

# MARKETING PRINCIPLES AND THEIR APPLICATION IN SPORT MANAGEMENT

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**Abstract:** *Sports marketing includes all activities using different processes of mutual exchange meet the needs and desires of sports consumers. The paper gives a brief overview of the historical development of marketing the sport from the first steps in the sponsorship and its expansion. Key factors affecting the sports marketing and marketing analyze of general principles application to different situations in sports were given.*

**Keywords:** *sports marketing, sports management and marketing principles*

## 1. INTRODUCTORY REMARKS

McCarthy (1975) defined marketing as activities that direct the flow of goods and services from producers to users in order to meet consumer needs and achieve organizational goals.

The concept of marketing, as seen by Kotler (1997), argues "... that the key to achieving organizational goals is to be more effective than the competition in the implementation of marketing activities to meet and satisfy the needs and desires of target market." This efficiency can be reflected in better (quality) product, a better (higher quality) service, a better distribution system, better service, or simply better understanding of the needs and desires of consumers. Ries and Trout (1993) find that the average and outstanding marketing manager differ in that the latter is always in a position of consumers. However, as not all managers have this gift, due regard must be given to identifying the relevant market, the consumer needs and creating effective systems of delivery of goods to consumers.

The needs and wishes of consumers can be classified into two categories: products and services. In the sports industry, the products are tangible, like a tennis racket and ball, basketball, etc. or intangible, such as, for example, visiting a volleyball game - when finisher, there is no more, it remains only in memory (or not, if it was uninteresting). When we talk about services in sport, these are, for example, tennis lessons, instructions for use of gym and more.

Compared with other conventional products, sports products industry, because of its clear purpose, they have a very broad target market. Sport in contemporary society has a much broader and more complex role and functions than it had in earlier times<sup>1</sup>. The target market

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<sup>1</sup> Kastratovic, E. (2011): "The legal framework of sports management in the Republic of Serbia", International journal of economics & law, Novi Sad, 2011

is part of the overall market, which has a clearly expressed wishes, needs, and characteristics. These may be: (1) demographics - age, gender or education, (2) geographic - related to the region, state, city, or (3) psychographic - related to the behavior of groups or individuals (beliefs, lifestyles, habits, customs, and activities).

Target market of sport is very similar to some other target markets in the field of entertainment (music, film, or literature). When it comes to literature, for example, novels of Ljiljana Habjanovic-Djurovic, Erica Jong, Jane Austen and others, mostly tending towards female readers. In the film industry, Mulan, Walt Disney film, which appeared in 1998, is intended primarily for children and family entertainment, action movies, in turn, attract more attention of the male audience.

## 2. THE DEFINITION OF SPORTS MARKETING

Mullin, Hardy and Sutton (1993) gave the following definition, "Sports marketing encompasses all those activities, using different processes of mutual exchange, meet the needs and wants of sports consumers." Sports marketing has evolved in two directions: direct - in which the marketing of products and services were designed for consumers directly and indirectly - where marketing is done through the promotion of sports activities.

In the performance of direct marketing manager, sports activities, is facing unusual challenges, which, in some cases may be quite different from traditional marketing for products and services (see table). Ways that marketing managers take into account these differences vary from organization to organization. In general, the sports industry, which reacts more slowly to changes than other industries, mostly follows the trends in other areas, because there is a steady influx of marketing managers in the sport industry.

The sports marketing include:

- Products Marketing (equipment, sportswear, sports shoes)
- Services Marketing (training, membership in the club), and
- Entity marketing (league, team, individual)

It is interesting to note that individual sports marketing involve conscious risk-taking. As an example may be given a former star of professional boxing, Mike Tyson, who was, at first, reached the stellar moments of success and popularity, only to become a loser and antihero.

Table 1: Differences between the marketing of sports and classic (traditional) marketing<sup>2</sup>

Sports marketing	Classic marketing
In most cases, sports organizations are both competitors and collaborators	In the mainstream business, the defeat of the competition or their elimination is a prerequisite for success in any segment. In sports, especially in a professional, is of general interest (owners, directors, managers, employees) that the organization survives and thrives. This applies particularly to the motto: "All for one and one for all" (NFL league in the United States, 1986), which is projected on the distribution of income.

<sup>2</sup> Masteralexis, L., Barr, C., Hums, M. (1998): «Principles and Practice of Sport Management»; Aspen Publishers, Inc., Gaithersburg, Maryland

<b>Sports marketing</b>	<b>Classic marketing</b>
An abundance of information, personal experiences, and (in case of our country) tradition, contribute to the view that all who follow the sport (users) is also a competent and professional enough to give the court an opinion on a particular sport.	The mainstream business, a very small number of users (consumers) considers themselves as an expert, and, therefore, for assistance and information address only to professionally trained people.
Customer requirements are constantly changing	Unlike Coca-Cola Corporation that can rely on the consistency of consumer demands and steady annual increase in sales, sports scores and performance in a dramatic way can, even in a shorter period of one year, change interest, and requests of users.
Sports products are often intangible, subjective and have empirical character.	When in the mainstream business, consumers buy a shirt; it is of a material nature (tangible, visible) and can be used multiple times. What sports viewer sees or feels it is very subjective, often irrational, so for sports marketing manager it is very difficult to satisfy consumers. To sports viewers, after the game, the whole event remains only in memory.
The basic products consumed in the sport are still in production phase (no inventory).	Mainstream products have a life (cycle) and inventory. Once played sports event (games) cannot be repeated (in the same way) – it is not possible to "sell" them. Therefore, special emphasis is placed on product presale.
In general, sport is a public good, and the satisfaction clearly is affected by the level of social development.	In the mainstream marketing, one can enjoy the act of purchasing a car, but overall satisfaction of buyer with the new car does not depend on it. As sporting event (game, etc.) generally takes place in a public place and seen in the company, the sole pleasure of spectators is another consequence of someone else (actors sporting event) or communication with others.
A sports event (the product), usually is impossible to predict.	In the mainstream marketing, the term of unpredictability is unacceptable. In sport, however, many unpredictable things (to which it is not possible to influence) such as weather conditions, abilities, skills and performance of individuals, injuries, support from viewers and other factors affecting the sporting event, results and general impression. The user is aware of the objective circumstances and accepts this kind of uncertainty.
Sports marketing manager usually has little or no (operational) control over the unfolding sporting event.	Mainstream marketing manager conducts research and other methods to create tailor-made product users. In sport, however, the manager cannot affect the performance of a sports event, and must focus on those activities that can control (food, drinks, music, and promotions).

<b>Sports marketing</b>	<b>Classic marketing</b>
Sport is both consumer and industrial markets.	Sport is consumer good as it represents end product for mass production of both visitors and participants (competitors). At the same time, all participants in sports events (visitors, competitors) become actors of the wider business and market for event sponsors, media, and organizations. In addition, the sport can be treated as manufactured goods, as it can help sell other goods (sports equipment) and services. In classical marketing, there is no such ambiguity.
Sport is for the masses extremely attractive and permeates all aspects of social life.	Sport is having an international character, represented in all demographic segments and related to everyday socio-cultural aspects; motivation, needs, desires, etc. It can be said that only religion and politics, which, however, belong to the conviction and not the products or services, are more widespread than sport.

### 3. A BRIEF OVERVIEW OF THE HISTORICAL DEVELOPMENT OF SPORT MARKETING

Over time, a handful of important concepts in sports management, which are designed to assist in solving specific problems or are meant to serve in communication with the selected (target) market appeared. Incentives for the development sport management concepts was made, its inventiveness and intuitively, the very sports marketing managers, or were the result of experience, or have proved successful in the mainstream business marketing.

#### **The first steps in the sponsorship and its expansion**

One of the first sports competition held in 1852 in New Hampshire (New Hampshire, USA) under the sponsorship of the railway company, was, from that moment until the today, a traditional rowing contest between Harvard (Harvard) and Yale (Yale) University.

The earliest attempts and the influence of large non-sport companies such as Coca-Cola, Fuji, Gillette, Peugeot, Philips, Toyota, etc. in sports marketing in order to achieve its own goals of promotion, observed and recorded Bert Sugar in 1978. Although, perhaps, financial means then were not even close of today's, in the world of sports this was marked as the beginning of corporate involvement in sports management.

In today's sports marketing, one company left an indelible mark - Nike. From the beginning, when it was called Blue Ribbon Sports (1964), through the appearance of distinctive marks (1972), up to dominant role in the sports industry (1997), Nike Company was facing a different market and other challenges, and generally won a victory on all fronts. Using creative and visionary management team under the leadership of Phil Knight as a founder, Nike has gone the way from the little-known company to one of the largest ever established giants in the footwear industry. Many people know or assume that one of the key moments in the history of this company is the result of her leadership roles in today's world, Nike recognizable mark, product, advertising, and sports idols identification with Nike brand. One such move was made when the Nike created "Air Jordan" (Strasser, Becklund, 1991)

with the famous, American, professional, NBA basketball player, Michael Jordan. Nike attitude was clear in terms of athletes who have successfully marketed their products - a successful advertising athlete deserves to become a part of „the team“. The result of this strategy is the most successful sports promotion of a company realized via one (top) athlete - over \$100 million Air Jordan products sold in just one year.

### **Development, impact, and importance of media**

One of the most intense changes in the sports marketing has been the development of media in sport - the mere reporting of the sports arena to a complete and general entertainment the great mass of visitors. These are designed and implemented by the first world's most powerful TV networks (ABC, CBS, etc.). Placing a lot of additional cameras that monitor and record the event from various angles and unusual positions, a large TV screens, expert comments, criticism, are just some of the activities that are resorted to in this area.

### **Research in the field of sports marketing for better reception and performance**

Although from the very beginning there was good communication with customers (through informal contacts, letters, interviews) there was a need for a prominent articulation of opinions and attitudes of the audience. Matt Levine, who worked as a consultant for NBA Golden State Warriors basketball team, introduced the concept of evaluation by the audience (audience audit) to collect demographic and psychographic information from the fans that come to the games. The main objectives Levine's research are:

- insight into demographic, geographic and psychographic characteristics of users,
- to categorize the behavior of visitors and isolate groups interested in buying a joint ticket packages,
- analyze purchasing power on expansion activities (sale of goods, concessions, etc.)
- an assessment of other aspects of the work (different customer service, fun, efficiency of employees)
- measure the level of interest in new concepts that are in preparation,
- document the reactions and behavior of viewers and listeners;
- offer communication with the target group in both directions,
- has access to database of a user in order to create new, more efficient methods of communication

## **4. KEY FACTORS THAT AFFECT SPORTS MARKETING**

Marketing is a complex process that requires the formulation of appropriate methodology and approach to the strategy of attracting customers. This formula consists of eight separate, interdependent whole (8P - Product, strategic Planning, Packaging, Promotion, Price, Place, Positioning, Perception), which change depending on the type of product, nature of the service and target market. Examining these eight units helps in understanding the whole complexity of the marketing mix. McCarthy and Perreault (1988) marketing mix system is seen as the ability to control those variables with which the company wants to meet a specific, targeted group.

## **Product**

Sports industry products, as previously discussed, are unique, and have specific qualities and limitations expressing inability to use marketing as a treatment in traditional products. Luck and Ferrell (1985) product (sports industry) defined as a set of pleasures that are offered to potential users who enter the appropriate transaction. This set includes both favorable and unfavorable experiences that users can get through exchange. According to the interpretation of Lazer and Culley (1983), a product has three dimensions - distinguishing features, advantages (benefits) and an appropriate support system. Properties relate to the essential characteristics of the product itself, such as building blocks, the quality, look, mark (a sign of recognition), packaging, color, and style of construction. These properties can be seen, tracked, measured and are essential for the product. Product benefits include all those observations of users to whom it meets their needs - taste, warmth, durability (endurance). The third dimension, a marketing support system, includes some or all services related to the product itself.

In addition, for each product is said to have its life cycle. The product life cycle, from the marketing aspect is, in simple terms, the life story of its sales performance. Applying strategies and procedures to ensure profitability, increase sales, and reduce losses, four basic stages in the life cycle products can be considered: a product, increase sales, maturity (saturation) products and a drop in sales of products.

## **Strategic planning**

Every serious sports organization must, at least once a year, to conduct a review of its marketing policy, the result should be a response to change, adaptation, and its reconstruction. A marketing plan depends on the level of research activities and development of planning activities, which enables the manager to gain insight into the effect of previous, present state and predict future trends and consequences.

One of the basic and most important steps in the strategic marketing planning is the art of recognizing the target market. Market research must identify the cause of dissatisfaction or partial satisfaction. As for the large differences in the desires, needs, habits and customs of the people, it is impossible to satisfy all the marketing managers, the property population divides it and focus on specific, selected structure. This classification of people falls in certain categories (like age, gender, education level, interests, etc.). Once the selected target group, the manager can plan a methodology that will apply and begin the process of mutual exchange.

An important phase of the strategic marketing planning is the implementation of environmental analysis. Here we mean score sheet and "climate" in relation to the existing environment that includes both internal and external factors.

## **Price**

Price is one of the most visible parameters (variables). It determines the type of goods or services and defines the boundaries, which can move the rates of exchange. In the field of classical marketing, pricing, often plays a key role in strategic considerations, and sometimes in the whole process of marketing mix. According to research from the USA in 1989, surveyed more than 3,000 fans who attend NBA games, which put cost as the fourth factor (in one city) or fifth (in another city) behind the opposing team, the current state the table, the presence of major stars (super stars) and protocol events.

Consumers often identified the price of products with its value. A product that has a very low price may be considered to have little or no value.

The question is how to determine product prices, especially prices of products of industry sport. Prices are determined through the following four steps:

**Step I:** Implementation of the analysis ("break-even"), which gives the cost of production, distribution, promotion, presentation and packaging products. This is realized by identifying and calculating fixed (rental costs, fees, equipment) and variable costs (the salaries, materials, repairs, utilities).

**Step II:** Knowledge of market conditions. Where is the competition of similar industry? To what extent is competition fair? What is marketing environment in relation to the product?; What is the local economy?

**Step III:** Assessing the structure of prices, offers direct competitors.

**Step IV:** Estimation of the amount of profit that the company expects or wants to achieve. Here we use "cost plus" approach. In other words, if the cost analysis showed that the cost of a pair of basketball shoes is \$10, and the competition sells its product \$16, if we want to earn 50% on each pair of sports shoes, the price should be a minimum of \$15 per pair.

**The promotion (the promotion of products)**

Under the promotion, we mean all forms of communication between managers and target market (Govone, Galper, 1986). This type of communication has a primary role to forward the message, and usually occurs in one direction (towards the consumer). The promotion was described by AIDA formula:

**A I D A formula**

attract the attention	Attention
maintain the interest	Interest
awaken the desire	Desire
action to take	Action

Basic forms of promotional products in the sports marketing are advertising, publicity, sales promotion, and individual sales. A key moment for the effective implementation of appropriate promotional strategies is to precisely define what we want to achieve (the goal) and applying the appropriate promotional activities for the realization of the set goal. In considering options to increase the number of visitors to the games, the marketing manager must consider the structure of spectators who come, and the profile of those who come to the games. Also must consider all of the previous promotional activities and their effects, to observe what are the activities and programs that can attract attention and attract new viewers, and to determine factors that repulse fans to come to the arena.

According to a study conducted in Cleveland, USA on a sample of 3,009 fans, which come to the NBA basketball game, the factors that affect the visit were ranked as follows:

- Opponent
- The presence of a superstar
- Standings
- Record (Preliminary results)

- Price
- Weather conditions
- Ambient on/in the sports facility
- Duration of sports event
- Television
- Event/Promotion

### **Location (place)**

Location type is a factor that defines the considered geographical area of the target market, indicates ways to distribute products, and the place (means) in the marketing mix systems that want to attract potential users. By distributing products, include all activities related to the transfer of products, goods, and services from producer to customer or user.

Another aspect of the site refers to the attractiveness of the place where the sporting event takes place (hall, stadium, track, etc.). Important issues of internal and external decoration of the object must be considered.

### **PR - Public Relations (packaging, packing, pack)**

PR (packaging, packing, pack) or the external appearance of a product which is one of the key factors for the success of marketing efforts to the effects of long-term nature and because of limitations in the control of organizational activities, and accepting way of interpreting by the public.

### **Positioning**

According to Ries and Trout (1986) positioning "begins with a specific product, a commodity, service, institution, company, or individual." Positioning, however, does not apply to an activity that is directly related to the product, but to the influence of awareness of potential observers. Commonly used are cost, method of distribution, usage, size, time of day and the technology used to transmit messages. The most important factor in positioning the marketing trial and listening to the reactions of potential users. This is important because the marketing solution shouldn't be found in the product itself, but must incorporate in the awareness of potential users.

### **Acceptance**

Acceptance of product marketing can be defined as an act of receiving messages and accompanying feelings and opinions about this message. Opinions about the message can be quite different: from the due respect to a complete lack of interest.

All factors considered and concepts affect the system of sports marketing, and they are interrelated and influence each other. For example, a sudden increase in prices of tickets for major league competition, due to a fall visit to the audience, may encourage the development of new, lower ranks of the competition. When we talk about related products and locations (places) should be said that the sports event visitors often develops a sense of attachment (positive or negative) for the place (sports facility) events. In addition, in many cases the product itself, determines the kind of media promotion and communication with potential customers. There is a category of user willing to pay a high price for better conditions, facilities, equipment (this is especially true for fitness industry). In addition, the price of a product usually dictates the way of its media promotion. In the last 10 years, due

the explosion of development and massive use of the Internet, relatively cheap advertising products are available.

## **5. APPLICATION OF GENERAL MARKETING PRINCIPLES IN SPORT**

As previously discussed theoretical foundations of marketing in sports, it is interesting to analyze the application of these concepts to different situations in sports marketing. Special significance has the ability to recognize the market focus on the selected target audience.

### **Strategic Market Management**

Strategic market management is a system that is designed to help bring key leadership marketing decisions. Philip Kotler (1987) strategic planning process see the market as a managerial process of developing those strategies that fit the organizational goals, available resources, and changes in the market. Marketing manager in the sport uses different research methods and techniques to detect, and then, classify certain elements of the market.

### **Awareness of the market**

#### *Identifying target markets and users*

At the heart of all marketing activities is always a user (consumer). If you want to be successful in the world business sports, marketing managers must know a lot of parameters and characteristics related to the users. The quantity and quality of this information is a prerequisite for maximum meet users' needs, their discontent to a minimum and simultaneously survive and remain competitive in the market.

Here are some important questions that the marketing manager needs to answer:

- Who is the user of the product or service? In this case, the marketing manager is trying to find out who is the end user (the person who made the decision to purchase products or request for service).
- Where a potential customer lives?
- What is the source from which the user is informed about the sport, product, or service?
- What media influence on user?
- What actions have the user immediately before and after sporting event?

After analyze and the answers to most of these questions, marketing manager builds the demographic picture of potential customers. The demographic picture of the consumer is a collection of statistical information concerning the properties and characteristics of the population. Reviewing the information gathered demographic marketing manager can build a proper picture of the user's preferences, both positive (attraction) and negative (refusal).

#### *Lifestyle and marketing activities*

Although demographics provide lots of information on potential users, this research does not include psychological and social aspects that affect users. Marketing managers need to know why user made such decision. One way is to decipher analysis of this coupling between demographics and lifestyles of potential users. For the measurement, evaluation, and

analysis of ways of life of users, manager needs to create a psychological picture (psychographics) of users. In order to find out the activities, interests and opinions of customers it is necessary to know as much about their work, sports, family, social life, education, political orientation - in a word, to know all about style and lifestyle of potential users. The performed analysis is of great importance to obtain a psychological picture for obtaining a complete picture of the user. The following table shows the specific variables that are analyzed in the formation of psychological images classified into three categories - activities, interests, opinions (attitudes).

Table: Characteristic variables relevant for the formation of the psychological picture<sup>3</sup>

Activities	Interests	Opinion
Work (job)	Family	Personal
Hobby	Home	Social questions
Social activities	Job	Politics
Vacations	Community	Business
Entertainment	Recreation	Economy
Club Member	Fashion	Education
Community	Food	Products
Purchase	Media	Future
Sport	Success	Culture

Following the analysis of marketing methods and style of life of users, a real platform for the delivery of products and services creates. A key dimension of the most important link in the process of segmentation style and way of life is the use of the product. According to the classical division of the use of products, it can be divided to low, medium and large. The following table shows four additional categories of sport (Mullin, 1983).

Table: Different categories of users<sup>4</sup>

User category	Characteristics
Loyal (big) users	Holders of annual season tickets, members of the club
Mean (average) users	Frequent (occasional) visitors, visitors of the large (derby) matches
Less common (weak) users	Occasional (rarely) visits
"Deserters"	Visitors who come to at least one sporting event, but in the next 12 months, did not return to the sports arena
Members of the media	Individuals who do not come to follow the live sporting event, but are informed and follow the sport solely through the media
Uninformed users	Users not aware of the benefits and pleasures that sport and products provide
Uninterested users	Users who are fully aware of the benefits and pleasures that sports and products can provide, but they do not accept or enjoy them

<sup>3</sup> Plumber, J. (1974): „The concept and application of lifestyle segmentation“; Journal of Marketing, 38(1), 33-37

<sup>4</sup> Mullin, B. (1983): „Sport marketing, promotion and public relations“; National Sport Management, Inc., Amherst, Massachusetts

## **Development of the target market strategy**

After acquiring an insight into the demographics and the style and way of life of users, marketing manager focuses on the selection and segmentation of selected (targeted) groups would qualify as the message. T. Levitt, in his book from 1986 „Marketing Imagination“, says that manager who does not consider market segmentation – does not think at all. Target market strategy is based on the concept (statement, paragraph) that is much more cost effective to focus on a particular group rather than thinking about sending a message to all potential users.

### *Defining of the target market*

In practice, three methods are known for defining of a particular market and meet their needs:

Mass marketing (intact) - marketing strategy without sharing the market, which is used to send messages to broadest range of users? In the past, a lot of money was spent on marketing the product for a "typical" or "average" user. Today, however, no company or organization can survive thanks to the sale of the average user. Different segments of the market do not recognize mass marketing - it focuses on the common characteristics of users, rather than on their differences. Although this approach cannot register the different consumer groups in the market, nor it represents the basic method to reach users, it has its place in sports marketing.

Marketing segmentation (focused) – a marketing plan projected to apply to well-defined market segment or group of users. Because of the pronounced advantages, this form marketing has greater application.

Marketing segmentation (focused) – a projected marketing plan to apply to well-defined market segment or group of users. Because of the pronounced advantages, this form of marketing has greater application. The fact that the future position (share) of the sports organizations on the market will largely depend on the quality and faster focus on the target market, and identification of different market segments will much contribute to carry out market segmentation in all areas of business and organizations. Marketing segmentation and focused approach focuses on a specific target audience and its specific needs and is an effective way to take a firm stance on a particular market segment. After separating two or more potential market segments, the target market should choose one that offers the most features. This may not be a segment with the highest number of users, because this pattern does not have to provide the greatest opportunities (stiff competition or the user's satisfaction with the competition).

Multiple segmentation (separated) - a marketing plan to apply to two or more market segments, with separate access for each user group. It combines the most useful aspects of the appropriate previous two forms of marketing. It is very similar to marketing segmentation, except that the sports organization is focused in several different segments for which (for each) has prepared appropriate plans. As there are more unique segments that are discussed in the market, the segmentation will be more successful.

The table represents an overview of the basic methods of developing target markets:

Table: Basic methods of developing a target market<sup>5</sup>

<b>Marketing approach</b>	<b>Mass marketing</b>	<b>Marketing segmentation</b>	<b>Multiple segmentation</b>
Target market	Wide scope of users	One precisely defined group of customers	Two or more precisely defined groups of customers
Product	Limited product number of given brand (producer) intended for great number of customers	One brand for one group of customers	Special (different) brands for each group customers
Price	The scope of "popular" prices	One scope of prices for one group of customers	Special scope of prices for each group of customers
Distribution	All possible forms	All appropriate forms	All appropriate forms – different by segments
Promotion	Mass media	All appropriate media	All appropriate media – different by segments
Significance of the strategy	A message to a large number of users through a uniform, comprehensive marketing program	A message to a group of users through a specialized but uniform, comprehensive marketing program	A message to two or more different market segments through different marketing programs for each segment

### *Stages in planning the strategy of segmentation*

There are six main stages in the development of segmentation strategies. First, the marketing manager must determine the characteristics of consumers and their needs for specific products and services, which have a crucial role in the formation of the data collected for creating demographic and psychological images of users (Phase 1). After assessing the similarities and differences between users (Phase 2) and developed a typical picture of consumers (Phase 3). This allows definition of market segments uniting users with similar characteristics and needs within the segment (Phase 4). At this stage, it is necessary to choose the segment that offers the greatest opportunities. The existing financial and human resources sports organizations must be compared to the cost of the development strategy for the selected segment. Then, when you select the segment of the market, organizations need to compare the position of products and services with the competition (Phase 5). Finally, an appropriate marketing plan for each target market is developing.

### **The process of product development**

In the process of product development, five basic steps can be singled out. The first phase - testing the concept - which includes the first three steps involve testing products or ideas before starting the process of production or marketing activities .Here are these five steps:

*Gathering ideas for development of new product.* It is necessary to collect all available information (business, sports and leisure) in order to understand the market needs. It is necessary to conduct a brainstorming among colleagues in order to get some new creative ideas related to the sport. You should not drop the idea in this step.

<sup>5</sup> Evans, J., Berman, B. (1988): „Principles of marketing“, Macmillan Publishing Co., New York

*Assessment (grade) on new product ideas and product analysis.* Estimate of the product's market value. To suggest or anticipate market demand, cost, start-up costs, and if necessary, develop a product range.

*Product development.* A clear picture of the product development ideas, and in case of specific products, such as sports shoes or athletic equipment, building of prototypes.

*Test marketing.* Testing products in a variety of target markets to make a decision on continuation of investment in financial and human resources for its full development. Test marketing of a new sport or league competition is the first played season. However, it is more difficult to realize the test marketing in the case of a new league competition but the new sports product the manufacturer. When in this stage of product development collect and analyze all data and information the final decision to commence or complete implementation of production is made.

*Implementation and commercialization.* At this stage there is the actual realization of the product or idea and begins with the development of marketing campaigns. When an individual or a company comes to this step, the question of validity of the product or idea and the justification of marketing investments is already resolved.

If at any stage of product development a company finds there is no market for that product, the idea of such a product is rejected.

## **Promotion of products**

Promotion represents a means and technique of communication with users. Sporting promotion is considered to be most successful if the desired message of marketing managers is communicated directly to the target group on the market. Coverage of sports in electronic and print media has grown and together with the existing competition between different entertainment products, transformed sports markets to high profit industry.<sup>6</sup>

### *The process of communication*

The process of communication used in sports marketing is no different from marketing that applies to other products. Knowledge of the communication process is useful in terms of understanding of the way of forwarding messages from its source, a sports marketing manager, to the recipient of the message, supporters, or customers. The communication model consists of the following stages:

Sources of the messages are usually sports marketing manager or sports organization. Bearing in mind the philosophy and mission of the organization, marketing manager needs to decide what message about the product or service is going to be sent (in relation to the club, team, sports event) and to whom (target market) will be forwarded.

Marketing manager sends a message using words, sound signals, symbols, or pictures.

An asset is a medium used by marketing manager to convey a message to the recipient. Different ways are used here - from individual activities to electronic means.

Message recipient is the target market where sports marketing manager wants to send a message.

Interpretation is the way the message is understood and accepted by those who receive the message.

The response is a reaction of the target market to sent message. Are users motivated to order a product or service?

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<sup>6</sup> Rajevic, D., (2011): *Managing relationship with consumers in sport*, Internationa journal of economics and law, Novi Sad, 2011.

Feedback or score is a measure of success is sending the desired message to target market. Marketing researches, ticket sales and other indicators provide feedback to manager.

## 6. RESUME

It is the indisputable fact that the incentive to the development of management concepts in sport was given by sports marketing managers themselves providing their inventiveness and innovations. Sports marketing managers are facing unusual challenges in carrying out of direct marketing sports activities that in some cases could be quite different from traditional marketing of products and services. Products of sport industry, which reacts more slowly to changes than other industries, mostly follows the trends in other areas, as confirmed by a steady influx of marketing managers in the sport industry.

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