

The Effect of Sports Marketing on the Sports Institutions Performance - A Field Study

أثر التسويق الرياضي على أداء المؤسسات الرياضية - دراسة ميدانية

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Abstract:

Sports marketing could be classified as a type of marketing which concentrates both on the promotion of sports events and teams as well as the promotion of other products and services through sporting events and sports teams. It is a service in which the element promoted can be a tangible product or Intangible product.

Nowadays, Sports has become a profitable business, many international organizations have worked in the field of sports, many countries have invested millions of dollars in this field, and many international bodies have established to manage sports business.

Keywords : Sports Marketing, Performance, Sports Institutions

الملخص:

يمكن تصنيف التسويق الرياضي كأحد أنواع التسويق الذي يركز على الترويج للأحداث والفرق الرياضية بالإضافة إلى الترويج للمنتجات والخدمات الأخرى من خلال الأحداث والفرق الرياضية, حيث يتم التسويق عن منتجات ملموسة أو غير ملموسة في المجال الرياضي.

لقد أصبحت الرياضة في الوقت الحاضر من المجالات التجارية المربحة وعملت العديد من المنظمات العالمية في هذا المجال كما أستثمر العديد من البلدان ملايين الدولارات فيها مما أدى الى ظهور العديد من الهيئات الدولية لإدارة الأعمال الرياضية.

الكلمات المفتاحية: التسويق الرياضي، الأداء، المؤسسات الرياضية

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1. INTRODUCTION

The research aims to identify the impact of the dimensions of sports marketing (sports product, sports pricing, sports distribution, and sports promotion) on the performance of the sports institutions dimensions (financial performance, and non-financial performance).

The researchers use the descriptive analytical approach, by designing a questionnaire designed which distributed on a sample of 137 managers of first and second class football clubs in Algeria.

The results of research mention to a statistically significant impact at a significance level = $\alpha \leq 0.05$ for the dimensions of sports marketing on the sports financial performance, and significance level = $\alpha \leq 0.05$ for dimensions of sports marketing on the sports non-financial performance.

The results also mention to a statistically significant differences at a significance level = $\alpha \leq 0.05$ for awareness of the sample for the dimensions of sports marketing and the performance of sports institutions due to the variables of each club (type of class, number of titles, and date of foundation) .

The researchers conclude that there are strong trends for the managers of clubs to apply the model of sports marketing as a base to improve the performance of sports institutions (financially and non-financially).

The researchers recommend to apply the principles of modern marketing management in sports institutions by providing a suitable environment, to encourage the economic institutions to provide adequate and continuous support for sports institutions in order to achieve the desired sports development by the higher authorities of the country, and to spread the culture of self-support financially for sports institutions instead of dependence only on the government funding.

2. Theoretical Framework

2.1 The Concept of Sports Marketing :

Sports marketing can be defined as the application of marketing concepts to sport products and services, and the marketing of non-sport products through an association to sport activities (Smith, Aaron C.T , 2008) ^[1].

The sports marketer must identify what needs and wants are being satisfied through the exchange process.

Kotler et al. identify the process of exchange as "the act of obtaining a desired object from someone by offering something in return" (Kotler, P., Adam, S., Brown, L. and Armstrong, G , 2006)^[2].

Two distinct streams exist within the broad concept of sport marketing (Shilbury, David, Westerbeek, Hans, Quick, Shayne and Funk, Daniel, 2009)^[3]:

- Marketing of sports

The Effect of Sports Marketing on the Sports Institutions Performance - A Field Study

It refers to the use of marketing mix variables to communicate the benefits of sport participation and spectatorship to potential consumers. Ultimately, the goal is to ensure the ongoing survival of the sport in rapidly changing environmental circumstances. This aspect of marketing has only recently developed in sporting organizations. Survival depends largely on the principal purpose of the sporting organization (Fullerton, Sam and Merz, G. Russell , 2008)^[4].

- **Marketing through sports**

Marketing ‘through’ sport Sponsorship of sport by firms is an example of marketing ‘through’ sport. Large corporations use sport as a vehicle to promote and advertise their products, usually to specifically identifiable demographic markets known to follow a particular sport (Bühler, André W., and Nufer, Gerd , 2006)^[5].

The sport industry is the imagining it as a series of steps from supplies and raw materials that make up sport products and services, through to their delivery and marketing. Figure 1 provides an example of a ‘value chain’ for the sport industry. It is called a value chain because at each step there is the addition of new value to the sport product (Westerbeek, H. & Smith, A , 2004)^[6].

2.2 The Dimensions of Sports Marketing :

The sport marketing has four main dimensions; these dimensions will build the strategy of sports marketing. The main dimensions of sport marketing are:

1.2.1The sport product:

A sport product is usually conceived as a physical good that has been manufactured (i.e. sporting shoe, football or baseball cap), and it can also refer to services and ideas. In fact, the term product is used in sport marketing in several ways including (Schwarz, Eric C. and Hunter, Jason D 2008)^[7]:

- a good (physical item)
- a service
- an idea
- a combination of above

In fact, sport products may feature a mixture of tangible and intangible elements, some sport products are mainly tangible and some are mainly intangible.

The sport product continuum is a useful tool to help show that products can be defined along a continuum with mainly tangible products on one end, mainly intangible products on the other end and a mixture of the two in the middle (Smith, Aaron C.T., 2008)^[1], as seen as in figure (1)

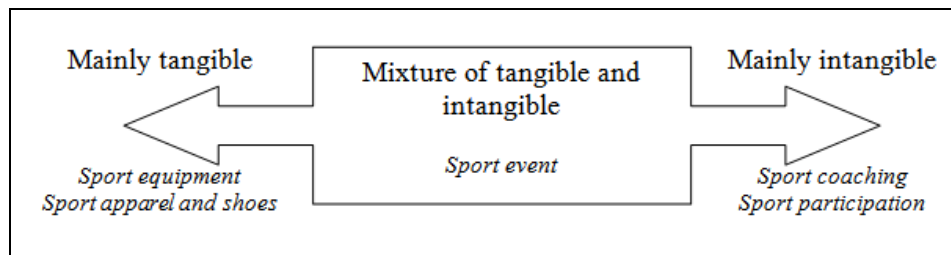


Fig.1. The sport product continuum

The core benefit of sport product represents the principal advantage that the consumer receives from buying and using a product. It is easy to underestimate the importance of the core benefit of a product, and focus on the other variables like features (actual product) or add-ons (augmented product) [7].

It is always important to understand the main need that the consumer has, or the primary benefit that they get from using the product.

1.2.2 Sports pricing:

The price of a product represents what a consumer relinquishes in exchange for a sporting good or service. A price should also reflect the value of a product (Fort, R. , 2007) [8].

A useful way to think about pricing decisions is to consider them in terms of value. In sport marketing, the value of a product is a factor of how its price relates to the benefits that consumers believe they will receive in exchange (Shin, Stephen H., Kim, Ji-Ho, and Moon Heechunb , 2016) [9]. Consumers will feel that a product is of good value if the benefits received from it are equal or greater than the price paid.

The pricing has many strategies to achieve the organization's goals. It is essential to remember that pricing goals should support a broader product and brand positioning strategy, which in turn should underpin marketing objectives and the achievement of organizational objectives (Smith, Aaron C.T., and Stewart, Bob , 2015) [10]. There are two main types of pricing goals:

- Profit-based pricing goals
- Sales-based pricing goals

1.2.3 Sports distribution:

Distribution means transporting a product from the producer or sport organization to the final consumer. There are several major ways in which sport products are distributed in the sport industry. It is a good start to keep in mind that sporting goods and services are distributed differently [1]. Sport distribution is concerned with how and where consumers get access to a sport product or service in order to use it. There are two main channel of distribution as following (<http://www.tutor2u.net/business/reference/marketing-distribution-channels>) [11]:

The Effect of Sports Marketing on the Sports Institutions Performance - A Field Study

- A direct distribution channel is short where the producer sells the product directly to the consumer, this type can be effective by using Internet, e-mail, and social networks. Figure (2) illustrates this process.

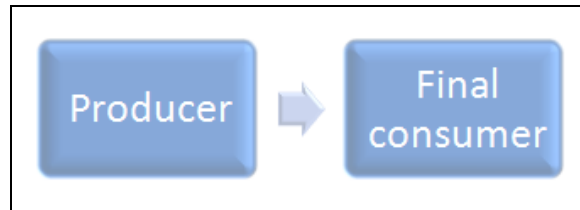


Fig.2. The direct distribution channel

- An indirect distribution channel is long because there are a number of parties involved along the way. Those in the middle are usually called intermediaries, because they mediate between producers and consumers. When it comes to sporting goods, wholesalers and/or retailers are added into the channel. The following figures (3) and (4) show two different kinds of indirect distribution channels.

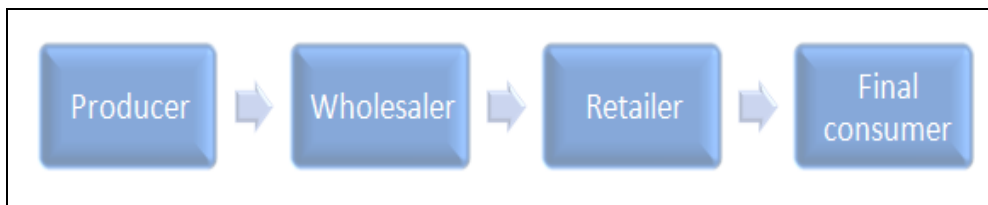


Fig.3. The indirect distribution channel (1st kind)



Fig.4. The indirect distribution channel (2nd kind)

1.2.4 Sports Promotion:

The term sports promotion covers a range of interrelated activities. All of these activities are designed to attract attention, stimulate the interest and awareness of consumers, and of course, encourage them to purchase a sport product (MIHAI, Alexandru Lucian , 2013)^[12].

Promotion is about communicating with and educating consumers. For example, promotion might involve telling potential consumers about a product, reminding them of its benefits or persuading them that it is worth trying^[1].

The aim of promotion is to encourage consumers to develop a favorable opinion about a sport product which is aligned to a predetermined positioning strategy, and then to stimulate consumers to try the sport product.

Because different promotional activities can be combined together, they are collectively known as the promotions mix. In other words, it is advantageous to combine a number of promotional activities together into one promotional plan or strategy ^[10]. A promotional strategy is a plan that aims to use the four main elements of the promotions mix for the best results. The promotions mix elements are (Marwat, Mohibullah Khan, Waseem, Muhammad, Khattak, Hazratullah, Abbas, Asif, Bi Bi, Iffat , 2013)^[13]:

- Advertising
- Personal selling
- Sales promotions
- Public relations

There are four main kinds of promotional activities that are collectively known as the promotions mix, because the different activities can be effectively combined. With this background in place, it is now time to consider the goals of promotion, or what it aims to achieve (Smith, Aaron C.T., 2008)^[1].

There are three main objectives of promotion (Marwat, Mohibullah Khan, Waseem, Muhammad, Khattak, Hazratullah, Abbas, Asif, Bi Bi, Iffat , 2013)^[13]:

- Informing
- Persuading
- Reminding

2.3 The Performance of Sports Institutions :

Financial performance is a subjective measure of the accountability of an entity for the results of its policies, operations and activities quantified for an identified period in financial terms. In the public sector the nature of financial performance is a function of what the public sector entity is held accountable for accomplishing in financial terms in the identified period (Adams, Renée B., and Mehran, Hamid , 2011)^[14].

It can also be defined as a general term applied to a part or to all the conducts of activities of an organization over a period of time often with reference to past or projected cost efficiency, management responsibility or accountability or the like. In many companies there are two types of performance, as following (Wanjiru, Mwangi Mary 2013)^[15]:

- The financial performance: It refers to the act of performing financial activity. In broader sense, financial performance refers to the degree to which financial objectives being or has been accomplished. It is the process of measuring the results of a firm's policies and operations in monetary terms. It is used to measure firm's overall financial health over a given period of time and can

The Effect of Sports Marketing on the Sports Institutions Performance - A Field Study

also be used to compare similar firms across the same industry or to compare industries or sectors in aggregation.

- The non-financial performance: It is any quantitative measure of either an individual's or an entity's performance that is *not* expressed in monetary units. This includes any ratio-based performance measure in that a non-financial performance measure that is ratio-based omits any monetary metric in either the numerator or denominator of that ratio.

2.4 Measuring Institute Performance:

Institute performance is studied and measured by different researchers who used different measures (Shah, S.Z.A., Butt, S.A. & Saeed, M.M , 2011)^[16], (Matolcsy, Z. & Wright, A , 2011)^[17], (Yasser, Q.R., Entebang, H. & Mansor, S.A. , 2011)^[18]:

- Shah et al. studied the market based measures of institute's performance by market value of equity divided by book value of equity and Tobin's Q.
- Matolcsy and Wright measured institute performance by ROA, ROE, and change in market value of equity.
- Yasser et al. used return on equity (ROE) and profit margin (PM) for the measurement of institute performance.

The Relationship among Institute Performance, Board Composition, and Board Size :

- Board Composition and Firm Performance

Boards mostly compose of executive and non-executive directors. Executive directors refer to dependent directors and non-Executive directors to independent directors. At least one third of independent directors are preferred in board, for effective working of board and for unbiased monitoring (Shah, S.Z.A., Butt, S.A. & Saeed, M.M , 2011)^[16].

Dependent directors are also important because they have insider knowledge of the organization which is not available to outside directors, but they can misuse this knowledge by transferring wealth of other stockholders to themselves. A board composed of members who are not executives of a company, nor shareholders, nor blood relatives or in law of the family.

An independent board is generally composed of members who have no ties to the firm in any way, therefore there is no or minimum chance of having a conflict of interest because independent directors have no material interests in a company. Independent directors are important because inside or dependent directors may have no access to external information and resources that are enjoyed by the firm's outside or independent directors (Yasser, Q.R., Entebang, H. & Mansor, S.A. , 2011)^[18].

- Board Size and Institute Performance

The possibility of larger boards can be less effective than small boards. When boards consist of too many members agency problems may increase, as some directors may tag along as free-riders. Some scholars argued that when a board becomes too big, it often moves into a more symbolic role, rather than fulfilling its intended function as part of the management (Matolcsy, Z. & Wright, A. , 2011)^[17].

On the other hand, very small boards lack the advantage of having the spread of expert advice and opinion around the table that is found in larger boards. Furthermore, larger boards are more likely to be associated with an increase in board diversity in terms of experience, skills, gender and nationality (Adams, Renée B., and Mehran, Hamid , 2011)^[14].

Expropriation of wealth by the CEO or inside directors is relatively easier with smaller boards since small boards are also associated with a smaller number of outside directors. The few directors in a small board are preoccupied with the decision making process, leaving less time for monitoring activities.

3. The Practical Part

3.1 The study methodology:

The descriptive and analytical approaches were used by the researchers, the researchers used the descriptive approach by using the academic references to clarify the terms theoretically, and they used the analytical approach by making sample survey and analyzing the results statistically.

The sample population of the study consisted of all the managers of 1st and 2nd class football clubs in Algeria , they are about 2500 items , categorized on 32 football clubs. A random sampling is done in this study of 137 football clubs.

3.2 The statistical analysis tools:

For the purposes of statistical analysis, the researchers used some statistical methods as following:

- The measurements of descriptive approach to describe the characteristics of study sample by percentages, to answer the questions of the study, and to arrange the dimensions in descending direction.
- The Multiple Regression Analysis to identify the validity of the study model, and the impact of the Independent variable (the dimensions of sports marketing) on the dependent variable (the performance sports institutions).
- ANOVA to test the differences of intermediate variables (type of class, number of titles, and date of foundation).
- The Stepwise Multiple Regression Analysis to test the entry of independent variables in the forecasting equation of the dependent variable.

The Effect of Sports Marketing on the Sports Institutions Performance - A Field Study

- The variance inflation factors and Tolerance to ensure that there is no high correlation among variables.
- Skewness to ensure that the data follow the normal distribution.

4. The questionnaire :

The questionnaire was tested by 8 referees from Algerian universities to check the reliability of the research tool. The test–retest of the research tool is (0.916), and the Cronbach's alpha of the research tool is (0.956) to all the dimensions of the tool, as shown in table (1) .

Table 1. The results of repeatability test

Dimensions	No. of items	The repeatability test	
		Test-Retest	Alpha
sports product	5	0.991	0.973
sports pricing	5	0.972	0.983
sports distribution	5	0.986	0.996
sports promotion	5	0.826	0.994
financial performance	4	0.834	0.894
non-financial performance	4	0.892	0.898
Total	28	0.916	0.956

Source : by the researchers depending on the outcomes of SPSS

5. The Results :

According to the results of the field study for the attitudes of the managers of 1st and 2nd class football clubs in Algeria, there is high level of assurance for the importance of sports marketing to enhance the performance of Algerian Sport .

- *Independent Variable :*

Table 2 shows the averages of measuring the sport marketing (the main independent variable) and its dimensions (the subsidiary independent variable) .

Table 2. The results of analyzing the independent variable

Dimensions	The average	Ranking
sports product	4.973	2
sports pricing	4.970	3
sports distribution	4.960	4
sports promotion	4.996	1

Source : by the researchers depending on the outcomes of SPSS

- *Dependent Variable :*

Table 3 shows the averages of measuring the performance of sports institutes (the main dependent variable) and its dimensions (the subsidiary independent variable).

Table 3. The results of analyzing the dependent variable

Dimensions	The average	Ranking
financial performance	4.971	1
non-financial performance	4.884	2

Source : by the researchers depending on the outcomes of SPSS

Table 4 shows the results of multiple regression analysis to identify the validity of the study model, and the impact of the Independent variable (the dimensions of sports marketing) on the dependent variable (the financial performance) at a significance level = $\alpha \leq 0.05$.

Table 4. The coefficients

Model	Non-standardized coefficients		Standardized coefficients	t	Sig.
	A	Standard Error	Beta		
Sports product	0,635	0,081	0,710	7,789	0,000
Sports pricing	0,673	0,086	0,692	5,704	0,000
Sports distribution	0,729	0,093	0,530	3,007	0,000
Sports promotion	0,972	0,073	0,401	1,894	0,000

Source : by the researchers depending on the outcomes of SPSS

Table 5 shows the results of the stepwise multiple regression analysis to test the entry of independent variables in the forecasting equation of the dependent variable (financial performance) .

Table 5. The results of the stepwise multiple regression analysis

Ranking	R2 value	Value of calculated t	Level of t
Sports product	0,492	7,789	0,000
Sports pricing	0,501	5,704	0,000
Sports distribution	0,584	3,007	0,000
Sports promotion	0,661	1,894	0,000

Source : by the researchers depending on the outcomes of SPSS

Table 6 shows the results of multiple regression analysis to identify the validity of the study model, and the impact of the Independent variable (the dimensions of sports marketing) on the dependent variable (the non-financial performance) at a significance level = $\alpha \leq 0.05$.

Table 6. The coefficients

Model	Non-standardized coefficients		Standardized coefficients	t	Sig.
	A	Standard Error	Beta		
Sports product	1.979	0.089	1.236	23.028	0.000
Sports pricing	1.283	0.073	1.018	17.005	0.000
Sports distribution	0.962	0.079	0.682	9.014	0.000
Sports promotion	0.903	0.087	0.501	7.106	0.000

Source : by the researchers depending on the outcomes of SPSS

The Effect of Sports Marketing on the Sports Institutions Performance - A Field Study

Table 7 shows the results of the stepwise multiple regression analysis to test the entry of independent variables in the forecasting equation of the dependent variable (non-financial performance).

Table 7. The results of the stepwise multiple regression analysis

Ranking	R2 value	Value of calculated t	Level of t
Sports product	0,573	28.023	0,000
Sports pricing	0,682	17.005	0,000
Sports distribution	0,701	9,014	0,000
Sports promotion	0,735	7,106	0,000

Source : by the researchers depending on the outcomes of SPSS

Table 8 shows the results of ANOVA to test the differences of intermediate variables (type of class, number of titles, and date of foundation the club).

Table 8. The results of ANOVA

Intermediate variables	Details	Sum of squares	ddl	Average of squares	F	Signification
Type of class	Inter-groups	0.183	5	0.037	0.141	0.982
	Intra-groups	34.065	131	0.260		
	Total	34.248	136			
Number of titles	Inter-groups	0.667	5	0.133	0.914	0.474
	Intra-groups	19.128	131	0.146		
	Total	19.796	136			
Date of foundation	Inter-groups	18.180	5	3.636	1.875	0.103
	Intra-groups	254.097	131	1.940		
	Total	272.277	136			

Source : by the researchers depending on the outcomes of SPSS

6. CONCLUSION

The researchers conclude that there are strong trends for the managers of clubs to apply the model of sports marketing as a base to improve the performance of sports institutions (financially and non-financially).

The researchers recommend to apply the principles of modern marketing management in sports institutions by providing a suitable environment, to encourage the economic institutions to provide adequate and continuous support for sports institutions in order to achieve the desired sports development by the higher authorities of the country, and to spread the culture of self-support financially for sports institutions instead of dependence only on the government funding.

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