MARKET RESEARCH METHODS IN THE SPORTS INDUSTRY

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emerald PUBLISHING

United Kingdom – North America – Japan – India – Malaysia – China

Emerald Publishing Limited
Howard House, Wagon Lane, Bingley BD16 1WA, UK

First edition 2018

British Library Cataloguing in Publication Data
A catalogue record for this book is available from the British Library

ISBN: 978-1-78754-192-4 (Print)
ISBN: 978-1-78754-191-7 (Online)
ISBN: 978-1-78754-193-1 (Epub)

… to my Ana for all the patience, love and support.

Neven

To God and my family for protection and guidance, unconditional love and never-ending patience.

Jasenko

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Preface

Sport is a specific social phenomenon that, through progress, constantly fosters the birth and development of various sport entities (for our terminological classification that we use in this book, see Introduction chapter) around the world. Many, primarily amateur, sport entities today have major problems with financing of their activities, enabling market research discipline to take on the role of the platform for their survival. The education of sport professionals and those who study to be such professionals as well as educators working in the area of sport management and marketing aimed at clear comprehension, and effective use of the methods of market research in sports industry, therefore, possesses the highest significance. Relevant literature is required for this purpose. If the vast professional experience also takes significant role and is knitted in such literature, the same becomes even more appealing to these audiences. For this reason, author's experiences intertwine in the book through a number of practical examples and case studies that further argue the value of the methods and instruments of market research in the sports industry.

Given the social phenomenology of sport, it is necessary to adapt the standard market research tools and methods. The application of the methods presented in this book, ranging from the simplest – monitoring the environment, to the most complex sampling methods, can significantly contribute to the development of sport and sport entities by increasing the number of members, sponsors, followers and fans.

Amateur and professional sport represents an important component of national identities and valuable area of social activity. Due to a variety of reasons, there has always been a problem of financing of sport at the national level, especially in terms of amateur sport. Grounding the decision-making in sport and sport entity's management in the relevant information represents the first step in the resolution of financial as well as a multitude of other types of problems sport entities, professionals and amateurs face. The perception of the environment (general population, fans and sponsors) has important repercussions on the image and attractiveness of sport and sport entities. Attractive image attracts new members and sponsors, and such environment fosters the development of new talents, the same ones that will be winning future Olympics and World or Continental Championships. With that, the circle is closed.

Identifying the sources, collecting the data and interpreting such data to form viable information is the basis of the sustainable sport management strategy. Relevant information is a useful foundation for designing activities to increase the number of members, followers and fans, as well as effective attraction of sponsors and donors.

Through the acquisition of the knowledge about the design, selection and application of the methods and tools presented in this book, each sport worker can independently determine and remedy the causes of problems in the activities of sport entities. When the actual causes of a problem that sport entity faces have been determined, it is possible to propose effective guidelines for their resolution. How to boost the membership growth, how to encourage an affirmative attitude of potential sponsors, how to intensify the broader social benefits of the sport entity's activities in the environment? Continuous application of market research tools and methods presented in this book is the answer to these questions. For sport managers and other types of sport professionals and practitioners, this book will represent a significant aid in effective management and financing of the activities of their sport entities. The publication of this book is also an incentive for the education of sport workers to be able to relieve financial and other types of problems autonomously, the same problems that many sport and sport entities, especially amateur ones, face today.

This book is a quintessence of many years of professional sport experience in a variety of sport (football, basketball, karate, table tennis, underwater fishing, etc.) filled with numerous successfully remedied challenges. Customized market research tools and methods presented in this book are the result of such experience. Such tools and methods significantly contributed to the maintenance of financial liquidity of sport entities in which the authors acted. Using the book as an independent guide for the identification of the relevant information enables the optimization of the decision-making in managing the sport entity's activities in the environment in which it operates. As such, it is our firm belief that this book will be a useful companion to any sport professional, sport management and marketing student as well as any student and/or educator and researcher who works in the area of research methods in management sciences.

Chapter 1

Introduction to Market Research Methods in the Sports Industry

The term 'sport' represents an organized physical or other related type of activity, that is, an activity performed according to established rules for the purpose of preservation, improvement and development of psychophysical abilities and sport knowledge, satisfaction of needs for movement and play, and achievement of sport results (Swayne & Dodds, 2011). It is also an activity of public interest that includes training for sport, organization and implementation thereof, participation in competitions (professional and amateur), organization of sport events and organization and implementation of sport recreation (Funk, 2008). Contemporary sport also includes extracurricular and student activities. Such a construct of sport as a social phenomenon assumes continuous monitoring of the environment in which sporting activities take place (Beech & Chadwick, 2004).

The current profession of sport resides with *legal and physical entities (sport entities)* in accordance with sport rules and defined legal provisions (Chadwick, Chanavat, & Desbordes, 2016). Legal sport entity is a person established for performing sport activities (Swayne & Dodds, 2011). Depending on their activities and national legal provisions, sport entities can act as sport *clubs*, sport *recreational organizations* and sport *federations*. The widely known and established form of sport entities are *sport clubs*. The sport club is a legal entity established for the organization and implementation of sport training and participation in competitions (Swayne & Dodds, 2011). Sport clubs act as amateur (recreational) or professional entities. A professional sport club can also function as a public–private partnership. A professional sport club performs sport activities according to economic standards, i.e., primarily, the generation of profits. Therefore, the rules applicable to other economic entities (e.g. companies) also apply to professional sport clubs, if the national legislations do not imply otherwise. Sport *federations* are the associations that regulate and monitor the activities of sport clubs as well as maintain and develop the common interest in a particular sport that entail the sport itself, athletes (both amateur and professional) and clubs. Sport federation's activities can also entail other stakeholders such as fans and sponsors, although to a lesser extent. A *physical entity* refers to athletes, trainers or other people professionally trained in certain types of sport as well as recreational performers of sport activities (amateurs) for the purposes of health improvement, socialization and so forth. Sport entities practice market research for the purpose of designing and implementing sport training and preparation, training of children and youth in sport schools, implementation of sport recreation, organization and implementation of extracurricular sport activities in special institutions and training of sport techniques to all interessants (Swayne & Dodds, 2011). Following the above stated classification, we use these terms accordingly in this book. To avoid tautology and facilitate comprehension for the reader, we also use aggregate terms such as *environment*, *target segments* or *stakeholders of a sport entity* as the object of analysis in market research in the sports industry. Hence, these aggregates include entities stated above with various national and supra-national sport federations, regulatory bodies, members, fans, sponsors, occasional followers, athletes, trainers, employees of sport entities and so forth.

Sport entities are obliged to respect and apply sport-related rules of national and international sport federations and the International Olympic Committee. These and other relevant entities regulate sport activities through sport and legal regulations. Each entity should develop its own model of data collection and distribution of required information (Graham, Goldblatt, & Neirotti, 2001). The administration of market research methods, specifically adapted for the entity, the sports industry and the culture, is the way to effectively execute such activities (Kahle & Riley, 2004). Hence, along with the research methods competence, researchers have to possess high degree of industrial knowledge related to sport and cultural intelligence, which is a critical success factor in the global organizations context (Ljubica & Dulcic, 2012), which sport entities are starting to transform in increasingly. In addition, market research in the sports industry contributes to a wide array of areas. These areas include promotion of sport development, provision of conditions and infrastructure for sporting activities, training and recreation conditions, funding for national and international competitions, fulfilment of contractual conditions to athletes, encouraging sporting activities of people with disabilities, creating conditions for the implementation of extracurricular sport activities of students, encouraging research and developmental, educational and professional work in sport. Although sport bases on the principles of voluntarism, partnership, inclination, ability and professional and scientific work, sport entities can generate revenue aiding the implementation of their activities in accordance with the relevant national laws (Shank, 2005). In ethical terms, sport activities should be humane, free, voluntary, healthy, safe, fair, tolerant and socially acceptable. Sport should be accessible to all social classes, regardless of age, physical ability, disability, gender, race, language, religion, nationality, social origin, political commitment, property and other characteristics. Therefore, sport refers to all actions that enable and foster sporting activities and the conditions required for such activities (Copley, 2004).

It is also important to emphasize the significance of national and local sport federations as forms of sport entities. Their main purpose is the protection and development of common interests (of sport entities, professional and amateur athletes, recreational consumers of sport products and services and other stakeholders such as fans and sponsors) in a particular sport. Sport federations encourage the development of sport; represent, coordinate, organize and conduct competitions; keep records of members; and promote professional work and training of sport professionals and athletes. These entities cooperate with other relevant national and international sport and other-type entities and perform other tasks within their scope (Swayne & Dodds, 2011). National sport federations adopt sport rules in accordance with the local law and international sport rules. These entities find market research methodologies particularly useful (Buhler & Nufer, 2010). Market research activities also aid the organization of sport competitions, participation in such competitions, in defining athlete-transfer regulations and for other related purposes.

Sport competitions can be in the form of events, manifestations, meetings, games, etc. Sport competitions organize in accordance with legal provisions and sport rules. Sport research activities are particularly important for major international competitions—Olympic and Paralympic Games, World and Continental Championships, College sport competitions, International Cup competitions and others.

Sport facilities provide surfaces and space for performing sport along with supporting activities (Swayne & Dodds, 2011). In addition to providing space for sport, the sport facility also has supporting equipment required for certain sport.

Market research is particularly useful in the sport industry for the development of specific records or archives of athletes, sport entities, trainers and sport specialists, for people exercising rights to various fees, sport facilities and as sport events and manifestations.

Sport entities devise funding options in various ways including membership fees, donations, contributions, subsidies, legacies, interest on investments, rents, dividends, fund revenues, services, sponsorships and other marketing activities, TV rights and event revenues. The annual financial plan determines the sources of funds for the financing of sport activities of each entity individually. Relevant sport and non-sport supra-entities also use market research to supervise sport entities.

The marketing value of sport and the sport industry has been growing exponentially over the past decades rendering the parallel growth in use of the market research methods a logical consequence (Chadwick et al., 2016). The first game ever broadcasted (over the telegraph) was in 1919 (the Lone Star Showdown); the first sport event broadcasted over the radio took place in 1921 (boxing match in Pittsburgh). In 1923, Gene Sarazen, the golf player, signed the first sponsorship contract with Wilson Sport Goods, which until today remained the longest lasting one – renewed every two years until Sarazen's death in 1999. In 1925, the Goodyear Company started to use a large advertising balloon over the sites of the most popular sport events. Coca-Cola became the sponsor of the Olympic Games in 1928 and remains their partner until today. Berlin's Olympic Games were the first major sport event broadcasted by television followed by the similar broadcasts of the most exciting sport events in England and the United States. In the United States, the first television broadcast was in Colorado in 1951 at the Molly Pitcher Handicap Horse Race in Monmouth Park Jockey Club, Oceanport. Babe Didrikson Zaharias was the first woman to sign a sponsorship agreement with Wilson Sports Goods recorded in 1949. In August 1954, the first issue of the *Sports Illustrated* magazine was released, which until today remains one of the most important specialized sport magazines on a global scale. The Marketing Department of the University of Ohio was the first to offer a sport marketing course programme in 1966. Boxing match between Joe Frazier and Muhammad Ali in 1975 was the first example of pay-per-view TV broadcasting. ESPN, the first specialized sport channel in the world, started broadcasting in 1979. These and other events have defined marketing frameworks in sport, no longer imaginable without market research (Chadwick et al., 2016).

Prior to the implementation of marketing tools in the management of a sport entity, it is necessary to collect information that will improve the comprehension of the situation in the environment, the position of a sport entity, its goals and the optimal ways to realize such goals (Fullerton & Merz, 2008). The implementation of marketing tools in sport implies respect for the specificity of sport marketing in relation to the concept of general marketing (Beech & Chadwick, 2004). The antecedent of the implementation of marketing tools in managing a sport entity is a market situation research. The comprehension of the market position of a sport entity and the forces that influence its activities aid the comprehension of the context of the situation in which the sport entity operates (Kahle & Riley, 2004).

Since sport entities face many unpredictable environmental factors, the continuous monitoring of such environment is imperative for their survival. The modes of communication between the sport entities and public are changing. In 2002, Westerbeek and Smith predicted trends in the development of sport marketing. Sport has become a part of the programme content of most of the media; sport entities strive for global visibility and new technologies "enter service" in the entertainment industry. Hence, it is crucial to understand the potential effects, limitations and opportunities in the environment in which the sport entity operates. The first step always represents the data collection on environmental factors. The second step is the evaluation and analysis of identified factors. The third step is the integration of collected and analysed data into information based on marketing plans and strategies. The final step is the 'analysis of the relevance of the analysis' with regard to the accuracy and usefulness of the collected information. In this regard, the methods of market research in sport are particularly useful to analyse political, economic, socio-cultural, technological, natural, ethical and legal factors in the environment of sport entities. Political factors refer to the dominant ideology of governments, which determines the organization form of political authority over sport. Economic factors refer to the form of economy (planned and market), inflation, market openness, the trend of GDP growth and so forth. Socio-cultural factors define the predominant social culture and change of the same cultural differences in the environment and in the wider area where the sport entity publicly appears. Technological factors define technological changes that have repercussions on activities and funding of sport entities. Natural and ethical factors include climate change, the need for sustainable and responsible development of sport, ethical standards in sport and so forth. Finally, legal factors include legal regulations and restrictions on sport.

In the beginning of sport marketing, the predominant population of sport enthusiasts entailed men aged from 18 to 50. Today there is a growing number of women actively following sport and participating in the sports industry. There is also a growth in the number of families with children as a special segment of sport followers. The heterogeneity of sport and its followers demand the collection of relevant data making the knowledge of and the ability to implement the market research methods effectively in sport a precondition of survival. Since it is not possible to personalize the relationship of the sport entity towards all segments of sport followers, one needs to target specific follower segments. For this, it is necessary to select an appropriate method of market research in the sports industry.