

SPORTS and ENTERTAINMENT MARKETING 4e





SPORTS and **ENTERTAINMENT** **MARKETING** 4e

KEN KASER

DOTTY BOEN OELKERS

 **SOUTH-WESTERN**
CENGAGE Learning®

Australia • Brazil • Mexico • Singapore • United Kingdom • United States

This is an electronic version of the print textbook. Due to electronic rights restrictions, some third party content may be suppressed. Editorial review has deemed that any suppressed content does not materially affect the overall learning experience. The publisher reserves the right to remove content from this title at any time if subsequent rights restrictions require it. For valuable information on pricing, previous editions, changes to current editions, and alternate formats, please visit www.cengage.com/highered to search by ISBN#, author, title, or keyword for materials in your areas of interest.

Important Notice: Media content referenced within the product description or the product text may not be available in the eBook version.

**Sports and Entertainment Marketing,
Fourth Edition**
Ken Kaser, Dotty Boen Oelkers

SVP Global Product Management, Research,
School & Professional: Frank Menchaca
General Manager, K-12 School Group:
CarolAnn Shindelar
Publishing Director: Eve Lewis
Sr. Developmental Editor: Karen Caldwell
Marketing Manager: Kelsey Hagan
Sr. Content Project Manager: Martha Conway
Sr. Media Editor: Mike Jackson
Manufacturing Planner: Kevin Kluck
Consulting Editor: Peggy Shelton, LEAP
Publishing Services
Production Service: Integra
Sr. Art Director: Michelle Kunkler
Cover and Internal Designer: Tippy McIntosh
Intellectual Property Project Manager:
Michelle McKenna
Photo Researcher: Darren Wright
Permissions Research: Lumina Datamatics
Cover Images: Backstage Pass: © iStockphoto
.com/foto-ruhgebiet; Biker: © iStockphoto
.com/chrisdeana; Football: © iStockphoto
.com/padnpen; Snowboard: © iStockphoto
.com/blublaf; Taking Photo: © iStockphoto
.com/maikid; Guitar: © iStockphoto.com/
AarStudio; Concert: © iStockphoto.com/Dirk
Freder; Basketball players: Vico Collective/
Alin Dragulin/Blend Images/getty images
Design Images: Banners: © iStockphoto.com/
PixelEmbargo; Arrow: © iStockphoto.com/
pagadesign; Popcorn: © iStockphoto.com/
xxmmxx; Orange background:
© iStockphoto.com/jxfzsy; Multi-ethnic:
© iStockphoto.com/philipdyer; Tickets:
© iStockphoto.com/AndrewJohnson; Bubbles:
© iStockphoto.com/esenkartal; Time:
© iStockphoto.com/hh5800;
Thumb up: © iStockphoto.com/_human;
Stars: © iStockphoto.com/OlgaMiltsova;
Baseball: © iStockphoto.com/beichh4046;
3d rendered: © iStockphoto.com/skvoor;
Concept: © Krasimira Nevenova/Shutterstock
.com; Icon: © file404/Shutterstock.com;
Arrow: © iStockphoto.com/pagadesign
Contents Images: Guitar: © Olga Miltsova/
Shutterstock.com; Basketball: © Aaron
Amat/Shutterstock.com; Baseball: © Dan
Thornberg/Shutterstock.com; Ticket:
© iStockphoto.com/zimmytws; Goggles:
© iStockphoto.com/klikk; Chronometer:
© iStockphoto.com/Instamatic

© 2016, 2008 South-Western, Cengage Learning

WCN: 02-200-203

ALL RIGHTS RESERVED. No part of this work covered by the copyright herein may be reproduced, transmitted, stored or used in any form or by any means graphic, electronic, or mechanical, including but not limited to photocopying, recording, scanning, digitizing, taping, Web distribution, information networks, or information storage and retrieval systems, except as permitted under Section 107 or 108 of the 1976 United States Copyright Act, without the prior written permission of the publisher.

For product information and technology assistance, contact us at
Cengage Learning Customer & Sales Support, 1-800-354-9706

For permission to use material from this text or product,
submit all requests online at www.cengage.com/permissions
Further permissions questions can be emailed to
permissionrequest@cengage.com

ISBN: 978-1-133-60244-6

Cengage Learning
20 Channel Center Street
Boston, MA 02210
USA

Cengage Learning is a leading provider of customized learning solutions with office locations around the globe, including Singapore, the United Kingdom, Australia, Mexico, Brazil, and Japan. Locate your local office at: www.cengage.com/global

Cengage Learning products are represented in Canada by
Nelson Education, Ltd.

For your course and learning solutions, visit
ngl.cengage.com

Visit our company website at www.cengage.com

Reviewers

Amanda Coleman

Teacher, Business & Marketing Department
Elkins High School
Elkins, AR

Mark Drummond

Marketing Education Coordinator
West Deptford High School
West Deptford, NJ

Jacqueline N. Herrmann

Marketing Teacher, Coordinator
Deep Run High School
Glen Allen, VA

Janet Brown Jennings

Teacher, NBCT, Marketing
Eastern Montgomery High School
Elliston, VA

Barbara J. Lowery

Teacher, Business Department
Eastern Camden County High School
Voorhees, NJ

Matt Maw

Teacher, Business Department
Lincoln Southeast High School
Lincoln, NE

Debra M. Myers

Marketing Coordinator
Landstown High School: Governor's STEM &
Technology Academy
Virginia Beach, VA

Rachel J. Schlachta, MSM

Business Teacher
Buena Regional High School
Buena, NJ

Daina M. Sisk

Teacher/CEIP Coordinator, Business Department
Shaker High School
Latham, NY

Belinda Speer

Teacher, Career & Technical Education
Ennis High School
Ennis, TX

Mark Steedly

Marketing Management & Research Instructor
Sycamore High School/Great Oaks Institute of
Technology and Career Development
Cincinnati, OH

Christine Walker

Teacher, Business & Marketing Department
James E. Taylor High School
Katy, TX

About the Authors

Ken Kaser taught business and marketing courses in Nebraska and Texas high schools for 30 years. He currently serves as the Director for the Event Management and Sales Certificate program at Conrad Hilton College at the University of Houston. Ken has authored or co-authored seven books; written national, state, and local curriculum; served in many professional leadership roles; and earned numerous teaching awards at the national, state, and regional levels.

Dotty Boen Oelkers is a sports and entertainment author, educator, and enthusiast. Discovering, interviewing, and writing about the interesting people who market sports and entertainment is her passion. Dotty has written three books, co-authored one other, and contributed to numerous others. She began her career in retail management, is a former Marketing Education teacher and Career and Technical Education (CTE) Director, and has served as a consultant regarding CTE Administration in school districts across Texas.

SPORTS and ENTERTAINMENT MARKETING

Contents

CHAPTER 1 What is Sports and Entertainment Marketing? 2

- Lesson 1.1 Marketing Basics 4
- Lesson 1.2 Sports Marketing 13
- Lesson 1.3 Entertainment Marketing 19
- Chapter Assessment 26 Case Study/Winning Edge 30/31

CHAPTER 2 Putting the Customer First 32

- Lesson 2.1 The Marketing Concept 34
- Lesson 2.2 Discover What People Want 39
- Lesson 2.3 Target Markets 46
- Lesson 2.4 Customer Service 52
- Chapter Assessment 58 Case Study/Winning Edge 62/63

CHAPTER 3 Sports and Entertainment Means Business 64

- Lesson 3.1 Sports and Entertainment Economics 66
- Lesson 3.2 Financial Analysis 71
- Lesson 3.3 Risk Management 75
- Lesson 3.4 Business Ethics 81
- Chapter Assessment 86 Case Study/Winning Edge 90/91

CHAPTER 4 The Wide World of Sports and Entertainment 92

- Lesson 4.1 Worldwide Sports and Entertainment Events 94
- Lesson 4.2 Global Sports and Entertainment Trends 102
- Lesson 4.3 Diversity in the Sports and Entertainment Industry 107
- Lesson 4.4 Destinations: Travel and Tourism 112
- Chapter Assessment 118 Case Study/Winning Edge 122/123

CHAPTER 5 Marketing-Information Management 124

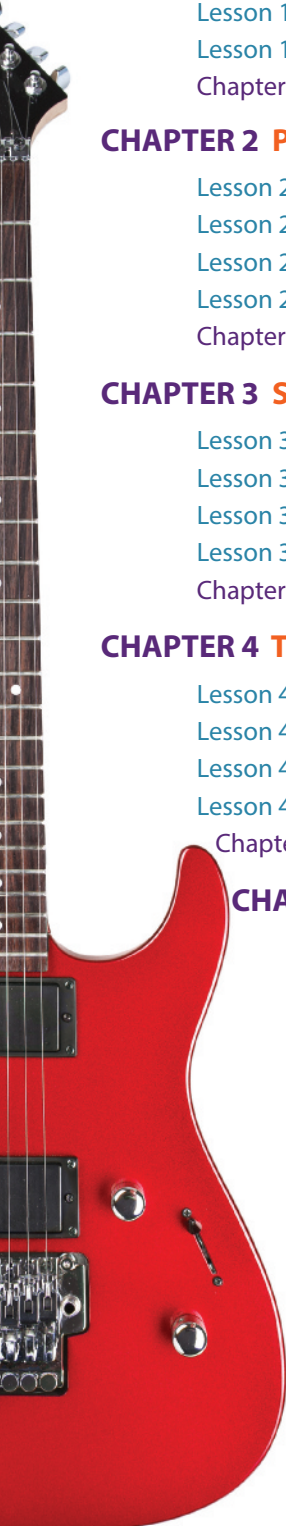
- Lesson 5.1 Marketing-Information Systems 126
- Lesson 5.2 The Marketing Research Process 131
- Lesson 5.3 Turning Information into Action 138
- Chapter Assessment 142 Case Study/Winning Edge 146/147

CHAPTER 6 The Product is Sports and Entertainment 148

- Lesson 6.1 The Product Mix 150
- Lesson 6.2 People Are the Product 156
- Lesson 6.3 Product Marketing Strategies 163
- Chapter Assessment 170 Case Study/Winning Edge 174/175

CHAPTER 7 Managing the Channels 176

- Lesson 7.1 Channels of Distribution 178
- Lesson 7.2 Social Media and Technology Channel Management 186
- Lesson 7.3 Entertainment Distribution 191
- Lesson 7.4 Sports Distribution 194
- Chapter Assessment 202 Case Study/Winning Edge 206/207



CHAPTER 8 The Economics of Supply and Demand 208

- Lesson 8.1 Supply and Demand 210
- Lesson 8.2 Pricing Strategies 216
- Lesson 8.3 Market Conditions 222
- Chapter Assessment 228 Case Study/Winning Edge 232/233

CHAPTER 9 Sports and Entertainment Promotion 234

- Lesson 9.1 Promoting Sports and Entertainment 236
- Lesson 9.2 Advertising and Sales Promotion 240
- Lesson 9.3 Publicity and Personal Selling 247
- Chapter Assessment 254 Case Study/Winning Edge 258/259

CHAPTER 10 Promotional Planning 260

- Lesson 10.1 Promotional Events and the Event Triangle 262
- Lesson 10.2 Sponsorships and Endorsements 268
- Lesson 10.3 Promotional Plans 274
- Chapter Assessment 280 Case Study/Winning Edge 284/285

CHAPTER 11 Selling Sports and Entertainment 286

- Lesson 11.1 The Sales Process 288
- Lesson 11.2 Ticket Sales 294
- Lesson 11.3 Group and Corporate Sales 300
- Chapter Assessment 304 Case Study/Winning Edge 308/309

CHAPTER 12 The Marketing Game Plan 310

- Lesson 12.1 Mapping Strategies 312
- Lesson 12.2 Sports and Entertainment Strategies 316
- Lesson 12.3 Detailing the Plan 323
- Chapter Assessment 330 Case Study/Winning Edge 334/335

CHAPTER 13 Sports and Entertainment Legal Issues 336

- Lesson 13.1 Laws 338
- Lesson 13.2 Labor Unions 346
- Lesson 13.3 Agents and Contracts 351
- Chapter Assessment 356 Case Study/Winning Edge 360/361

CHAPTER 14 Business Ownership and Leadership 362

- Lesson 14.1 Entrepreneurship 364
- Lesson 14.2 Managing Human Resources 369
- Lesson 14.3 Workplace Skills 375
- Chapter Assessment 384 Case Study/Winning Edge 388/389

CHAPTER 15 Scoring a Career 390

- Lesson 15.1 Choosing and Preparing for a Career 392
- Lesson 15.2 Student Professional Organizations 399
- Lesson 15.3 Continued Professional Development 406
- Chapter Assessment 412 Case Study/Winning Edge 416/417

Endnotes 418

Glossary 424

Index 431



Destination: Marketing Success



By incorporating feedback from instructors across the country, **SPORTS AND ENTERTAINMENT MARKETING, 4E** has expanded coverage, updated content, and exciting new features. Popular sports and entertainment topics continue to be the foundation for teaching marketing concepts. Throughout the text, each marketing function is highlighted with an icon to indicate how it is used in the marketing process.

Case Studies and Winning Edge activities for BPA, DECA, and FBLA are included in every chapter to prepare students for success in competitive events.

New Features



Social Media Marketing Addresses current trends in social media as it relates to promotion and advertising.



Math in Marketing Includes an application activity with critical-thinking questions, requiring students to estimate, calculate, and perform other math functions.



Communication Connection Provides an opportunity for students to enhance their written communication skills by completing a brief writing application with a marketing spin.

National Marketing Standards— We’ve Got You Covered

Your planning and teaching just got easier. You can cover national marketing standards using an industry that brings relevance to learners. *Sports and Entertainment Marketing* follows the Marketing Cluster as outlined by the MBA Research & Curriculum Center. The following core standards have been developed:

Channel Management Understand the concepts and processes needed to identify, select, monitor, and evaluate sales channels

Marketing-Information Management Understand the concepts, systems, and tools needed to gather, access, synthesize, evaluate, and disseminate information for use in making business decisions

Market Planning Understand the concepts and strategies utilized to determine and target marketing strategies to a select audience

Pricing Understand concepts and strategies utilized in determining and adjusting prices to maximize return and meet customers’ perceptions of value

Product/Service Management Understand the concepts and processes needed to obtain, develop, maintain, and improve a product or service mix in response to market opportunities

Promotion Understand the concepts and strategies needed to communicate information about products, services, images, and/or ideas to achieve a desired outcome

Selling Understand the concepts and actions needed to determine client needs and wants and respond through planned, personalized communication that influences purchase decisions and enhances future business opportunities



© MBA Research. Additional information regarding National Business Administration Standards:
www.mbaresearch.org

To the Student

Welcome to Sports and Entertainment Marketing

The field of sports and entertainment marketing is growing rapidly. Many colleges, universities, and high schools offer specializations in sports and entertainment marketing. In this text you will explore the intriguing world of sports and entertainment from the perspective of marketing.

The **core standards of marketing** are visually identified by icons throughout the text.

In addition to the seven core standards, the text also covers the important topic of finance.

MARKETING CORE STANDARDS



Winning Strategies presents real-world strategies used by successful sports and entertainment figures.

Winning Strategies

Opening Act begins each lesson and encourages you to explore the material in the upcoming lesson. Opening Act also gives you opportunities to collaborate with other students in your class.

Social Media Marketing discusses the emergence and use of social media strategies that help marketers work more effectively.



Judgment Call examines legal and ethical issues as they relate to the sports and entertainment industry.

JUDGMENT CALL



Math in Marketing includes an application activity with critical-thinking questions, requiring you to estimate, calculate, and perform other math functions.



Intermission provides you with an opportunity to assess your comprehension at key points in each lesson. Ongoing review and assessment helps you understand the material.



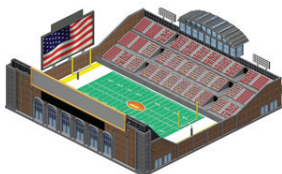
Time Out introduces you to interesting facts and statistics about sports and entertainment businesses.



Point Your Browser includes Internet activities and crossword puzzles for every chapter.



Virtual Business Sports & Entertainment presents suggestions for using this online simulation. To purchase the simulation, visit www.knowledgematters.com.



Communication Connection provides an opportunity for you to enhance your written communication skills by completing a brief writing application with a marketing spin.

COMMUNICATION CONNECTION



Extra Innings Project provides you with a group project in every chapter.



EXTRA INNINGS PROJECT

Take a Bow introduces you to people who have succeeded in sports and entertainment.



Encore provides you with an opportunity to assess your knowledge at the end of every lesson.



Winning Edge prepares you for BPA, DECA, and FBLA competitive events.



CHAPTER

1

WHAT IS SPORTS AND ENTERTAINMENT MARKETING?

- 1.1 Marketing Basics
- 1.2 Sports Marketing
- 1.3 Entertainment Marketing



© iStockphoto.com/jocelijacobson

POINT YOUR BROWSER
ngl.cengage.com/sports4e



Winning Strategies

Susan Boyle's Story

Susan Boyle was born in Scotland in 1961 into a musical family. Both of her parents sang, and her mother also played the piano. Despite having learning disabilities, the young Susan loved music and began performing in school musicals at the age of 12. Her teachers encouraged Susan to continue performing at school, but she did not attend beyond high school.

In 1995 Susan auditioned for *My Kind of People*, a televised talent show in the UK, but it ended in rejection. She didn't let it stop her, however. She continued to sing in her church choir and performed on karaoke nights at a local hotel.

In 1999 Susan used all of her personal savings to pay for a professionally produced demo tape that she sent to radio talent competitions, record companies, and local and national television stations. To improve her chances of success, Susan began taking singing lessons in 2002, and in 2009, Susan finally got her big break. The shy, unemployed 48-year-old was met by a doubtful, snickering audience on the competition show *Britain's Got Talent*. At the end of her performance, her rendition of "I Dreamed a Dream" from the musical *Les Miserables* was met with a standing ovation and more than 300 million hits on YouTube.

Social media has played a predominant role in Susan Boyle's success. Her video from *Britain's Got Talent* went viral. Her feel-good story emotionally connected with millions of people. Susan now has her own official website that includes up-to-date news releases about Susan's music, concerts, and special events. Susan Boyle showed how an underdog can beat the odds in the entertainment industry.



Think Critically

1. What role did persistence play in the success of this story?
2. An entrepreneur is someone who takes risks to start a new business.
How is Susan Boyle an entrepreneur?
3. How has marketing played a role in Susan Boyle's success?

1.1 Marketing Basics

The Essential Question

What are the core standards of marketing for a popular sports or entertainment event?

Learning Objectives

- LO 1.1-1** Describe the basic concepts of marketing.
- LO 1.1-2** Explain the marketing mix.
- LO 1.1-3** Define the seven core standards of marketing and financing.

Key Terms

- marketing
- marketing mix
- product
- distribution
- price
- promotion
- discretionary income

OPENING ACT

Athletes and entertainers play a prominent role in marketing by endorsing products and services. After the legendary Shaquille O’Neal retired from playing NBA basketball, he put his other talents to work in television commercials. His endorsement of the Buick LaCrosse shows that the car has plenty of legroom, even for a giant like Shaq. Buick wanted to make a statement with the younger crowd and capture the attention of basketball fans by airing the commercial during televised NCAA weekend broadcasts. The commercial, titled “Oh Effect,” has Shaq and his 325-pound frame showcasing what very few might know about the Buick LaCrosse, including attractive features such as the vehicle’s 36 miles-per-gallon fuel-efficiency, luxurious interior, and roominess. Even Shaq, who is over 7 feet tall and 300 pounds, can comfortably fit behind the wheel.

Cooperative Learning Work with a group to identify four advertising campaigns that feature celebrities or athletes. How have the campaigns influenced your thoughts about the products? Would you buy the celebrity-endorsed brands? Why or why not?

LO 1.1-1 WHAT IS MARKETING?

According to the American Marketing Association, marketing is “the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.”¹ Marketing is a highly visible business activity. Many individuals think of marketing as advertising. However, producing, distributing, pricing, and promoting are also essential marketing elements.

A simpler definition of **marketing** is the creation and maintenance of satisfying exchange relationships. This definition describes pieces of the entire marketing concept. *Creation* suggests that marketing involves product development. *Maintenance* indicates that marketing must continue as long

as a business operates. *Satisfaction* implies that marketing must meet the needs of both businesses and customers when exchanging products or services. Finally, an *exchange relationship* occurs when the parties involved (business and customer) both give and receive something of value.

Satisfying Customer Needs

Customer needs should be the primary focus of marketing. This concept is not as easy as it might sound. To satisfy customers' needs, you need to perform three activities. First, you must identify your customer and the needs of that customer. Second, you need to develop products that customers consider better than other choices. And finally, you must operate your business profitably (revenues must exceed the costs of doing business). If you can do all of these activities well, you will be able to market your products or services successfully.



What customer needs will be satisfied by this entertainment venue?

Sports and Entertainment Marketing

Sports and entertainment marketing is a huge industry offering numerous products and services. Busy individuals and families must carefully choose which sports and entertainment activities and events they will enjoy with their limited time and financial resources. Marketers of sports and entertainment products and services must assess consumer demand, the competition, and the financial valuation of the goods and services they offer. When developing marketing plans for sports and entertainment products, marketers must consider the marketing mix and the core standards of marketing.



What is marketing?

LO 1.1-2 THE MARKETING MIX

To perform the tasks associated with marketing, marketers rely on a marketing mix. The **marketing mix** describes how a business blends the four marketing elements of product, distribution, price, and promotion.

A **product** is what a business offers customers to satisfy needs. *Production* is all of the activities involved in creating products for sale. Products include goods, such as athletic shoes, and services, such as movie tickets. Providing entertainment can also be considered providing a service. **Distribution** involves the locations and methods used to make products available to customers. **Price** is the amount that customers pay for products. **Promotion** describes ways to make customers aware of products and encourage them to buy.



In a recent year, the price for a family of four to attend a New York Yankees baseball game was \$324.30. This included four adult tickets, two adult beverages, four small soft drinks, four hot dogs, two game programs, two adult baseball caps, and parking for one car.²

Marketing Mix Considerations

Marketers must carefully consider the many factors that affect the marketing mix elements. Product offerings for sports and entertainment must be evaluated and updated constantly. Individuals have many entertainment options for their limited discretionary income. **Discretionary income** is the amount of money individuals have available to spend after paying for the necessities of life and other fixed expenses, such as housing and car payments. Entertainment options that are popular today may lose popularity next year. Choosing the right products to meet the needs and wants of the market is essential to the marketing mix. In addition, marketers must consider the quantities of the product to produce. Too much of a product could result in price markdowns. Too few of a product could result in lost sales.

Price influences the purchasing decisions made by consumers. A business must offer its customers products and services they need and want at prices they are able and willing to pay, while at the same time covering the costs of the business and making a profit. Prices charged for sports and entertainment events must be sensitive to consumer demand and the state of the economy. Championship teams will increase consumer demand and ticket prices. However, when the economy becomes questionable, consumers are likely to spend less money on sports and entertainment events.

Distribution involves transporting or delivering goods to final customers. Athletic uniforms arriving by UPS and turf for a football field arriving by semi-truck are both examples of the distribution function of marketing. Distribution of an event involves planning the location where the event will take place. A popular three-day outdoor concert event for country or rock music must be held at a location near the customer base and where nearby businesses, such as hotels and restaurants, can accommodate the needs of the fans.

Promotion is essential to inform prospective customers about sports and entertainment events and products. Forms of promotion can range from television commercials and newspaper advertisements to in-stadium advertising through special offers on the back of ticket stubs and on giant video screens. Promotion requires creativity to keep the attention of prospective customers. Promotion costs are high, making it important to create effective promotion plans that reach the largest audiences at the most cost-effective price.

Marketing Mix Examples in the Sports Industry

There are numerous examples throughout the sports industry of the marketing mix at work. You need only look as far as your favorite sporting event to see all of the marketing mix components—product, distribution, price, and promotion.

It's Kickoff Time The Super Bowl is the sports event of the year. This billion-dollar event generates large sums of money from sponsorships and ticket sales. The *product* offered by the Super Bowl is the game matching the best teams in the AFC and NFC. The Super Bowl is usually sold out before the professional football season begins. Actual ticket *prices* range from \$500 to \$2,600, but individuals may spend thousands of dollars more in travel and hotel



What is the marketing mix for this event?

costs to attend the game. Major cities compete to host the Super Bowl because of the great financial benefits for the local economy as fans utilize the area's hotels, restaurants, shopping malls, service stations, and the hosting stadium.

Distribution involves selecting a host city that is easily accessible by the fans. It must be near an airport and major highway and have sufficient nearby accommodations to meet the needs of the thousands of fans that will pour into the city for the game. Other distribution outlets for the Super Bowl include television and radio. Many Super Bowl parties are held in homes and sports bars throughout the United States. Distribution for the Super Bowl also involves ticket sales. Distribution methods for tickets include direct sales by NFL ticket offices, ticket retail outlets such as Ticketmaster, and online ticket distributors.

Promotion for the Super Bowl includes television commercials, newspapers, sports magazines, and related-product contests. For example, companies such as Coca-Cola and Doritos may conduct special Super Bowl promotional sweepstakes. Super Bowl sponsors spend large sums of money to air commercials during the big game. One 30-second commercial during the Super Bowl can cost nearly \$4 million.

Start Your Engines NASCAR has 75 million loyal fans. The Daytona 500 is NASCAR's Super Bowl. This major sporting event takes place at the beginning of the racing season each February and is attended by approximately 200,000 fans. The 500-mile, 200-lap race is watched by 12.5 million households. The economic impact of the Daytona Speedway is huge—the state of Florida earns more than \$1.6 billion each year and more than 18,000 permanent jobs have been created.³

The *product* offered to consumers is the race itself. Other products include the driver, car, and related merchandise. The average *price* to attend

a NASCAR race is \$88; it can cost more than \$600 to attend Daytona. *Distribution* includes the location of the race such as Daytona or the other NASCAR tracks, media such as television and radio, and ticket sales through various outlets.

Promotion plays a big role in NASCAR. Promotions for NASCAR races can be seen on television and billboards, at sponsoring businesses, and at special events such as auto expos. Fans form a special bond with their favorite drivers, who often appear as advertising spokespeople. For example, although Danica Patrick is a popular NASCAR driver who has set many records, including the highest finish for a female driver at the Indianapolis 500, her career extends beyond auto racing as an advertising spokeswoman. Drivers often promote their own line of NASCAR apparel as well as products that appeal to the same target markets as their fan base. Among Danica Patrick's promotions are Coca-Cola and GoDaddy.com. Patrick's car itself is a promotion, with its many sponsors displayed across the car's exterior. The average annual amount a sponsor invests in a racing team is \$15 million, money well spent because NASCAR fans are three times more likely to purchase sponsors' products than fans of other sports. Recent surveys conducted by NASCAR indicate that 40 percent of the fans are women, who spend \$250 million annually on NASCAR-licensed products.⁴

Marketing Mix Examples in the Entertainment Industry

Many events take place in the entertainment industry. All of them benefit from the right marketing mix. A lineup of entertainment offered at the right location at the right price adds up to a successful event. The right promotion will make the event all the more successful.

Let's Go to the Fair State fairs are finding it increasingly difficult to compete with other sports and entertainment events. The *product* offered by a state fair must appeal to both rural and urban residents. State fairs offer livestock shows, domestic and commercial exhibits, rides, and a wide array of musical and other entertainment. State fair planners want to offer a product that draws the maximum attendance and profit.

Because state fairs are family entertainment events, admission *price* is an important factor to consider. State fairs must charge enough admission to remain financially sound while still attracting good attendance. The admission price must be sensitive to consumer demand. Many state fairs offer special admission prices to attract more attendance on weekdays. Frequently, price breaks are offered for advance purchases. Senior citizens and veterans may be offered reduced admission prices.

The success of entertainment events depends on *promotion* or communication to prospective customers. Advertisements on radio stations and in newspapers throughout the state are aimed at increasing state fair attendance. Television commercials are another option for promotion, but the cost in relation to the increased revenue they may generate might be cost-prohibitive.

Distribution involves location of the fair and the outlets where individuals can purchase admission tickets. Tickets can be purchased at the admission

gate during the state fair or purchased in advance from the state fair business office or other ticket outlets.

The goal of the state fair's planners is to offer appealing entertainment at the right price to attract the maximum attendance. State fair boards must develop a marketing mix that will meet this goal.

A Celebration Mardi Gras takes place each year the Tuesday before Ash Wednesday. Although celebrated across the country, Mardi Gras is a major event in New Orleans, Louisiana, where Louisianans and their guests hit the streets for a day of fun and festivities. No two places celebrate Mardi Gras exactly the same way. In New Orleans, more than 60 parades roll during the two weeks before Fat Tuesday. Colorful boat parades and a wide array of family activities make Mardi Gras a popular event in the New Orleans area.

A wide array of entertainment *products* and *services* can be found during Mardi Gras, including parades, costumes, dancing, food, and music. New Orleans is the perfect location (*distribution*) for Mardi Gras activities for the whole family. *Promotions* for Mardi Gras can be seen in parades where cities advertise their upcoming events as well as on tourist websites. *Prices* for the various festivities will vary, but Mardi Gras can be an affordable event for the entire family.



What are the elements of the marketing mix?

LO 1.1-3 CORE STANDARDS OF MARKETING



The core standards of marketing are the basis of all marketing activities. There are seven core standards associated with marketing. They are channel management, pricing, marketing-information management, product/service management, promotion, selling, and market planning. In addition, financing plays a major role in marketing activities and is closely related to the core standards. Every marketing activity involves at least one core standard.

© MBA Research. Additional information regarding National Business Administration Standards: www.mbaresearch.org



Channel Management Determining the best way to get a company's products or services to customers is part of the *channel management* function. Television manufacturers such as Samsung sell their products through electronics retailers such as Best Buy. Samsung knows that shoppers go to Best Buy to purchase electronic goods and appliances. In sports and entertainment, channel management involves selecting the right location for an event and making tickets available through ticket sales outlets. For sporting goods, channel management involves getting merchandise to stores where customers can buy it.



Pricing The process of establishing and communicating to customers the value or cost of goods and services is called *pricing*. Prices assigned to sports and entertainment events and goods are directly related to consumer demand. Prices may be set high if the seller knows people will buy at the high price. Super Bowl ticket prices go through the ceiling because there are a limited number of tickets and an enormous demand for them. Prices may be set lower if the seller needs to sell a large volume of a product. Pricing policies are also based on the cost of producing goods and sports and entertainment events. If costs of production are not covered, the business will not succeed.



Marketing-Information Management Gathering and using information about customers to improve business decision making involves *marketing-information management*.

Each month Apple surveys iPhone buyers throughout the world to determine why customers buy the Apple iPhone instead of competing Android products. The research is conducted to determine what features of the iPhone are used the most, the demographics of iPhone buyers, and the level of customer satisfaction. Successful marketing involves using marketing information to predict consumer demand, develop new products, and estimate the right quantities of merchandise to produce.



Product/Service Management Designing, developing, maintaining, improving, and acquiring products or services for the purpose of meeting customer needs and wants are all part of *product/service management*. Many of these activities occur during the production process, often beginning with an idea for a new or improved product. Concussions and traumatic brain injuries suffered by football players are a major concern for the NFL, NCAA, and the U.S. Congress. The National Operating Committee on Standards for Athletic Equipment has spent more than \$3 million since 2000 to gain a better understanding of sports-related concussions. This research resulted in the development of materials for safer football helmets. Riddell (a major manufacturer of football equipment) is paying close attention to this research to help produce safer football helmets. Marketers must continually evaluate products to determine how well they meet customer needs.

Research conducted by Digital Insights indicates that there are more than 1.15 billion Facebook users, more than 500 million Twitter users, and more than 500 million Google+ users. There are more than 10 million Facebook apps, and the number continues to grow. The fastest-growing age demographic for Twitter is 55- to 64-year-olds. More than 400 million tweets are being sent every day. The Google+ platform has a customer base that is 67 percent male.⁵



social media trends to communicate with current customers and to generate new customers. Nearly 75 percent of marketers believe that Facebook is important to generate new leads.

Google+ is used by 40 percent of marketers and nearly 70 percent are planning to increase their Google+ activities.

Think Critically

Why do marketers need to understand how social media is being used by different consumer groups, such as males, females, teenagers, and adults? Give examples of three different social media strategies to reach three different target markets.

All of these social media statistics provide marketers with valuable information. Marketers understand the need to keep up with the latest

Promotion Using advertising and other forms of communication to distribute information about products and services to achieve a desired outcome is *promotion*. For example, sports fans often use coupons on the back of ticket stubs after they attend a ball game. The coupons are used to promote products or services and to entice fans into trying them at a discounted price.

Selling Any direct and personal communication with customers to assess and satisfy their needs is considered *selling*. Selling involves not only satisfying customers but also anticipating their future needs. Selling in today's world includes purchases made through the Internet with no face-to-face communication whatsoever.

Market Planning Analyzing markets that a company wants to serve and determining how to compete in those markets is the goal of *market planning*. The market planning process of a business typically results in a marketing strategy that can be used to enhance its sales. Sometimes professional sports teams make decisions to move to other cities. The decision to move to a different city is heavily influenced by financial benefits. In this case, the objective of market planning is to find the best location in which the target market has the financial resources to solidly support the team. Market planning will be influenced by the city or location that is willing to build a new facility with all of the latest technological advancements and required logistics to attract the target market.

Financing Without financing, the other core standards of marketing would not be as effective. *Financing* requires a company to budget for its own marketing activities and to provide customers with assistance in paying for the company's products or services. A company or organization

can obtain financing from investors and sponsors. Sponsors spend large sums of money to promote their products during sports and entertainment events. Sponsorships range from millions of dollars for supporting college bowl games to as little as hundreds of dollars for sponsoring the local Little League baseball team. Customers receive financing in the form of different payment options, such as cash, credit, and installment payments. Customers are more likely to make purchases if they have payment options.



List and provide an example of each core standard of marketing for a sports and entertainment product or service.



Understand Marketing Concepts

Select the best answer for each question.

1. Which of the following core standards of marketing involves collecting and using data to make future business decisions?
 - a. selling
 - b. marketing-information management
 - c. financing
 - d. product/service management
2. Which of the following marketing mix elements makes consumers aware of products and events?
 - a. promotion
 - b. distribution
 - c. price
 - d. product

Think Critically

Answer the following questions as completely as possible.

3. When you think of the term *marketing*, what comes to mind? Based on what you have learned, write your own definition of marketing. Provide an example of marketing that illustrates your definition. (LO 1.1-1)
4. How would you incorporate all of the marketing mix elements, including product, distribution, price, and promotion, for an upcoming school concert? (LO 1.1-2)
5. List and describe how the seven core standards of marketing were involved in one of your recent sports or entertainment purchases. (LO 1.1-3)

1.2 Sports Marketing

The Essential Question



How is the economy affected by sports marketing?

Learning Objectives

LO 1.2-1 Define sports marketing.

LO 1.2-2 Explain the value of sports marketing to the economy.

Key Terms

- demographics
- sports marketing
- gross impression

Successful college athletic programs, particularly basketball programs, earn millions of dollars for their schools. Recently, a national champion University of Louisville basketball program earned more than \$40 million in revenue with a net profit of \$26.9 million. Top basketball programs reward their coaches with high salaries, partly because top coaches attract the best talent. Winning games and championships results in more television revenue, increased ticket sales, and increased alumni donations. Many college basketball coaches are paid higher salaries than professional basketball coaches earn. In a recent year, salaries for some of the top college basketball coaches were as follows:⁶

John Calipari	University of Kentucky	\$5.4 million
Rick Pitino	University of Louisville	\$4.8 million
Mike Krzyzewski	Duke University	\$4.7 million
Billy Donovan	University of Florida	\$3.6 million
Tom Izzo	Michigan State University	\$3.6 million

Cooperative Learning With a partner, discuss whether successful college coaches should earn such high salaries. What are the pros and cons of paying coaches high salaries?

OPENING
ACT

LO 1.2-1 WHY SPORTS MARKETING?



Spectators of sporting events are the potential consumers of a wide array of products ranging from apparel and athletic equipment to food items and automobiles. Sports spectators sometimes have more in common than just a sport. Shared characteristics of a group, such as age, marital status, gender, ethnic background, income level, and education level, are known as **demographics**. Finding out a group of spectators' interests and planning a product or service that the spectators will buy is a function of sports marketing. **Sports marketing** involves using sports to market products.



ESPN's *College GameDay* has been on the air for more than 25 years. Lee Corso has been a commentator on the show since it began. Fans tune in to hear Corso pick which team will win the game. He wears the headgear or outfit of his selected winning school's mascot. This keeps fans tuning in, much to the pleasure of sponsors and advertisers.

History of Sports Marketing

Sports marketing is not new. The first known athletic event that required paid admission was a baseball game in Long Island, New York, in 1858, where spectators were charged 50 cents. Sports organizers soon realized the financial potential of sporting events and professional athletes. Golfer Gene Sarazen signed an endorsement deal with Wilson Sporting Goods in 1923 that, to this day, is the longest-running endorsement deal in the history of sports. The original agreement was for \$6,000 a year plus an equal amount for travel expenses. Renewal took place every two years until Sarazen's death in May 1999. In 1949 Babe Didrikson Zaharias signed the first significant female endorsement with Wilson Sporting Goods for \$100,000 a year. Coca-Cola partnered with the Summer Olympics in 1928 and remains a sponsor to this day.

The first pay-per-view athletic event was a boxing match, the "Thrilla in Manila," with Muhammad Ali taking on Joe Frazier in the Philippines in 1975. It was broadcast to 276 closed-circuit locations. Capitalizing on the popularity of sports, ESPN made its debut in 1979, offering advertisers a new way to reach their target markets. Today many high schools and colleges offer sports marketing programs—further proof of the impact of sports on today's society.

The Goal of Sports Marketing

The goal of sports marketing is to use the right marketing mix to meet customer needs while generating a profit. Sports marketers research the demographics and spending habits of fans in order to maximize profits on the items fans purchase in association with sporting events. The price that fans are willing to pay for a ticket depends on the interests of the market, the national importance of the event, the popularity of the participating athletes, and the rivalry associated with the contest. Fans are usually willing to pay for team- or celebrity-identified clothing or equipment and for the expenses of food and travel to and from a game. To find the right marketing mix that attracts customers, marketers must consider three factors—new opportunities, gross impression, and timing.



New Sports, New Opportunities Sports marketers must continually search for new ways to appeal to customers. New sports markets offer new opportunities for endorsement and marketing. Extreme sports, such as skateboarding and snowboarding, have captured a whole new audience. The Arena Football League (AFL), founded in 1987, offers football fans a more affordable way to attend a football game, with tickets selling for as low as \$10 per game. The action is continuous because the clock doesn't stop, resulting in high scores, and the players meet fans and sign autographs after every game—all elements that add excitement and build interest.

Reinventing a product or service keeps consumers interested. The same is true of the sports industry. New sports must be invented and other sports must be reinvented or updated to maintain fan excitement. Hybrid sports



© Herbert Kratky/Shutterstock.com

What strategy can be used to raise the visibility of this extreme sport?

have been invented to make traditional recreational activities more exciting. Skijoring is a sport that combines dog sledding and cross-country skiing. A dog or team of dogs pulls a rider on skis. There are no harnesses to steer the dogs, so participants must teach their dogs basic dog sledding voice commands. Skijoring participants must purchase cross country skis and cold-weather booties to keep the dog's paws warm.

You have probably heard of mountain climbing, but what about ice climbing? Ice climbing is a sport where climbers use axes and crampons to climb frozen waterfalls and other ice formations. Some of the other more innovative new sports include mega ramp skateboarding, ostrich racing, underwater golf, and flyboarding.

The onset of new sports brings new opportunities for cable and network stations as well as sponsors and advertisers. Networks increase their viewership as extreme sports enthusiasts tune in to watch their favorite new sporting events. Sponsors and advertisers will be quick to follow, hoping to increase their customer base among their target market.

Marketing-Information Management **Gross Impression** Gross impression is a commonly used practice in sports marketing. **Gross impression** is the number of times per advertisement, game, or show that a product or service is associated with an athlete, team, or entertainer. Often the message is a subtle one. Brands shown in movies, television shows, and televised sporting events all represent gross impressions. Every time you see a product or company logo on a pair of shoes, in a movie scene, or on a billboard, your brain records that image. Advertisers hope you will remember it when you are ready to buy such a product.

Many college and professional teams now have company or product logos on their uniforms. Marketers hope the spectators will see them, will want to be

associated with the elite team or athlete, and will buy the sponsor's products. Every time the media mentions a player or team in association with a sponsor's product, there is one more gross impression made on a potential customer.

Timing Marketers are aware that the popularity of teams and sports figures is based on sustaining a winning record. A team or celebrity on a losing streak can lose more than just points in a game. Timing is extremely important when marketing sporting goods. Fans want products and services that identify them with a winner. Winning trends for athletes and teams must be monitored to determine when marketing strategies need to change. Similarly, marketers must be aware that success leads to increased competition. If one major athletic company has a successful marketing campaign, competitors are likely to increase their marketing efforts. Competition must be monitored so that a company's marketing remains fresh and unique.



Why are gross impression and timing important in sports marketing?

LO 1.2-2 THE VALUE OF SPORTS MARKETING

Sports marketing is a multibillion-dollar global industry that has a huge impact on the economy. The popularity of sporting events affects individual and family budgets. Whether it's the family vacation centered around a soccer tournament for the kids or the Orange Bowl for a national football championship, large sums of money are spent on sporting events and related products. The sports industry has far-reaching effects on the



© Chayatom Laorattanavech/Shutterstock.com

What merchandise related to this sporting event might consumers want to purchase?



COMMUNICATION CONNECTION

NASCAR is no stranger to politics. The U.S. Department of Defense spends between \$80 and \$100 million on NASCAR sponsorships in an attempt to recruit young people for the military. The U.S. Army and The National Guard are two of the biggest NASCAR sponsors. Because of the downturn in the economy, the U.S. Congress must consider budget cuts. As a result, NASCAR sponsorships have come under much scrutiny. The NASCAR marketing strategy used by the Department of Defense seems logical because of the overlap between regions where NASCAR is popular and where military recruitment is successful.

Write Now

You are a marketer for the NASCAR organization. Conduct research about demographics for the military and demographics for NASCAR fans. Write a one-page paper explaining why the U.S. Department of Defense should continue funding NASCAR sponsorships.

automobile industry, as supportive parents buy and maintain minivans and SUVs large enough to transport families to various sporting activities and events. Think of the restaurants, hotels, and service stations that count on the business generated as a result of these events.

Sports marketing has created job opportunities ranging from parking lot attendants to marketing executives for professional sports teams. Stadiums and other entertainment venues must be built and maintained. Venues require building managers, lawn care professionals, security personnel, and maintenance crews. Athletes require trainers, handlers, and personal attendants. They also hire agents to handle publicity, personal appearances, and negotiation of contracts.

Emotional Value

Sports fans have emotional ties to their favorite high school, college, and professional teams. Many sports enthusiasts live for the weekend to see their favorite teams in action. Emotions such as affection and passion often compel fans to buy tickets and other sports-related merchandise. Fans will freely spend their discretionary income on sporting events that capture their hearts, so marketers try to appeal to the emotions of fans.

So Many Channels



Marketers for the hundreds of television networks now available through cable and satellite systems must create marketing strategies to profitably capture the highest possible percentage of the viewing audience. Sitcoms that were once popular have taken a backseat to reality shows starring average, everyday people and costing little to produce. Shows like *The Voice*, *America's Got Talent*, *Survivor*, *Big Brother*, and *The Amazing Race* have taken the lead in television ratings. The networks must find the right mix of programming to reach audiences, attract sponsors, and maximize profits.

Sports programming has proven to be valuable. Sporting events such as the Super Bowl, college football playoffs, and March Madness attract the

attention of large sports-minded audiences, which in turn, attract high-paying promoters. Television networks pay top dollar to obtain exclusive broadcasting rights for high-profile sporting events in hopes of reaping financial benefits. Advertising during some of these popular sporting events can cost a company millions of dollars.

Because today's consumers are watching more television than ever, it is important to understand what and how they're watching. The Nielsen Company uses expansive and representative panels of consumers to track their TV viewing behavior. This provides marketers with a detailed analysis of consumer viewing trends, habits, and demographic information. This wealth of knowledge allows companies to refine their marketing campaigns based on demographics and audience composition.



What is the value of sports marketing?



Understand Marketing Concepts

Select the best answer for each question.

1. Researching the demographics of a fan base for a particular sport would be most closely associated with which core standard of marketing?
 - a. channel management
 - b. pricing
 - c. marketing-information management
 - d. financing
2. Gross impression can
 - a. include company logos on sports apparel
 - b. take place on a television show
 - c. involve the number of times a product is associated with an athlete
 - d. all of the above

Think Critically

Answer the following questions as completely as possible.

3. What is a gross impression? Give two examples of how gross impressions are used at sporting events. (LO 1.2-1)
4. Give an example of how timing is essential to selling related merchandise for a popular sporting event. (LO 1.2-1)
5. Name a sport (amateur or professional) that is played in your city. Describe how this sport adds value to your city or community. What businesses or individuals are affected by the sport? Describe how. (LO 1.2-2)

1.3 Entertainment Marketing

The Essential Question



How has the delivery of entertainment evolved over the past ten years?

Learning Objectives

LO 1.3-1 Define entertainment.

LO 1.3-2 Describe the evolution of entertainment marketing.

Key Terms

• entertainment • entertainment marketing • ratings

Television networks are very interested in the age and gender of the viewing audiences. While HGTV may be a major hit with women, ESPN may be the top choice for male viewers. The fate of television programs is based upon popularity, which is determined by the size of the viewing audience. Television networks typically want to attract viewers and consumers in the 18- to 49-year-old age group because this group is actively earning and spending money. However, an aging population has resulted in the median age of viewing audiences for major networks to rise to 51. Advertisers are interested in the demographics of viewing audiences because this information helps them determine if they want to air product advertisements during certain shows.

The size of the television market in different parts of the country also influences television programming. New York City has over 7 million homes watching television while Los Angeles has 5 to 6 million households. Advertisers can use this information to determine where to air commercials based upon the most profitable demographics.

Cooperative Learning With a partner, identify three television shows and their target markets. Make a list of products or services that might be advertised during these shows. Discuss why the products' advertisers would be interested in sponsoring these programs.

OPENING
ACT

289147

LO 1.3-1 ENTERTAINMENT FOR SALE

Today's consumers are looking for fun-filled activities that capture their interest and hold their attention. Various forms of entertainment can fill this void. Although entertainment is thought of as a way to relax, have fun, and enjoy time spent alone or with others, it is actually much more. The entertainment industry has grown and evolved over the years into a profitable business. Various businesses operate in the entertainment industry and contribute billions of dollars annually to the U.S. economy. As the old saying goes, "There's no business like show business."



© littleny/Shutterstock.com

What kind of entertainment events do you think visitors might attend in Times Square?

What Exactly Is Entertainment?



Entertainment involves some type of performance that people are willing to spend their money and spare time watching. Entertainment can include sports or the arts and can be viewed in person or in broadcast or recorded form. A distinction often is made between sports and entertainment. The term *sports* is generally applied to games of athletic skill. Watching sports also can be entertaining, but the term *entertainment* is generally applied to movies, theater, music concerts, the circus, and so forth.

Sometimes what qualifies as sports and what qualifies as entertainment is a matter of opinion. For example, professional wrestling has little resemblance to the National Collegiate Athletic Association's sanctioned sport of wrestling. Professional wrestling is an exaggeration of a real sport, but is it really a sport or staged entertainment?

What Is Entertainment Marketing?

Because of commitments to work, school, home, family, and other activities, people have a limited amount of leisure time and money. Influencing how people choose to spend their time and money on entertainment is the purpose of **entertainment marketing**.

Entertainment marketing will be discussed in two ways. First, entertainment will be looked at as a product to be marketed. When trying to market entertainment as a product, marketers must convince consumers who have the financial resources how best to spend their free time. Second, marketing will be examined in light of how it uses entertainment to attract attention to other products. For example, a cookbook author may make a guest appearance as a judge at a cooking competition to promote her new book or a celebrity may appear on a TV talk show to discuss an upcoming movie.

INTERMISSION

What are the two ways of looking at entertainment marketing?

LO 1.3-2 EVOLUTION OF ENTERTAINMENT AND ENTERTAINMENT MARKETING

At the beginning of the twentieth century, the performing arts represented a major form of entertainment. Performing arts include live theater, ballet, opera, and concerts. Marketing was limited to posters, newspapers, magazines, and word of mouth. To enjoy any professional entertainment, people had to travel to the theater, concert hall, or arena where community entertainment was focused. The shows were live, and the entertainers received instant feedback from the audience in the form of applause, boos, and even ripe tomatoes tossed at the performers.

Moving pictures initiated the merger of technology and entertainment and added new dimension and depth to entertainment marketing. Technology distanced entertainers from their audience, first with movies and then with television. The Internet has increased the distribution of entertainment to the masses and has added an instant response element to the entertainment industry, which provides valuable marketing information. Facebook, Twitter, Google+, and other social media sites allow viewers to share their thoughts and opinions on television shows and other entertainment events instantly.

The Beginning of Change

Louis Le Prince made the first moving pictures in Britain in 1888. The Lumière brothers were the first to present a projected movie to a paying audience in a café in Paris in 1895. Promotion of films quickly followed with the construction of movie theaters.

The first movie with sound, *The Jazz Singer*, opened in the United States in 1927 in the few movie theaters that were equipped at that time to handle audio. Mickey Mouse arrived in 1928 in Walt Disney's *Steamboat Willie*. Ten years later, *Snow White and the Seven Dwarfs* became the first full-length animated film. In a masterful marketing move, Disneyland opened in Anaheim, California, in July 1955. A totally new approach to the marketing mix of entertainment was born with the opening of the theme park. The live arts and recorded arts were joined by an ever-evolving, technology-driven series of new media.

The Technology Revolution

When television began to arrive in great numbers of American homes, sports and entertainment marketers



© Kobby Dagan/Shutterstock.com

How has the distribution of entertainment changed over time?



Zenith Radio Corporation invented the first television

remote control in 1950. Its invention was called "Lazy Bone." The remote was not wireless, but attached to the TV by a cable. Consumers were not fans of this remote control because of the bulky cable.

found a wide-open highway into the billfolds of consumers. As technology became more sophisticated, other forms of media helped the entertainment industry grow.

The Early Days of Television and Marketing Nine television stations and fewer than 7,000 working TV sets existed in the United States at the end of World War II. In October 1945, more than 25,000 people came to Gimbel's Department Store in Philadelphia to watch the first demonstration of TV. That same year, the American Association of Advertising Agencies encouraged the start of television advertising. TV changed the marketing of entertainment in a profound way. Far more than newspapers and magazines had ever been able to do, the audiovisual "life" of TV advertising hooked the imagination of the viewer.

In 1946, NBC and the Gillette Company staged the first televised sports spectacular—a heavyweight boxing match between Joe Louis and Billy Conn. The program was a viewing success with an estimated audience of 150,000 watching on 5,000 TV sets, or an average of 30 people watching the fight on each set.

Television's Increasing Influence Even in its simplicity, early television took promotion and advertising to a new level. Major national corporations lined up to buy time and produce advertisements. The price of commercial time slots was tied to the **ratings**, or the number of viewers the programming attracted. The nine TV stations of 1945 grew to 98 stations by 1949.

On September 9, 1956, 82 percent of all television sets in the United States were tuned to *The Ed Sullivan Show*, a weekly Sunday-evening



© Monkey Business Images/Shutterstock.com

Why is TV an important marketing tool?

JUDGMENT CALL

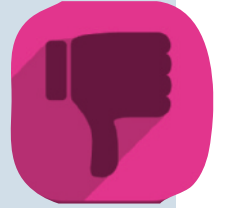


Big-name companies pay millions of dollars to sponsor national and international entertainment events, such as concerts and movie premiers. However, even though a company may purchase the exclusive rights to advertise during an event, competitors can advertise on local radio stations, competing networks, and billboards. Fans soon become confused about who the real sponsor is. This deliberate confusion is sometimes called ambush marketing, guerilla marketing, or stealth marketing. It takes place when organizations participate in events to some degree rather than sponsor the events.

For example, Pepsi might pay to be the official sponsor of a summer concert series showcasing the top country performers. However, Coca-Cola can pay to display an ad outside the concert venue where the concerts are taking place.

Think Critically

Companies that use ambush marketing think it is beneficial in the long run. Is it? How might it eventually harm a company?



variety show. The big attraction was the highly promoted appearance of the future “king” of rock and roll, Elvis Presley. Later, in 1964, more than 60 percent of all U.S. viewers watched the television debut of The Beatles on *The Ed Sullivan Show*. Ed Sullivan set the standard for marketing talent to an audience of millions by using technology (the TV) for distribution of the product. The show shattered ratings records by appealing to a mass audience rather than focusing on a single demographic group. Advertising fees charged for the show reflected the high audience ratings.

Today a wide range of TV programs, from reality shows to news programs, is drawing in advertisers and sponsors. CNBC is cashing in on the interest in the stock market by offering the humorous but smart *Squawk Box*. This daily TV show covers Wall Street news in a not-so-serious manner. During the show, sponsors promote their products, including sports and entertainment products, to busy, educated viewers who have money to spend.

Change Accelerated



Improvements in technology have changed the marketing of sports and entertainment dramatically by making distribution to the masses easier. What had been available to only a few is now available to many. The evolution of radio, moving pictures, TV, video recorders, CDs, DVDs, DVRs, and the Internet has made sports and entertainment products available to the world.

The Internet continues to evolve as a medium. Marketers are learning to use it for distribution as technology ownership by consumers catches up with the endless uses of the Internet. Television is considered a more mature distribution medium. However, it is taking on new twists, such as high-definition and 3D capabilities, that add to the viewer’s pleasure and the marketer’s opportunities.

Today consumers can download for free or purchase special apps (software applications) that perform useful tasks. Some apps allow users to get