Romanian Sport Services – Marketing Strategies

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Abstract: According to A.M.A., “services are activities, advantages or utilities that are offered and traded on the market, being in a close entanglement with the sale of a material object or economic product”. By using the phrase “group of activities”, this definition beholds the real contents of a service because in most cases, these are executed by following a certain order of interdependent actions. Also within this definition along with the obvious intangibility of services, is mentioned the buyer-fulfiller relationship which can most times be decisive in executing a service. Following the renowned Philip Kotler “a service is made of any action or operation which can be offered to a partner and which doesn’t have any concrete form and also which doesn’t result in acquiring a product”.

Key words: activity, endorsements, intangible, strategies, sports
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1 Conceptual clearing

As long as firms struggle more and more in setting apart their physically concrete products, a solution or trend towards everyone leans is differentiating additional services. Companies will have to attempt to create a good or even spotless reputation regarding time deliveries, prompt reaction to any info request and swiftly solving any costumer complaint. By doing that, a well-executed service will become the key towards a successful completion of any activity. According to A.M.A., “services are activities, advantages or utilities that are offered and traded on the market, being in a close entanglement with the sale of a material object or economic product” (Cetină, 2009, p.13).

A somewhat more complex definition belongs to Christian Gronross, worthy Service Marketing North School representative. This specialist claims: “a service represents an activity or a group of activities more or less tangible which usually take place when both parties interested in executing and receiving the service meet” (Grønroos, 1990, p.26).

By using the phrase “group of activities”, this definition beholds the real contents of a service because in most cases, these are executed by following a certain order of inter-dependent actions. Also within this definition along with the obvious intangibility of services, is mentioned the buyer-fulfiller relationship which can most times be decisive in executing a service.

Following the renowned Philip Kotler “a service is made of any action or operation which can be offered to a partner and which doesn’t have any concrete form and also which doesn’t result in acquiring a product” (Kotler, 2008, p.584). Considering all of these definitions, executing a service may or may not be tied to a physical product.

According to Valerica Olteanu, “services are useful intangible effects which result from following some interdependent actions” (Olteanu, 2006, p.14).

Such an approach suggests a complex client relationship mostly based on a good synchronization between all activities that will eventually lead to producing and delivering a product and the concrete demand for every component.

Another professor, Iuliana Cetina, states: “a service is made of any usually intangible action a subject can execute for another person without any intention of property transfer” (Cetină, 2009, p.14).

The sphere of sport services consists of the market on which companies and costumer intended products are related to sports and educational relaxation and can consist of
activities, economical goods, services, people, places or even ideas.  

**Sport** is usually defined in many different ways depending on the context in which it is considered. In some fields, like **sports social psychology** (the science of people, sports and society) and **physical education** (teaching sports to people), the word "sport(s)" is used in a general and very wide manner.  

Depending on the characteristics and intensity of sports, we can describe two mostly opposite categories:  

1. institutionalized physical practice that are competitive and well regulated and/or physical practice directed mostly on spending free time and leisure activities and which gives a major degree of freedom and improvisation to their users;  
2. First point acknowledges a more organized and controlled nature of sports, while the second promotes an and encourages relaxation, amusement and development. Naturally, sports also contain a more playful, game-like component that is mostly suppressed when talking about highly commercial and professional sports practiced by athletes (Hatos, 2004, p.14).  

As it is utilized in sport business management and also in the sports industry, sport is a concept used to represent all people, activities, enterprises and organizations involved in producing, organization, promotion and any other activity, experience or sports-business firms targeted on sports, fitness, relaxation, sports tourism or just spending free time (Pitts, and Stotlar, 2007,p.3).  

According to some common beliefs about sport (Schawarz and Hunter, 2008, p.4):  

1. there must always be competition of some sort;  
2. the game must have a set of rules;  
3. participants need specialized gear and facilities.  

Also, sports are a term that should cover or include aspects that go beyond the playing field, including all various actions which make possible a sporting event.  

### 2 The characteristics of sport services  

Although sports can be seen as a tangible thing, (e.g. equipment, tickets, flags and banners, t-shirts, a place in the crowd) most of the sporting activities are experiments – considered services. First of all, sport related services present the four unique traits which heavily and deeply influence marketing programs: intangibility, inseparability, variability and “wear and tear”.  

Sport related services are intangible, meaning they cannot be seen, tasted, touched, smelt or felt prior purchase. They do not exist beyond the memory of being experienced, although a carefully organized event can create a true spectacle for all those who take some part in it. Despite the fact sport products cannot be very different from each other (e.g. quality of a sneaker compared to another one of the same brand, identically labeled DVD’s), service quality can vary quite a lot. This quality is dependent on a series of factors such as suppliers and their special offers and terms, athlete and team performance, refereeing quality or even the weather.  

- **Sport gear (e.g. clothing)** tends not to be easily affected by “wear and tear”. An exception can be food supplements which have a “best before” inscription and ability. All this can be acquired by consumers without any concern about their premature malfunction. However, sport related services cannot be stored. For example, there is no way of keeping unsold game tickets and sell them at another event; once the game is finished the number of vacant seats means a loss and an unsold potential that can never be compensated – all these point to a thing called time-dependence.  

- **Separation** is a term widely used for describing whether the moment in which a product is made, offered and consumed is exactly the same. Sport related services are produced and consumed at the same time; a sporting event takes place simultaneously with its view by the audience or fans. As we travel down the continuous goods-services axis from pure goods to pure services, possibility of separation drops dramatically; in other words, it gets trickier and trickier to
separate the costumer received service from the one assured by the producer. In case of an event (sports event) no one can set apart an athlete from entertainment and fun (Jinga Gh., Năstase M., - Abordări manageriale și de marketing în sport, Editura ASE, București, 2006,p.52)  
- In addition to those above, sport related services present a series of unique characteristics which are very important in issuing strategies and business plans adopted to sports. Those unique traits can appear like this: (Constantinescu, 2009, p.18 – 20).
- A sport service is usually subjective and cannot be measured exactly. The spectators’ experience after witnessing the event will have a high degree of subjectivism making measuring the success of the event nearly impossible due to the fact that every time some spectators will leave the arena sad or angry because their favorite team has suffered a defeat.
- Although sports companies are in competition with one and other, they sometimes have to work together for a good flow of the event.
- A sport related service is neither constant in quality nor predictable in any way. Results are always known only at the end, an aspect that would make other costumers from any other fields feeling insecure about the product they’ve invested in. Matches played at different times would be different even though teams would be the same and also any other factor would be similar with one and other.
- Sport is usually consumed in groups, being a means of communication and “social glue”. The satisfaction obtained through sports basically depends on other people communication skills and content. One can say crowd pleasure and satisfaction depend on their own interactions with the people around them.
- Sports have a universal magnetism, being present on every continent of the world, at any moment and within any kind of people. Also sports have been practiced and viewed by all categories of people. Sports are deeply tied from all other free time activities, satisfying the most basic individual needs. For example, sports are associated with relaxation, entertainment, exercise, diet habits, gambling, stimulation, physical violence, social identification, the economical and law environments, religion, business and industry (Constantinescu, 2009, p.18 – 20)
- Sport related services address spectators as well as companies. Both services and sport products are used by big organizations to promote their own products. These can pay for good seats on great stadiums of the world, even though their employees are not fans of that particular team(s) (Jinga and Nastase, 2006, p.48).

Perhaps the most significant difference between a sport service and a product is the simultaneousness of production and consumption.

What is most important is that spectators as well as participants will gain a series of experiences after the event. Without a good sport service, sport products would not be sold at all.

3 Global sports industry (a snapshot view)

Sports are one of the most important and universal institutions belonging to our society. Although it can be seen as a way of entertainment, sport clearly sets itself apart from any other way of entertainment through a very important aspect – it is spontaneous. For example, a theatrical play or show has got a scenario that must be strictly followed; a concert has a well defined schedule; sport events, however, are spontaneous and most of times independent of any outside control (Cetină, Constantinescu et al., 2009, p.18-20).

Sports industry is a rapidly climbing endeavor, in some parts of the world being a major sector of activity. Recently sport reviews and news articles regarding sports have risen considerably. All this along with the remarkable competition between different products and sports related services gave rise to a multidimensional interest for the sport market. Some huge profits and revenues obtained in this field rely on advertising, sponsorship contracts,
sale of sports products, licenses, sums spent by the crowds, etc (Shank, 2005.p.129).

Currently, throughout the world millions of people are employed in sport related organizations, in various fields such as event and placement management, mass-media, marketing, professional sports and coaching as well as other neighboring industries like making equipments and gear specially designed for sport use. Elite level speaking, sports have gone beyond mere amateur entertainment and wind up at a very serious level. Growth and professionalization of sport goods have led to significant changes in the consumption and production, at all levels. A good sports company management in the early XXI\textsuperscript{st} century involves applying and implementation techniques and strategies that are obvious in most modern successful organizations.

In recent years, despite the major economical backlash, sports industry has continued its growth, sporting events being increasingly desired by people. The sport events media coverage improved helped also by IT&C technology growth. According to PWC’s second report regarding the sports market worldwide called “Changing the game: The Outlook for the Global Sports Market to 2015” sport revenue will set its level at around 145,3 billions of dollars, in obvious climb from just 118 billions in 2011. Translated in % figures, the total growth is of 3,7 as a result of economical recovery, TV advertising rebirth, constant sports migration towards Pay-Per-View and Pay-TV regimes as well as redirecting sport sponsorship contracts to auto companies and financial institutions (http://www.pwc.com/sportsoutlook)

TV giants, international federations, sport clubs as well as sport MVPs start utilizing more and more the social media as a means of reaching their fans better and also to enhance the sensations experienced by spectators during major competitions. Another positive thing for this industry is the constant desire or wish coming from sponsors to maintain their support over clubs, players and events as a part of their marketing mix, support which is being achieved through increasingly sophisticated instruments for data analysis, all done for a better view over their intended market sector and also for a way of measuring the efficiency of their financial investment in this sector. Currently, North America is the largest sports market in the world with specialists claiming this will not change much in the years to come. North America is followed by the so-called EMEA macro-region which includes Europe, Middle East and Africa. The smallest or the least valuable market is Latin America (http:pwc. Despite that fact, Latin America will have the highest annual growth rate – 4.9% as a result of hosting World Cup in Brazil (2014) followed closely by the North American market with 4.5% by 2015. The EMEA region, according to experts in this field, will have the weakest growth rate - 2.9% (yearly) as an obvious result of the economical struggle. However, Europe of 2012 had increases in the rate much greater than the average, much due to London Olympics as well as the European Football Cup (Poland and Ukraine). Added to that, February 2014, the Russian city of Soci and July 2014’s Commonwealth Games (held in Glasgow, Scotland) will surely contribute to a better financial result.

As we advance through this economic crisis, it gets obvious world power balance is shifting, with Asia making a spectacular recovery – this will lead to an increased effect of sports globalization, as clubs and federations will look for a way to boost their middle-class income. Sport market growth in BRIC countries (Brazil, Russia, China and India) has well surpassed their previous rates, although it has to be said, this growth will stabilize in the next period.
Sports industry
- all sport items: services, locations, people and ideas offered to costumers

Sports industry division
- by product and type of consumer

Performance sector
- offers for the consumers (seen as participants or spectators)

Sport products’ sector
- products that influence the quality of sport performance

Sport promotion sector
- instruments used in sport products’ advertising

1. Athletes
   a. professional
   b. amateur
2. Private sports businesses
3. Public sports sector (by using people’s taxes)
4. Sports organizations sustained by members’ personal funds and resources
5. Non-profit sports organizations
6. Sports education
7. Fitness and sports companies

1. Products and equipment
   a. sports items
   b. clothing
2. Performance enhancement products
   a. coaches and instructors
   b. medical assistance
   c. sport centers and facilities
   d. officials and the administrative sector

1. Advertising and discount products (special offers)
2. Promotion events and shows
3. Mass-media
4. Sponsorship
   a. event-bound
   b. multiple events-bound
   c. team-bound
   d. individual-bound
   e. league or circuit-bound
5. Image association and recognition
Income from spectators is currently the main source of money for the entire global market, with an impressive 32, 6% or 44.7 billions of dollars expected at the end of 2015, being also the key-source for obtaining profits in regions where live viewing of an event is part of the national culture. Regarding all these aspects, income gained through access tickets will witness the slowest growth rate of only 2.5% (by 2015). Despite the fact fans’ appetites for live competitions will continue to ascend and many major contests are played with all seats occupied, there is some concern regarding the balance between mass entertainment and athlete competitiveness, which led to an increased overall ticket price, nearly transforming some of the competitions into an “upper-class luxury” (http://www.pwc.com/sportsoutlook).

Despite this increase, some institutional laws and rules might actually cause an increase in revenue. In Europe alone , UEFA’s financial fair-play rules gets clubs boosting their ticket income, which will automatically lead to bigger stadium construction. Changing sport competitions is also a method of appealing for new, less- interested categories of people. This aspect can be easily observed if we take a look at the rapid climb in appeal of rugby in seven African countries and also cricket in the T20 formula. World nations are well aware of these big events attractiveness – they often compete for hosting such shows which can also bring them national fame and reputation abroad and, of course, the tourism view can be well stimulated.

Broadcasting rights represent the third most valuable revenue sector in sports with a 24.1% of the total sports industry value, being the second most “energetic” market segment, with an annual growth rate of 3.8%. Broadcasting rights gain will suffer a 29.2 to 35.2 billions of dollars (6 billions) increase by 2015. All these ascensions really mask the massive fluctuations recorded in periods such as the Olympics or World Cup tournaments. TV rights still make-up the most valuable branch of the broadcasting rights area, although the Internet and other mobile terminals can also contribute to a better sports experience for the fans. A clever use of the social media networks (such as Facebook, Twitter or Skype) can add some value in the fan-TV network relationship, many TV giants already investing in creating a more interactive, two-way channel of broadcasting and interaction.

Technology use brings one of the major challenges the media industry has to face – people expect getting in touch with any favorite program (including sports) in virtual space as well as in the more traditional environment such as TV or radio for free; people are willing to pay, however, for exclusive access. This placed broadcast rules owners in a favorable role. However, digitalization of our world translates into bigger and bigger efforts from rights owners to maintain control over sports content. Merchandising revenue is still the smallest sector in the sports industry with only 14.5% of the total value. Some regions like North America (with 25%), well surpass that percent of 14.5. Growth here is strongly tied to general consumption levels and is somewhere estimated at 2.6% yearly by 2015, reaching a total of 20,1 billion dollars.

Global recession has had a dramatic effect over sports merchandising income as people had become weary over their smallest expenses. Sport clubs face a shift from merchandising income to online income, which allows them to expand their fan base even outside their national borders. This aspect drives sport brands to gain a financial value in other countries than their COO (Country of Origin). Media broadcast in that countries also faces an increase in view demand. Practice has it that a higher level of interest from consumers generates better merchandising financial results and, again, the social media is the one which ‘feeds’ on fan interaction.

In an increasingly unstable world from a political and economic point of view, sports industry evolution will be characterized by the following:

- Growth will most likely come from emergent market such as BRIC countries and the Middle East which will continue offering commercial development opportunities for local sporting events as well as for international ones.
- Sponsors will request increasingly higher

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quality advertising investment efficiency measuring tools.

- Sport associations will issue new rules to control costs and clubs debt levels in order to create a sustainable business pattern for all next generation members.

Sport associations have to find the balance between their increasingly demanding commercial needs and maintaining sports as pure as possible from the sensations and interest arisen in spectators’ points of view.

**Sports Marketing. Marketing “for” sports use and marketing “by” sports**

The concept of “sports marketing” has first been introduced in the USA by “Advertising Age” in 1978. Since then, it has been used to describe a variety of sport promotion-bound activities.

People have the tendency of defining Marketing by using their personal experiences instead of acknowledging the true role of this discipline—fulfilling a company’s or organization’s mission. Some company managers could describe sports marketing as creating sale for goods and services in order to generate or increase profits. However, sport related marketing means far more than that. Sport marketing is more than advertising and PR. Sport related marketing expands far beyond social relations. Pitts and Stotlar (2007) define sports marketing as “a process of developing and implementing production actions, price range establishment, advertising as well as distribution of a sports product used to satisfy consumer needs and wishes and fulfill a company’s objectives”.

Sport related marketing means applying most traditional marketing concepts for products and services in the sports field and also selling sport unrelated products by using a sport-related connection. Consequently, sport marketing has two key-points. First of all, it represents the activity of applying general marketing use on products and services that are sport-bound. Secondly, it can represent a sale of any other industrial and consumer products or services, through or by using sports.

**Marketing “for” sports use** refers to the use of the “4Ps” in order to communicate spectators’ attendance benefits (potential consumers), regarding sporting activities. Ultimately the aim is that of ensuring sport constantly survives in a most unstable environment. Survival depends mostly on the ultimate purpose of the sport federation. National sport organizations that are mostly associated with elite sporting competitions will make a tremendous effort in developing this marketing mix to ensure their product(s) is attractive as a live entertainment process and broadcasted live through television, the Internet and another channels.

**Marketing “by” sports.** Sport sponsorship contracts are a good example of marketing through or by using sports. The biggest corporations use sport as a promotion and advertising vehicle of their products, usually for the known categories of age associated with a particular sports branch. TV broadcasting length of the sport events are particularly attractive for any firms that wish to advertise their products by using a sport-product relation. License programs development is another example of marketing “by” sport means.

Sport field marketers must be capable enough in order to recognize and analyze their business environment, to determine its effects and also to make strategic decisions which will increase success for their companies.

A sport marketer must swiftly identify needs and desires that are satisfied through the exchange process. Counter-offer for sport member tax exchanges can include: social interaction, physical exercise, a chance of competing, health and physical well-being and entertainment. Identifying the population’s needs is the most complex problem in marketing’s first process. Obtaining this information will allow benefits of the sport product to be communicated in such way that sport position on the market becomes obvious.

**The process of strategic planning regarding sport marketing** The process of strategic planning regarding sport marketing, which describes all its stages and activities, is the backbone of every sport marketing effort(s). This has three stages:
Stage 1 – Identifying marketing opportunities

Internal and external environment analysis
First stage 1 activity involves a careful internal and external analysis in which a sports organization is active. Internal environment is being represented by the unique corporate traits of a particular company. Strengths and weaknesses are a essentials parts here. For example, a local football club can be strong when considering its positive social profile and also when talking about the support it gets from a regional sport federation regarding competition. On the other side, this club can be weak from the financial point of view and may have problems in attracting young new players. External environment refers to the whole market in which a sports organization is active. This includes the same branch sports industry as well as national and international contexts in which a sporting activity takes place. By following the “local football club” example, a foreign or outside environment analysis can reveal football is not the most popular sport in the region or that authorities do not give enough support for this sport’s growth. These external factors can also have a strong influence on a sport organization’s strengths and weaknesses.

Strengths and weaknesses analysis should focus on the actual circumstances in which a sport organization is located. Strengths can include a good employee base, a renowned member base, a good youth program or a highly capable management sector. On the other hand, weaknesses should be viewed as limitations which will ultimately stop any strategy from fulfillment. Frequent weakness can consist of: a deficiency regarding training facilities, inadequate sponsorship, volunteers’ loss of interest and a weak financial status. While strengths and weaknesses should be focused on a current situation, opportunities and threats should look to the future. An opportunity is a situation or event which can be used by an organization in its benefit. For example, most common opportunities are: government funding, identifying a new potential market or the chance of adding a new, well-skilled staff member. Threats however, are negative situations which could be obstacles in any future performance. Common threats include artificially increasing player salaries, new potential competitors or unfavorable market tendencies such as increased appeal for electronic games consoles. Every single sports organization has a purpose in mind. This purpose is well defined in the mission statement which basically holds the whole key of that sport entity. Sport cannot exist all by itself, being rather an aspect of social tendencies and interactions. As a result, the mission report for a sports organization must reflect all environmentally existing values and beliefs. In a non-existent mission statement any respectable organization should create one. All personnel members must be actively involved in writing the mission statement so everyone can contribute significantly to its completion. A sport marketing plan derived from and well-tuned with the mission statement must ensure a right fulfillment of the “4Ps”. Sports entities’ marketing strategies should engulf commercial objectives in social and environmental ones.

A great percentage of sports organizations tend to become more focused on commercial aspects. (e.g. member and income quantum growth). This kind of focus creates a whole universe of problems for both profit and non-profit firms as it becomes more difficult to maintain the same marketing profits in a stagnant social environment (regarding the number of local members). This situation can lead to a conflict involving organizations’ values and the local business culture. Added to that, all types of sports entities try to mend some of this social issues and negative trends by developing an adequate marketing plan. This involves applying marketing concepts and methods for achieving a superior state of costumer behavioral manipulation and a also a growth in all organization associated groups of people. A commercial entity’s objectives are a series of general purposes which must be made possible and true. In sports, these can include financial viability insurance, increasing spectators’
numbers, increasing members’ numbers and stimulating public sport appeal.

Marketing research and IT&C utilization analysis
Step 3 demonstrates how important marketing research is, all done with the clear purpose of correlating any decision with the actual market situation. Basically, market research in sport organization tries to answer six consumer-related questions regarding product purchase. First of all, sports organizations must know who their customers are – this being only the tip of the iceberg. Why, when and where they consume the product has an equally important questions. Also, the characteristics of ante-event and post-event product consumption are critical aspects here.

In order for an organization to make a right decision, a lot of information is needed. Regarding all this, collecting information is just a start on the road of building a capable and efficient informational management system. Once piled together, these pieces of information must be integrated, analyzed and used to guide the enterprise.

Sport marketing will require the research obtained information to formulate its own decision and strategies concerning every aspect of the firm. Marketing research is usually targeted at only one point. At the same time, general data bases can be maintained and oriented towards any specific company or costumer needs.

Stage 2 – Determining strategy

Defining the sport marketing mix. There are seven strategic parts of the marketing mix: 4Ps + people, concrete evidence and the service process.

A short description of these components would look like this:

- Product – the characteristics must offer significant benefits for consumers (real product identification included);
- Price – guarantees the product’s price is well balanced with its value;
- Product placement – right time, right place, easy and accessible purchase;
- Physical (concrete) evidence – visual and tangible clues about services bound to the product like production schematics and more generally, esthetics;
- Service process – represents the marketing and functional operations merge which ensures a good product and service distribution;
- People – people are responsible for supplying sport events and are a key-factor in differentiating service quality;
- Promotion – communicates the product’s ability to satisfy clients through advertising, personal sale, special offers, sponsorship and endorsements, PR and granting promotion licenses.

Determining tactics and performance benchmarks. According to relational marketing principles, marketing can be visualized through a three complementary and interdependent subsystems: network, market and internal. As a result, sport organizations must apply measures that regard all three sectors. An organizational relation strategy should hold final users; interested parts must be involved in its programs and in people relations within the company.

Stage 3 – Applying the strategy, evaluation and adaptation

Sport business must contain a sport marketing management system. This system includes implementation, management and evaluation of all sport marketing. Management is a multidimensional step which ensures setting objectives, sport marketing plan issuing, selection and organizational management, supervising programs and deadlines – all these create a tight bond between top management and sport marketing personnel as well as every single sport marketing function correlation.

Issuing a sport marketing plan is a very important task. Strategic planning functions have the role of strengthening relations between sport marketing and other functional sectors. The sport related marketing plan is a document well written, adapted to a specific action of the company or a specific product.
This plan contains marketing objectives, identified target-markets, financial strategies and details about the marketing mix strategies. The marketing plan can be done for only one sport product, a group of products, a new promotion strategy or for the entire organization.

Putting together a solid marketing plan takes time, research and a critical analysis. This should be the apex of all effort in which all activities are thoroughly checked. The final plan should reflect taking decisions and formulating a strategy.

Implementation means setting up a system for applying and managing sport related marketing strategies of an organization. Evaluation represents creating a system which can analyze marketing strategies and work out if any of these will lead to a successful objectives completion.

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