

# International Journal of Law, Education, Social and Sports Studies (IJLESS)

*A Peer Reviewed (Refereed) International Research Journal*

Homepage: [www.ijless.kypublications.com](http://www.ijless.kypublications.com)

**Vol. 2. Supplementary issue 3.2015 (October)**



**Category:** Business of sports



## **BUSINESS OF SPORTS**

**K.VENKATESWARLU**

M.Ed. Student, ANU CAMPUS

[Venkat8953@gmail.com](mailto:Venkat8953@gmail.com)

### **INTRODUCTION**

Business of sports are a subdivision of marketing which focuses both on the promotion of sports events and teams as well as the promotion of other products and services through sporting events and sports teams. It is a service in which the element promoted can be a physical product or a brand name. The goal is to provide the client with strategies to promote the sport or to promote something other than sport through sports. Sport marketing is also designed to meet the needs and wants of the consumer through exchange processes.<sup>[1]</sup> These strategies follow the traditional four "P"'s of general marketing Product, Price, Promotion and Place, another four "P"'s added to sport marketing, relating to the fact sports are considered to be a service. The additional 4 P's are: Planning, Packaging, Positioning and Perception. The addition of the four extra elements is called the "sport marketing mix.

Businesses of Sports are divided into three sectors. The first is the advertising of sport and sports associations such as the Olympics, Spanish Football league and the NFL. The second concerns the use of sporting events, sporting teams and individual athletes to promote various products. The third is the promotion of sport to the public in order to increase participation. In the first case, the promotion is directly related to sports. In the second case, the products can but do not have to be directly related to sports. When the promotion is about sports in general, the use of this kind of strategy is called "Marketing of Sports." When the promotion is not about the sports but sports events, athletes, teams or leagues are used to promote different products, the marketing strategy is denominated "Marketing through sports." When the promotion is about increasing participation amongst the public it is called "Grassroots Sports Marketing." To promote the products or services, the companies and associations use different channels such as sponsorships of teams or athletes, television or radio advertisement during the different broadcast sports events and celebrations, and/or advertisement on sporting venues. "Street marketing of sport" which considers sport marketing through billboards on the street and also through urban elements (street lighters and sidewalks, etc.) to help promote and gain publicity during major worldwide sporting events such as the Football World Cup, the Olympic Games, the Super Bowl or the Winter Olympic Games.

One element that sport marketing takes advantage of is that athletes tend to be brand loyal and fans tend to be loyal to their favorite athletes and teams. This can be recognized through the contracts players and athletes sign with sports companies in which they get paid to wear or use their products in each game or sporting event. By doing so, the players and athletes and also their fans develop a loyalty to the products for a longer time.<sup>[1]</sup>

Sports are a rapidly growing industry worldwide. The global sports industry is estimated to be worth around USD 600 billion comprising a range of associated businesses such as sports manufacturing, retail, tourism, sports medicine, venues & infrastructure, media & hospitality and merchandising.

While sports are an organized business in developed economies, this has been a Government led initiative in India where corporate sector's presences have often been through corporate social responsibility

# International Journal of Law, Education, Social and Sports Studies (IJLESS)

*A Peer Reviewed (Refereed) International Research Journal*

Homepage: [www.ijless.kypublications.com](http://www.ijless.kypublications.com)

**Vol. 2. Supplementary issue 3.2015 (October)**



channels. The exception has been the commercial sporting formats leagues, especially in cricket, where corporate sector has been very active in recent years.

The global sports sector is estimated to be worth USD 480–620 billion<sup>1</sup>, however, in India, sport is yet to be recognised as a sector and there is no comprehensive study on the industry's estimated size in the country. The sports sector may comprise several segments such as sports tourism comprise several segments such as sports tourism, sporting goods (manufacturing and retail), sports apparel, amateur and professional sports, recreational sports, high school and college athletics, outdoor sports, sports businesses such as sports marketing firms, the sport sponsorship industry and sport governing bodies. A thriving sports sector usually has significant socio-economic impact, as it is instrumental in improving the physical health and mental agility of a nation's human resources, and in promoting unity and national pride. In fact, sport as an industry contributes to about one to five per cent to the GDPs of various countries. However, a lack of sports culture in India has deferred the formation of a similar industry in the country despite growing awareness, interest and successes in various non-cricket sports such as archery, badminton, boxing, chess, hockey, tennis, snooker, billiards, shooting and wrestling at prominent international competitions. Due to a lack of industry status and lack of sports culture, corporate investment in sports in India has traditionally been limited to CSR initiatives. However, international and domestic examples have shown that investment in sports has high potential tangible return on investment (RoI), albeit a long gestation period for commercial returns in case of league franchises, and has significant intangible RoI as well. The intangible RoI stems from increased brand awareness, brand building among target customers and increased brand loyalty through community engagement by utilizing the mass medium of sports. The main modes of private investment and private sector association with sports include

**For profit:** This pertains to the commercial interests in the sports sector, and covers the entire spectrum of sports goods manufacturing, retailing, establishing sports academies, providing sports curriculum services to schools and colleges, owning leagues and franchises, player management agencies, media houses, infrastructure development companies and other companies that seek marketing avenues for their brands through sponsorship association with sports tournaments and players.

**Non- profit:** These include CSR initiatives and investments in the sector by leading corporate houses, and non-profit foundations. These foundations are chiefly involved in providing opportunities to children from the under-privileged sections to take up sports, supporting promising sports persons in accessing world-class training facilities and developing world level infrastructure.

In India, non-profit association with sport is more common. For-profit investment in sport in India mainly includes sponsorships and owning leagues and franchises. The commercial success of Indian Premier League (IPL) in cricket has led to a surge of similar commercial formats in other sports such as badminton, football and hockey. Reasonable success of the Indian Badminton League (IBL) and the Hockey India League (HIL) — sports that don't enjoy the same popularity as cricket, has Executive Summary<sup>1</sup>. "The Sports Market", AT Kearney, 2011 shown that leagues are a good medium for generating interest and driving sports culture besides the potential RoI. These leagues may therefore not only benefit their respective sport monetarily, but also boost their uptake in the country. Thus, with the burgeoning middle class of India and an increasing disposable income, media coverage of international and domestic sports and television and internet penetration, the time is opportune to form an organised sports sector with requisite policy support that further facilitates sports commerce and leagues of this nature. However, long term sustainability of commercial efforts such as leagues will likely thrive on profitability metrics driven by India's performance at global events, their popularity in the country and the consequent rise in audience interest. Thus, the leagues that could be an agent to rise in sporting culture require support from a well developed sports ecosystem that can sustain people's increased interest by breeding more quality sports persons who can win laurels at



international sporting events and elicit further enthusiasm. The success of leagues and development of sports ecosystem therefore drive each other. This further underlines the long-term nature of commercial returns in leagues due to its dependence on the development of the sports ecosystem in the country in the long run. In keeping with the above, the Confederation of Indian Industry (CII) has re-adopted the Government's twin objectives of broad-basing sports and achieving excellence in them, as part of its India@75 vision for sports because working along these objectives would drive business of sports. The CII vision is further linked to winning a desired number of medals in the 2020 Olympics. The Olympic sports that India excels in are not medal-intensive, with the exception of shooting and wrestling. Therefore, a good strategy for attaining the CII India@75 vision could be to continue strengthening the base of sports that India excels in while investing in building a talent pool for sports that have a high medal potential, such as aquatics and athletics. The Government has been working towards developing the overall sports ecosystem to increase medal wins, albeit few implementation issues and limited resources. However, concentrated and joint efforts are required from both the Government, in terms of adequate policy support such as provision of industry status and relief on import duty for sports equipment to private sector, and the private sector in terms of building innovative sustainable business models for creation of sports infrastructure, academies and franchises, to allow business of sports to grow beyond leagues and sponsorships and turn India's sporting vision into reality.

## **Advantages of Business of Sports**

Sport marketing impels memberships, sales, and recognition. These factors represent the biggest benefits for the companies, the athletes, the associations, the leagues, and sport event managers. Well planned, effective marketing helps to understand the customer and the marketplace. Also, informed marketing decisions help increase status and importance in people's lives, sport is considered a profitable and sustainable marketing source.

### **1. Free Publicity**

The exposure for companies entering competitions is not restricted to the winner. Increasingly organisers seek to build an audience for the awards announcement by highlighting the work of shortlisted entrants.

Winning an award will bring with it promotional opportunities via the organisers but as a company you should also do your own PR off the back of a win or shortlisting. Notify your network of contacts, thank your staff, customers, clients and suppliers for their help and don't forget to tell your governing bodies or trade organisations as they will look to promote success of their members.

### **2. Increased Credibility**

The value of having a title such as 'Best New Sports Product or Service' or 'Sports Entrepreneur of the Year' should not be underestimated. It goes on your website, LinkedIn profile, email footer, funding applications, publicity materials and it is there for life.

Winning awards gives a company a sense of validation from their peers that when coupled with accreditation by governing bodies, impressive client lists and customer testimonials gives a business a powerful promotional and negotiating tool.

### **3. Funding Opportunities**

Award wins are great to include in funding applications as they speak to the proven quality of your company. They can go a long way to short cutting the thought process for an assessor looking to find companies which qualify when reviewing applications. Awards can also bring your company to the attention of potential investors or business partners that could help you leverage finance or expand into new markets. Also the awareness of your company will grow, giving you the chance of more sales or new clients.

### **4. Motivational Milestone**

Entering awards can say a lot to your employees about how much you believe in the product and their contribution in the company's success. Involving them in the application process, the awards dinner, and the



subsequent celebrations is an opportunity to take a step away from the normal routine and make them feel valued. As a company, marking an anonymous business plan milestone in a very public way helps everyone involved remember the positive progress that has been made.

## **5. FreshPerspective**

It's all too easy when building a business and developing products to lose the focus on what your end goal is. A simple awards application offers the opportunity to look at your service or product at its most basic level. By explaining your company to someone new, the benefits of its products and its achievements to date, you will gain a better perspective on where you are in terms of your objectives. This clarity can help you move forward as a company and coupled with the other benefits makes the time spent completing the simple entry forms all the more beneficial.

## **Limitations of Business of Sports**

Business of Sports is big business. According to an article in the New York Times, as recently as 2007, "G.M. spent close to \$578 million on TV sports advertising." Tens of millions of people flock to large venues yearly to watch modern gladiators battle for championships and, on a smaller scale, local sports teams also fill the stands with spectators. While there may be concrete benefits for a small business to advertise in sports, there are several disadvantages to consider before spending too much of your precious marketing budget in this arena.

**1.cost:** Depending on the venue, sports advertising can be cost-prohibitive for a small business. An extreme example would be the ultimate in sports advertisements: the Super Bowl. The 2011 price for a 30-second advertising spot during the Super Bowl was about \$3 million. While a spot like this would most certainly enhance your name recognition, the price would prevent most from considering it. Local advertising, while certainly less expensive, reaches far fewer people. KMOX, a large talk radio and sports channel in St. Louis that has broadcast St. Louis Cardinals baseball off and on for several decades, averages \$106 per spot, although you may negotiate a cheaper price within a long-term contract.

## **2. Moral Failings**

Depending on the product you are marketing, tying marketing efforts to a specific sporting event or player may be directly impacted by moral failings of its participants. In professional sports, Tiger Woods had developed a brand that drew eager advertisers from Nike to Buick to spend millions to employ him as a spokesperson. Many of his sponsors withdrew ads due to his failings. This can happen locally as well, on a smaller scale.

## **3. Return on Investment Varies**

While the return on investment (ROI) for sports advertising is apparently very good, as evidenced by the exorbitant rates associated with major events, the ROI may vary depending on several factors. In many sports, temperature extremes or precipitation can greatly reduce attendance and effectiveness of an event. Often a small business will advertise on specific, high-profile events but may or may not attempt to cover every event for an entire season. While this is certainly less expensive, it can lead to more risk exposure due to possible postponement of an event. The popularity of a team due to its performance during a season directly affects attendance, and therefore ROI.

## **4. Other Considerations**

If you advertise on television or radio, ad placement can be critical. Advertising early in the game while the event is being described and late in a game during its climax may yield more attentive listeners, especially in a longer event like a baseball game. It is, however, very hard to predict times during an event when you can gain the most listeners. Demographics can also be a consideration, as few sporting events appeal universally among genders and age categories.

# International Journal of Law, Education, Social and Sports Studies (IJLESS)

*A Peer Reviewed (Refereed) International Research Journal*

Homepage: [www.ijless.kypublications.com](http://www.ijless.kypublications.com)

**Vol. 2. Supplementary issue 3.2015 (October)**



## CONCLUSION

In this way there is nothing involvement of businessmen's in sports so many sports are not popularly. But business of sports are based on values at that time sports are conducting in healthy competitions

## REFERENCES

- [1]. D'Andrea, Guillermo; et al., eds. Administración de Servicios[Service's Administration] (in Spanish). Pearson Educación Times. p. 760. ISBN 978-0-273-68826-6.
- [2]. R. Kahle, Angeline G. Close (2011). Consumer Behavior Knowledge for Effective Sports and Event Marketing. New York: Routledge. ISBN 978-0-415-87358-1.
- [3]. "Marketing - Sports Clubs". (of publish, if any). Retrieved (27, September 2011). Check date values in: |access-date= (help)
- [4]. Luis Maram (7 September 2010). "La NFL en Cinemex" [The NFL in Cinemex] (in Spanish). Luis Maram. Retrieved November 5, 2010.
- [5]. <http://store.slazenger.com/CustomerServices/OtherInformation/AboutUs>
- [6]. Puromarketing (6 October 2010). "El BBVA amplia su acuerdo comopatrocinador de la ligaprofesional de fútbol hasta el 2013" [BBVA expands the contract that it had with as a sponsor with the Spanish league until 2013] (in Spanish). Puromarketing. Retrieved October 17, 2010.
- [7]. Luis Marentes (26 August 2010). "Representacion y derechos de imagen" [Rights of image and representations] (in Spanish).periodismo y marketing deportivo. Retrieved October 17,2010.