

# The Globalization of Sports Marketing

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White Photography, Saugus.

The past ten years have witnessed a staggering expansion at the global level of sports and sports marketing. National and cultural boundaries, once impenetrable, have dissolved, and new target markets for sport consumer product companies have been created. But exactly why this rapid globalization of sports marketing is happening is debatable.

Some might regard this globalization as nothing more than the inevitable consequence of new communication technologies, allowing easier access to large television and cable audiences. This view, however, is short-sighted, ignoring other factors. (Consider that expanding global economies and falling political barriers now afford many people the leisure time to travel and experience life in other countries, thus creating cultural exchanges that would include sports.) Plainly speaking, it would be a mistake to see the origins of the sports globalization process in terms of any single factor or two. In fact, evolving over the past ten years or so are a number of contributors to this globalization process: advanced technology, sponsor-driven programming, the international women's movement in sports, new globally recognized athletic personalities, and evolving economic and political atmospheres. Only by recognizing that the sports marketing globalization process is made up of a myriad of factors, both dependent and independent, can the immensity of this new marketplace come into focus.

Clearly, advancing communication technology—television broadcasting especially—has had a major impact upon the presentation and marketing of sports. The opportunities of increased television rights, revenues, and sponsorships afford all sports greater global exposure. What were once government-controlled or subsidized economies in Europe, Asia, and South America have been evolving over the last decade, albeit slowly in some regions, into free market economies. This free market evolution translates into a viewing boom due to government deregulations and a need for sponsor-driven programming. And sponsor-driven programming permits an increasing number of cable and satellite



channels to broadcast sporting events to greater numbers of sports viewers, who otherwise would simply not have access to such events.

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Television's impact was demonstrated during the 1994 World Cup Soccer event, capturing a cumulative television audience estimated at 30 to 33 billion viewers. While soccer has always enjoyed an international presence, television has allowed it to further increase its lead as the world's most popular sport. Enjoying similar expansions into untapped markets in terms of viewership and participants, because of these new broadcast technologies, are North American-based professional basketball, football, baseball, and ice-hockey.

Using television as its catalyst to garner a larger market share, the professional leagues have gone outside the domestic marketplace to capture a wider global audience. In 1996, David Stern, Commissioner of the National Basketball Association (NBA), estimated that the league was in "potentially 600 million homes worldwide." The NBA, to its credit, was the first U.S. professional league to target this global market potential. Since 1984, the NBA has "added six franchises, quadrupled its revenues, and opened offices in Melbourne, Hong Kong, Geneva, Mexico City, Tokyo, London, Paris, Miami (for Latin America) and Toronto". In fact, since 1989, NBA international apparel sales have risen by 250%. Commissioner David Stern is convinced that the more NBA broadcast programming its promoters can provide, the more revenue will be generated from corporate advertising. In turn, the more revenue the networks receive, the more they are willing to pay the professional leagues for the rights to their games.

Since 1987, The National Football League (NFL) has conducted pre-season exhibition games in foreign venues to spark interest in American football broadcasts, and to develop a fan base for its planned World League of American Football in Europe (now called NFL-Europe). By 1989, the NFL concluded that it had reached a marketing saturation point in the U.S. in terms of traditional ways of increasing revenues via network television and licensing sales; so the Fall NFL Sunday game broadcasts were expanded into England. Now, in addition to Great Britain, NFL broadcasts are also seen in France, Iceland, Ireland, Italy, Japan, Australia, New Zealand, Dominican Republic, Denmark, Sweden, Kuwait, Germany, Spain, and Zimbabwe.

To further illustrate the interest and growth of American Football in the international arena, the highest-attended pre-season or regular-season football game in NFL history took place in 1995, in Mexico City, between the Dallas Cowboys and the Houston Oilers, in front of approximately 124,000 fans. These numbers are staggering when you consider it was a pre-season game played in a foreign venue.

The global expansion of NFL broadcasts helped to boost the international sales of NFL apparel, with revenue quadrupling in just two years—between 1990 and 1992. With apparel sales and television viewership on the rise in Europe, the NFL introduced the World League



Photo of Brent Pope by Richard Murray, Cardiff Devils Ice Hockey Club.



of American Football, now called NFL-Europe, from 1992–1993, with a two-year hiatus, and again from 1995 to the present. The NFL-Europe is currently comprised of six European-based teams located in Amsterdam, London, Edinburgh, Dusseldorf, Frankfurt, and Barcelona. The NFL anticipates expansion into two new European cities by 1999, possibly Berlin and Warsaw.

In 1996 the Fox Network became a fifty percent owner (along with the NFL International) of the World League of American Football, ensuring consistent and enhanced broadcasting reach into both the U.S. and Europe. This has translated into greater sponsorship revenues for the WLAF. Logically, the next move for the NFL may be to Australia, where American football is regularly watched by a growing audience.

Arguably the largest sporting events to take place in the global marketplace are the Summer and Winter Olympics. The first modern day Olympics took place in Athens in 1896, lasted five days, consisted of 13 countries, 311 athletes, and 32 events. The 1996 Summer Olympics in Atlanta comprised 197 countries and over ten-thousand athletes. There were twelve-thousand broadcast media accreditations and five-thousand print and photographic media accreditations. The global television rights were more than \$900 million and were televised into 220 countries. To put it in relative terms, NBC won the U.S. broadcast rights for the Sydney Olympics in the year 2000 with a bid of \$715 million. In 1968 ABC paid \$5 million to broadcast the Mexico games; for Atlanta in 1996 NBC paid \$456 million, and secured over \$600 million of advertising.

#### SPORTS PROGRAMMING

Sports-sponsored programming is now feeding the massive expansion of satellites and cable-based channels around the globe. Intelsat, a company that sells satellite time, estimates that over sixty percent of its general programming is taken up by live sports events, a figure that has grown dramatically since the Gulf War. With this natural expansion of sports comes sport-specific cable television programming. Highly focused sport cable-networks allow the development of specific target audience programming for current and potential sponsors. Entertainment and Sports Programming Network (ESPN), an all-sports network, in 1996 generated more than \$400 million in advertising revenues, making it the most profitable network on

cable television. Although it doesn't own any rights to the Super Bowl, NBA Finals, or the World Series, it is the worldwide distributor for those and many other premier events. ESPN controls, or has partial stake in sixteen international sports channels (One of them broadcasts to 6.5 million households on Mainland China).



*Condé Nast and Sports Illustrated have recently spun off magazines tailored exclusively to women's growing interest in sports. These magazines serve as platforms for a wide range of advertisers eager to reach a rapidly expanding market.*

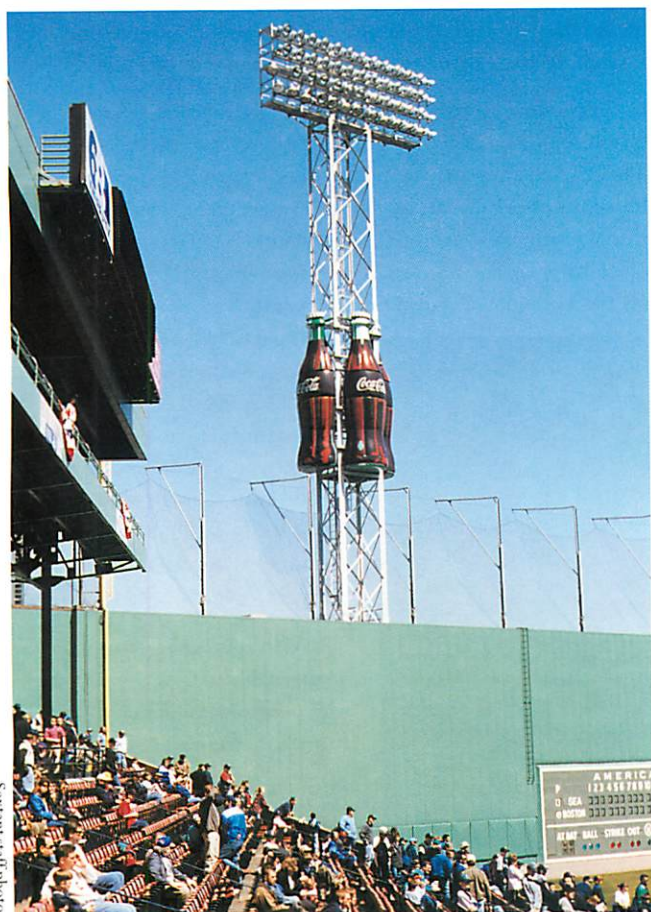
In 1996 ESPN's cable- and satellite-distributed programming was seen in more than sixty-six million U.S. households (making it the largest U.S. cable network with seventy percent penetration) and ninety-five million homes in more than 150 countries. The success of ESPN has resulted in ESPN2, which started in 1993 to target audiences interested in low-profile sports such as the NHL games and the X games. With ESPN, ESPN2, ESPN Radio, and ESPN SportsZone on the internet, ESPN continues to enjoy an increasing share of the sports network market and sponsorship revenues.

The global market for sponsor-driven sports programming is still in its infancy, with its saturation point, according to estimates, still several decades off. As televisions become more available, especially in third world countries, audiences for spectator sports rise dramatically. With this rise can come an equally dramatic increase in youth participation in a sport. For example, following the success of the Soccer World Cup in 1994, in which three billion viewers tuned in, there was a major boost in participation on the youth level in the United States. U.S. Youth Soccer Association witnessed an increase of nine percent from the previous year, while the American Youth Soccer Organization enrollments were up fourteen percent (from 436,858 to nearly 500,000). At the same time sales of soccer apparel and equipment rose by twenty-three percent.

#### SPONSORSHIP

As the international sports market grows, so will the number of sponsors rushing in to capture potential sports product consumers. The consumer potential in these markets is enormous, and global-oriented companies are looking for any way to break into these markets. Sports sponsorship is growing at an outstanding rate: 138% in the past ten years alone. More corporations are seeking to tie their name to a facility, a team, an event, or more effectively, an athlete. Companies such as Coca-Cola paid over \$40 million to be an exclusive sponsor of the 1996 Olympic





Boston's Fenway Park is only one of the many sports venues world wide associated with Coca-Cola.

Games. The CPT (cost per thousand) was minimal, given that the event captured over four billion viewers worldwide.

According to *Beverage World*, the beverage industry's primary trade journal, Coca-Cola products are sold in 195 countries. The soft drink giant supports sixty-seven sports programs on a regional, national, and global level. Billions of dollars are invested by companies like Coca-Cola to finance player development and payrolls, arena and stadium upgrades, and the public relations machine—that attracts fans throughout the world.



Associating a product with star athletes makes sense for corporations seeking to enhance their images, here and abroad.

Nike, as another example, has been able to attach its name to such star athletes in their respective sports as Michael Jordan (basketball), Tiger Woods (golf), Andre Agassi (tennis), Deion Sanders (football), Ken Griffey, Jr. (baseball), and Sergei Federov (ice-hockey). By associating their names and logos with great athletes, corporations expect their products to garner an image of quality. "In Britain," as reported in the *Chicago Tribune*, "the shoe advertisements involving players such as Jordan, O'Neal, and Barkley are as pervasive—and as popular—as they are in this country. So even for many of the British who have not seen an NBA game in person, there is a chance of making a fashion statement and turning it into a love of sports." As sporting events become more international these sponsored athletes will, in turn, be more visible in the eyes of the media, its viewers, and, ultimately, the sports consumer.

## STAR POWER

In terms of appeal and interest, star athletes help market their respective sport. But today, the higher-profile athletes can use the electronic media to effectively market themselves, while their sport becomes secondary or a stepping-stone to lucrative product endorsements. For example, Kerri Strug's emotional performance at the 1996 Summer Olympics was viewed by millions all over the world. Gymnastics, a sport that normally receives little annual publicity, was, thanks to the heroics of one individual, instantly covered by hundreds of electronic news-media outlets, papers, and magazines across the globe. Her outstanding performance enabled her to receive several major deals at the conclusion of the Olympics. The 1998 Winter Olympics in Nagano, Japan produced several new stars for the USA. One in particular was Tara Lipinski with her gold medal performance in the figure skating competition. Within ten days of receiving her medal she had signed product endorsement deals totaling \$15 million.

Another example of the power of an individual athlete's persona was Michael Jordan's first game back after retirement. This event drew the largest regular-season television audience in NBA history, thirty-five million viewers. The NBA's Dream Team's performance in Barcelona is an example of the collective persona that individual athletes can bring to their sport and to themselves.





A relatively new face to the professional sports scene is Tiger Woods, yet he has developed into a mega-marketing dynamo almost overnight. To demonstrate the impact Tiger's persona has had on the sport of golf, the Masters Tournament viewership increased by over 40 per cent (rating from 6.0 to 8.6 from the previous year) by the mere presence of Tiger Woods. At twenty-one, Woods became the youngest player ever to win a major golf tournament. Nike recognized Tiger's marketing potential, and has introduced a Tiger Woods's signature line of golf clothing and shoes, which is already breaking all previous sales records. Similarly, but to lesser degrees, Emmitt Smith (NFL), Shaquille O'Neal (NBA), Wayne Gretzky (NHL), Ken Griffey, Jr. (MLB), and Romario (Soccer) have all made an impact in their respective sports, and have all been key marketing factor in the globalization and growth of these sports.

#### THE WOMEN'S MOVEMENT

Also playing a vital role in the globalization and marketing of sports is the international women's movement. Historically, women have been on the sidelines as spectators or as minor participants in what was once regarded as man's domain. Times have changed, however, and today both women's sports and women competing in male-dominated sports are breaking gender barriers at a rapid pace. Even though women's sports in the past have always enjoyed success in Europe, they are now gaining serious momentum in the U.S. This is due, in part, to the expanding electronic media. It is also connected to the growing interest and focus of many major sport and consumer product companies, which are gaining an understanding of the potential size of the women's sport consumer marketplace. One-third of the athletes at the 1996 Olympics were women. This translates into major new market opportunities in sports products. For example, there are two new women's magazines from *Sports Illustrated* and *Conde Nast*. The 1998 Winter Olympics introduced women's ice-hockey and women's snowboarding, and the 2000 Summer Olympics will introduce women's soccer. The women's

ice hockey produced exciting games and a competitive atmosphere for a future professional league in the U.S.

According to the Women's Sports Foundation, one in twenty-seven girls competed in high school athletics in 1971. That figure currently stands at one in three. The increase in these numbers can be attributed to Title IX, which the National Collegiate Athletic Association (NCAA) instituted to close the gap between male and female scholarship athletes on the collegiate level. This has resulted in annual increases

in all participatory sports, particularly soccer, softball, and golf. As spectators, women comprise forty-one percent of viewers in NFL football games. In addition, almost half of the eight million tickets sold at the Atlanta Olympics were to women's events.

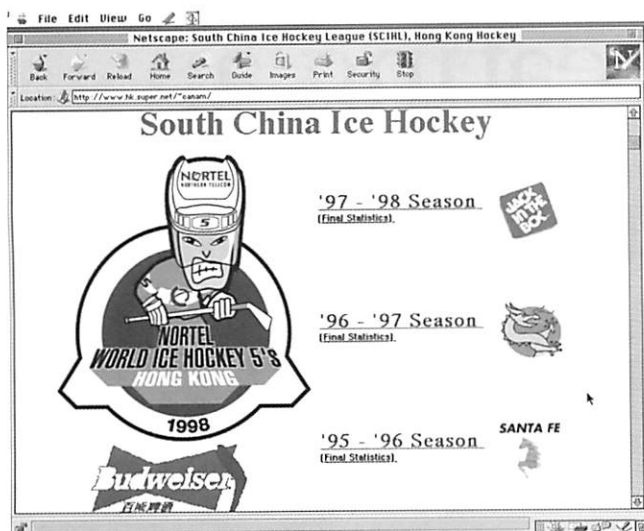
With increasing emphasis on women's sports at the Olympic and professional level, a large influx of women athletes are becoming sports consumer-product-marketing role models. For example, Rebecca Lobo signed a \$2 million deal with Reebok, for which her own signature line is being developed. Steffi Graf (tennis), Jackie Joyner-Kersey (track), Kerri Strug (gymnastics), and Tara Lipinski (figure skating) are just a few of the women who are making their mark and paving the way for future stars and future marketing opportunities in sports products. The success of these women give a clear indication that women's sports and women-in-sports have become a great potential economic force on the global scale.



*New product lines take advantage of the increasing wave of women entering the world of sports.*

#### POLITICS

The political and economical atmosphere within and between countries can be influenced by sports—and vice-versa. In an attempt to better relations between Japan and South Korea, the world members of FIFA, the international soccer organization, decided that the two countries would co-host the World Cup in 2002. Although such co-hosting has never occurred in the history of the sport, it is being received by many as a good tool to increase negotiations and relationships between the two countries. The U.S.



*Ice hockey in China? The World Wide Web easily brings it into your home—along with some slightly less exotic sponsors.*

and Iran recently conducted wrestling matches that have initiated a new diplomacy that otherwise might not have evolved.

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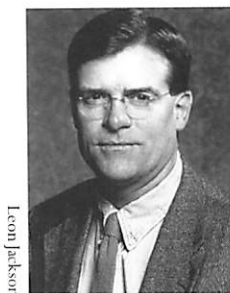
With the break-up of the Soviet Union in 1989, sports have become less politicized, even though the Chinese still use sports on the political world stage for propaganda purposes. Many former Soviet satellite countries—with the introduction of capitalism—are seeing ways to build corporate sponsor-based sports, given that state sponsorship is no longer viable. Many Western European countries are also finding ways to increase their sponsor-based sports by building venues with suites and boxes targeting multi-national corporate sponsors. The Amsterdam Arena is a prime example of this effort to enhance revenue generation by constructing North American style venues complete with corporate boxes. This depoliticization and its consequence are making it easier for American-based teams to do business abroad, creating greater incentives for expansion into foreign venues. This natural progression has led to greater numbers of foreign athletes participating in U.S. collegiate athletics. According to NCAA figures reported by Dobie, "213 foreigners played Division I men's basketball last season [1995]. Just twelve years ago the number was only 25." Such exposure to U.S. sports develops opportunities in once-off-limits foreign markets for U.S. sports product and apparel companies. Players like Hideo Nomo (baseball), Hakeem Olajuwon (basketball), and Wayne Gretzky (ice-hockey) typify the athletes who have crossed the border

(so to speak) to become highly marketable international sports personalities whose appeal is global.

In essence, the globalization of sports and sports marketing over the past decade or so has been aided by circumstances not easily predicted. The rapid advancement of technology, sponsor-driven programming, the women's movement, political and economical changes, and individual athletes' dominating personas have been driving forces in sports and sports marketing on a global scale. Understanding why the globalization of sports has occurred allows sports marketers to maintain a competitive edge. Because the targets of the marketers are the sports consumer and sports viewer, it is they—consumers and viewers—who will, ultimately, have a say greater than any one athlete, sponsor, consumer product company, or network on the future of sports marketing globalization. Metaphorically speaking, the sports consumer will be the best "referee" of this sports-marketing globalization process. 🐼

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