, sponsoring companies spend two or three times this amount on ‘leverage expenditure’, i.e. complementary marketing activities to fully exploit the commercial value of the sponsorship. Nevertheless, IEG (2009a) report worldwide sponsorship expenditure as just over $41 billion in 2008. Mintel (2006) report that sponsorship expenditure in the UK rose from less than £200 million in 1986 to £800 million in 2005. Nevertheless, sponsorship expenditure is small compared with advertising – Masterman (2007) reports sponsorship as probably about 10 per cent of sponsors’ overall market and communications
Marketing of sport and leisure

budgets, compared with about 35 per cent spent on media advertising. However, sponsorship is rising partly because advertising is a very congested medium, and it is increasingly fragmented as the print, broadcast and internet media multiply. Sponsorship of a major event ensures consistent exposure across different media.

The scale of sponsorship can vary enormously, from contributions of millions of pounds from a multinational company for national sports to the donation of a cup or prize by a small sports shop to a locally run competition. Indeed, most local teams in sport have a sponsor. It is the major companies investing heavily in sponsorship that dominate the market financially. Sponsorship growth, worldwide, can be attributed in large measure to increased television coverage of major events in both sport and the arts. Mega events are extremely costly to the sponsor and potentially extremely beneficial – the Olympics and the football World Cup reach audiences of billions. Technology advances such as cable and satellite television and internet coverage will increase sponsorship further still.

Sport typically takes the lion’s share of sponsorship expenditure – more than two-thirds of the total in the USA according to IEG (2009b) and 51 per cent in the UK according to Mintel (2006c). Other major areas of leisure to benefit from sponsorship are entertainment tours and attractions, the arts, festivals, fairs and events, broadcasting and membership clubs. According to Fenton (2005c), the top five industries globally for sponsorship expenditure are telecommunications, banking, cars, sports clothing and beer. In the UK, Mintel (2006) report that finance/insurance companies are the largest sponsors of sport.

Sponsorship is conventionally seen as a transaction, an exchange. On the one side it benefits sport and leisure organisations. Most obviously it brings in revenue, services or resources from the sponsor – without sponsorship, many events would be uneconomic even with large audiences and ticket sales. Sponsorship can also create interest, stimulate media coverage and consequently increase attendance numbers. It can help to attract major ‘players’ in sport or the arts; and it can assist in bidding for events or other projects. Sponsorship can also support good causes, e.g. social and environmental.

On the other side of the exchange, sponsorship benefits the sponsoring company in a number of ways:

- by helping to reinforce or change its corporate image, by association with the sponsored organisation’s product and brand;
- by increasing publicity and improving public relations;
- by improving trade and employee relations (e.g. through corporate hospitality);
- by increasing awareness of the sponsor’s brands;
- by possibly increasing sales, market share and gaining competitive advantage;
- as a complement to other marketing activities.

There are also costs to both parties. In particular the sponsor pays ‘leverage expenditure’ to realise the full marketing value of the sponsorship, whilst the sponsored organisation can devote considerable resources to servicing sponsors’ needs, e.g. ensuring that corporate hospitality arrangements are suitable, and that star players or performers are available for corporate occasions and publicity.

Sponsorship is of local as well as national significance, and sponsors can raise their ‘respectability profile’ with the public and with government when sponsoring good causes, particularly those advocated by the government. Governments can get actively involved in promoting sponsorship. For example, Sport England has Sportsmatch, a grassroots sports sponsorship incentive scheme. It is funded by the Department for Culture, Media and Sport and for successful applicants matches new sponsorship money with a government grant. Since it started in 1992, Sportsmatch has awarded over £48 million to almost 6,000 projects.
Skills and techniques

which realised over £58 million in sponsorship from the commercial sector. It has proved highly effective in persuading sponsors to sponsor sport. Similar schemes exist in Scotland and Wales.

15.8.1 Key issues in sponsorship management

For sport and leisure managers, the key issues in sponsorship management depend on understanding the sponsor, just as the key issue in marketing management is understanding the customer. The key issues are as follows:

- **Objectives** – identifying not only what the sport or leisure organisation wants from sponsorship but what a potential sponsor is likely to want and how the sport can satisfy these business objectives. They may be similar to the benefits to sponsors listed on the previous page, but are likely to be specific to the sponsorships being considered.

- **Sponsors’ selection of organisations** – a key factor is synergy of target markets for the sponsor and the sport or leisure organisation. This synergy provides opportunities to realise benefits by both partners, but in particular it enables the sponsor to benefit from increasing awareness of its brand by appropriate market segments that are attracted to the sport or leisure activity.

- **Costs and likely returns for both partners** – it is important for both partners to budget for the costs of servicing or leveraging the sponsorship and to have as clear an idea as possible of the evaluation criteria through which the returns can be assessed.

- **Implementation** – exclusivity is an important attribute of most sponsorship deals for the sponsor and defences need to be made clear against ‘ambush marketing’, where a commercial company associates itself with the sport or leisure product without actually sponsoring it. Other operational requirements include the need for clear lines of communication and for the sport to help service the marketing objectives of the sponsor, e.g. awareness, media exposure, content of communications, corporate hospitality, merchandising.

- **Evaluation** – historically the weakest part of the package. It is likely to include awareness and attitude surveys, and sales of the sponsor’s products before, during and after the sponsorship deal. A commonly used measure is media coverage and equivalent cost, but this is problematic because the main purpose of the media coverage is to raise awareness of the activity, not the sponsor; therefore the quality of the marketing message for the sponsor is variable and the effectiveness of the marketing message received by the audience is difficult to measure. Evaluation is not a task that should necessarily be left to the sponsor – the sponsored organisation can usefully help in the task as part of its support services for the sponsor.

**Discussion question**

Select a sponsorship partnership in sport and leisure (e.g. in the UK Cornhill and cricket, RBS and rugby union) and discuss the synergies between the sponsor’s products and brands and the customers of the sport or leisure organisation which is receiving the sponsorship.
15.9 Conclusions

This chapter has considered the marketing approach to sport and leisure services and facilities and the benefits that can accrue to organisations from systematised and detailed marketing planning. The marketing approach ensures that when a product or service is made available to the consumer, it has been planned, designed, packaged, priced, promoted and delivered in such a manner that the customer is not only persuaded to buy, but also to repeat the experience. While impulse buying, like attending an event or ‘having a go’, is important, repeat visits and repeat purchasing are even more so. Marketing affects people’s awareness, attitudes and behaviour. Managers of sport and leisure should encourage people to look more favourably on their organisations and their products, services and brands.

Although this is not covered explicitly in this chapter, an appropriate and approved budget is needed for effective marketing. Very often, particularly in the public and private non-profit sectors, marketing budgets are inadequate for the task in hand. This is sometimes because marketing is seen as a cost, rather than as an investment. Yet the returns from investment in marketing are more interest in the products of the organisation, more purchases and more customer satisfaction.

Practical tasks

1. For a sport or leisure organisation that you are familiar with, use what data you can obtain on customers and/or members and suggest and justify a simple market segmentation appropriate to the organisation’s objectives. Identify what other data would help with this task.

2. Visit a local leisure facility which you have not visited before, critically assess whether it is in a good location for its market; and whether accessibility is good both externally and internally. What place marketing recommendations can you make?

Structured guide to further reading

For lots of examples of relationship marketing:

For lots of examples of sports marketing:
Skills and techniques

**Useful websites**

For participACTION:
www.participaction.com

For Change4Life:
www.change4life.co.uk

For Sport England’s market segmentation:
www.sportengland.org/research/market_segmentation.aspx

For worldwide data on sponsorship expenditure:
http://www.sponsorship.com/Resources/Sponsorship-Spending.aspx