

MARKETING IN THE ROMANIAN SPORT DEVELOPING PROCESS: A SPORT ORGANIZATION MARKETING STRATEGY

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Abstract

The marketing strategy's role is to define the organization's attitude towards its environment and behavior in contrast with environment modifications. A marketing strategy expresses a corporation's option for a certain path chosen out of many others. Completing a strategy needs a factor analysis: the macro and micro-marketing environments as well as the internal area of that organization which ultimately lead to designing a strategic set of marketing alternatives as a result of this process. In order to be successful, a sport organization must have a base strategy which can train human resources and to transform any potential in real performance.

Keywords: process, strategy, sport organization, marketing mix, objectives

1. THE MARKETING STRATEGY ROLE IN A SPORT ORGANIZATION

1.1. The place of marketing strategies and policies at an organizational level

Marketing specialists are increasingly aware of the fact that the global economy can be a crucial factor for the organization's success. Its profitability cannot be guaranteed if managers do not have a market-oriented view. Without this product market awareness (Ph. Kotler), it will get harder and harder, if not even impossible, to survive in a more competitive business environment which is getting gradually more dynamic. Depending on its marketing objectives, a sport organization will opt for certain strategies that can properly guide its activity. Marketing strategies refer to ways in which a company tackles the market and also the marketing mix.

During the process of marketing strategies design, integrating these with any general corporate objectives is a must. Marketing strategies will be implemented for every part of the marketing mix. Having a well shaped strategy, managers have an easier task of accepting or refusing certain strategic actions that may or may not be included in the original plan.

“Managing marketing involves strategy use as an instrument for coherent assembly of any concrete strategic measures” (V.Olteanu –Service marketing, Uranus, 2001, p.104).

A marketing strategy’s role is to define an organization’s attitude towards their environment and also its behavior in contrast with that environment’s modifications. A marketing strategy expresses a corporation’s option for a certain path chosen out of many others. Completing a strategy needs a factor analysis: the macro and micro-marketing environments as well as the internal area of that organization which ultimately lead to designing a strategic set of marketing alternatives as a result of this process. In order to be successful, a sport organization must have a base strategy which can train human resources and to transform any potential in real performance.

Performance strategy means defining an organization’s field of work. In order to support it creating a strategy system is important for integrating the base idea into a product-service package well-suited for market conditions. Secondary strategies alter every single time a new situation occurs – these strategies are a consequence of a main objective. Project development heavily depends on secondary strategies success. Adaptation will be continuous I a successful enterprise. Base strategy will be clear and stable. For a successful sport organization, base strategy must be as precise and as much supported as possible. The project execution is what is being offered on the market – a bond between strategy and the final product (I.Cetină, R.Brandabur, Service Marketing, Uranus, Bucharest, 2004)

The essence of a sport service strategy is its quality. Quality is represented by certain aspects like: fairness, fair-play, commitment, respect towards companies and feelings, carrying on Olympics events, honesty. For a strategy to be successful a major role is being played by the selection criteria, human resources education and training, the external performance evaluation system and by giving rewards.

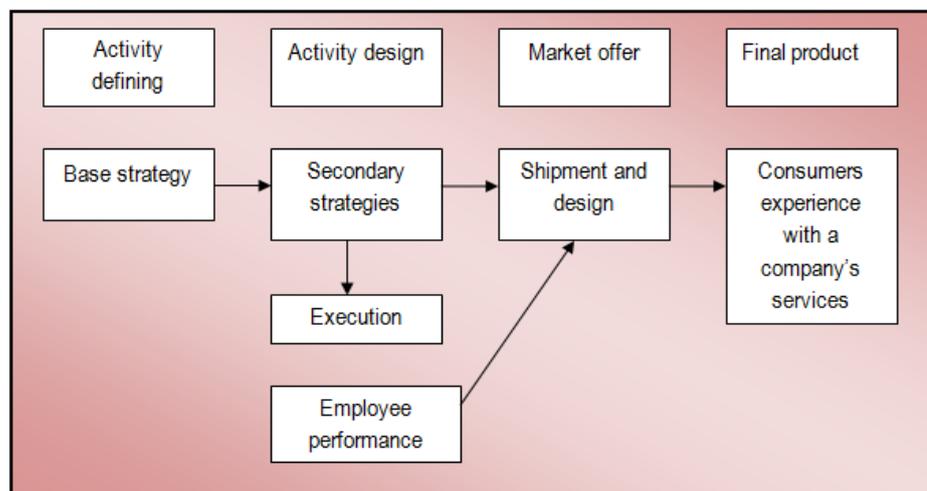


FIGURE 1 - BASE STRATEGY-FINAL PRODUCT STEPS TO UNDERTAKE

A well fundamented strategy demands great efforts from a company in order to be fully appliable at a later stage. A sport firm's marketing strategy must consider any costumer-oriented atributes as well as those atributes which confirm or weven surpass any expectation from consumers. (gymnastics, rafting, etc.). Fundamenting a company's strategy starts by a thourough analysis of the human, material and financial potentials of the organizations. A sport firm's marketing strategy must rely on performance and failure evaluation. It is possible that, at some point, the market offers a huge opportunity which, however, can go undetected by a company due to a lack in know-how or financial resources. When thinking a strategy it is of the utmost importance to notice, on one hand, any difference between market expectations or demands and its reality and on the other hand, degree in which an organization can put itself on a uphill path which can ensure a steady demand level. Marketing strategy must also represent the pattern on which every staff member can asses their own performance level and their company's as well. Many companies do not have the knowledge required to apply an elite strategy which is asked by any decent audience. Managers can ask their staff to perform excellent services so much desired by the crowd only if they have such a high-end strategy and , of course, if they have enough resources.

Coherent and operational strategy design must not be neglected. An inappropriate strategy endangers any future tactics. Basically, marketing strategies will be implemented or put to use through price, product, placement and promotion strategies as well as through any auxilliary programs. One of marketing's central elements is the marketing-mix by which an organization can develop variables that can be internally controlled and also utilized for satisfying any consumer need with the ultimate goal of better communication.

The traditional marketing mix comprises of „4Ps” – product, price, place and promotion. In sport's case there is a „fifth P” – PR or Public Relations*. The concept of „mix” means all of these five must intertwine. However, strategies involving the „5Ps” mentioned above must suffer some adaptation dictated by the unique traits and characteristics of sport. For example, in a physical product promotional effort, marketers tend to insist on sales promotion, advertising and brand use; in sport services these factors are also important but the service component of sports means concurrent consumption and produce, involving staff and atheletes as well. Price is also a very complex concept because it is hard to accurately pinpoint its level and consequently harder to develop a strategy based on it. It is, however, certain it is influenced by market demand. Comparative analysis (football-handball, football-rugby,

* Although not very popular, this point of view appears in some expert publications. It is the result of a more complex way of thinking which considers having more mix variables can add a little certainty and can increase effectiveness

football-athletics) together with the history show prices have and are determined by the appeal of a particular sport. Due to the fact sport is produced and consumed at the same time, consumers must be present at the place of „production” directly interacting with a company’s staff and also directly taking part in that event’s fabrication. Because sport services are usually intangible, consumers will search for any obvious aspect which can help them understand them better. As a completion brought to the „4Ps”, the marketing mix in services also has staff policy attached which is obviously a staff and worker related „P”.

Viewing strategy as a basis for competition has been issued by Michael E. Porter. His book, called “Competitive Strategy” published in 1980, claims “a competitive strategy refers to being different, to a competitive position, to make a difference in any consumer mind and to adding value to any competitor activity. A competitive strategy means searching for a competition-worthy position for a specific market segment – fundamental grounds on which classical economy science relies on. A competitive strategy sets on establishing a profitable and sustainable place.” (Michael E. Porter, Competitive strategy, Teora, Bucharest, 2001, p. 15)

As a conclusion, a strategy represents:

- A plan that illustrates how a sport organization or entity desires to achieve its purpose;
- A model which succeeds in creating a link between reality and all established objectives;
- A position, referring to a company’s attitude;
- A perspective which targets an organization’s decisions and actions;
- An abstract item , due to the fact it has no concrete form, words that express it do not reflect the strategy itself;
- A set of decisions regarding the following inquiries: what kind of products are sold and to whom? , at what price? , etc.

In order for a strategy to become operational, two aspects must be fulfilled:

- Accurate choice which requires a careful, general objectives analysis;
- Applying the strategy in the right way.

1.2. The role of strategies at a marketing and organizational level

Marketing as a function has an integrating effect in relation with all other departments of a sport organization. Its activity is mainly carried out through a specialized department within the company, without being limited to it. As a result, marketing ensures the creation of certain relationship between different departments and also generates a certain focus on satisfying customer needs and desires in

the most profitable way. Marketing management depends on utilizing strategy as a precision instrument. Marketing within a company is deeply tied to the market, marketing efforts being executed with the sole purpose of syncing its two components – offer and demand. The demand-offer ratio has a specific evolution path determined by demand fluctuation and requires different strategies according to any given moment and to any desired demand levels for a sport product. Specifications for this ratio mean marketing strategies have to be temporarily differentiated. To this purpose one may opt for a differentiated strategy or a weakly differentiated one. In essence, in high demand times offer must be increased in order to discourage demand and in low demand times, offer must be stimulated.

TABLE 1 - MARKET STRATEGIES ADAPTED TO THE NATURE OF SPORT SERVICES DEMAND

| Nr. crt | Demand status | Demand status description | Strategy |
|---------|------------------------------------|---|--|
| 1. | Negative demand | Hart failure people's demand for exercise. | New-age medicine recommends sport use and also supervised specialized equipment use; |
| 2. | Neutral demand | Demand for golfing and golfing equipment | Strengthening demand relies exclusively on marketing instruments. Target consumers are chosen from businessmen and upper-class consumers categories; promotion is done through PR - golf, carting and jet-skiing are luxury activities in Romania; |
| 3. | Dormant demand | Jet-ski and carting demand | Handball market in Romania has been diminishing as results failed to appear. Taking advantage of positive events can boost demand to a required level; |
| 4. | Downhill demand | Handball matches ticket demand | Organizing sport events (tracks) and encouraging the interest for indoor mini-football; |
| 5. | Variable demand | Football and hockey ticket demand | Customizing demand by stimulating periodic membership purchase and maintaining a constant number of readers; |
| 6. | Full demand | Sport newspaper demand | Reducing demand as a marketing objective can be done through a decent price policy which can link people resources with the ones of the company; |
| 7. | Excessive demand | Sport gain demand (shooting, hunting) | The strategic anti-marketing objective can rely on reminding people the long-lasting and eternal bond between humans and dogs. |
| 8. | Undesirable demand (inappropriate) | Illegal animal fighting demand (dog fights) | |

Source: Ph Kotler, The Major Tasks of Marketing Management, Journal of Marketing, volume 37(october 1973, p. 42.) – adaptation for Romania

A company's relation with its environment suggests the possible use of two strategies:

- Partnership relations which usually occur in relation to costumers or with all suppliers. Sponsorship represents a partnership expression regarding a sport product use, being unrightfully categorized as a promotional method.

- Competition relations. They are not recommended even in a company's relation with its competitors; intangibility of sport services increase the chance of building a tolerance-based relation.

During competitor encounters, an organization must constantly try to differentiate its products. Such behavior is suitable for a competition alignment strategy. A company's attitude towards its customers must be revealed through a strategic alternative which can properly support a marketing attitude: appeal, maintain and in case of customer loss – try to win back clients. Winning a person and keeping him/her a long time is today's marketing objective.

Theoretically, sport organizations can choose different strategies; in practice however, real marketing strategies existence is conditioned by a company-wide marketing policy which in turn can reflect an organization's degree of marketing usage. From this point of view, sport entities in Romania have very different statuses.

2. ANALYSIS METHODS IN HOCKEY TEAMS MARKETING STRATEGY IMPLEMENTATION

General facts

Due to today's business complexity, we can observe three different strategy forms: corporate strategy, competitive strategy and general strategy (Figure 2)

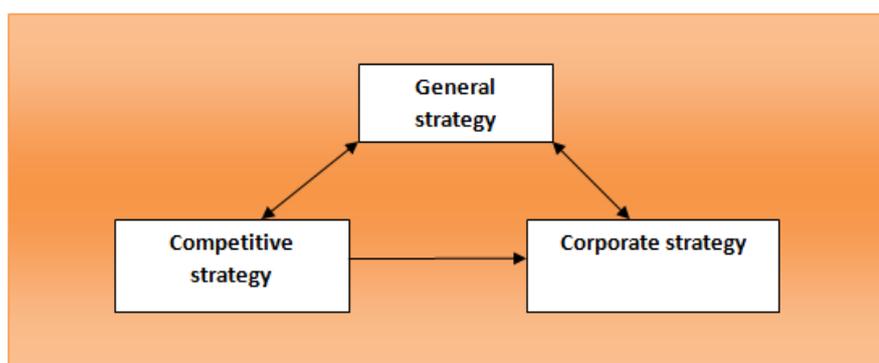


FIGURE 2 – DIFFERENT STRATEGY FORMS

A general strategy is usually for a future objective. As a result, this kind of strategy targets the goal-means relation – meaning the relation between our wanted goals and our available resources. Both strategies and tactics need to be created in order to help fulfilling a competitive action for objective achievement.

A corporate strategy defines all markets and businesses that a company is involved in. It needs to be described in strategic vision and organization objective contexts.

Competitive strategy – defines the actual path on which an organization will compete, according to its potential and opponent weaknesses and strengths. This type of strategy was described by M.A. Porter in his two books called: “Competitive Advantage” and “Competitive strategy”. We can rightfully say Porter is one the most appreciated authors in the field of competitive strategies and obtaining a competition advantage.

Regardless of any strategy definition, choosing one means answering a fundamental series of questions like:

- Mission-bound
 - Who are we?
 - What are we doing?
 - What kind of organization are we?
 - What kind of organization do we want to become?
- Strategy-bound (in general)
 - What are our objectives and targets?
 - Which strategy should we apply?
 - What actions will lead us to the result?
 - What are the advantages and risks involved?
- Corporate strategy-bound
 - What are our fields of work?
 - What is our current strategy?
 - What is the situation in economics, politics, technology and finances?
- Competitive strategy-bound
 - What are the markets and physical area in which our company will compete in?
 - What is our current strategy?
 - What is our opponents' situation?
 - What sort of products will our company offer and to whom?

A very important role in discovering and developing these strategies was played by the Romanian marketing school. For example, C. Florescu stated: “A marketing strategy draws a series of organizational guidelines all for achieving certain objectives. The way in which a strategy is applied is a marketing tactics field. This requires concrete actions by which a company can harness its potential

adapting, at the same time, to any real market conditions – all with the sole purpose of slowly making its way towards its initial objectives”. (C. Florescu, V. Balaure, I. Catoiu, V. Olteanu, N. Al. Pop, Marketing, Marker Publications, 1992, page 275)

A different author, V. Olteanu clearly states that a marketing strategy defines a company’s attitude towards its surroundings and at the same time, its behavior towards any environment element”. (V. Olteanu, Service marketing, Theory and Practice, Uranus, 1999, page 158)

After explaining “the strategy” concept in general and “marketing strategy” in particular, it becomes of the utmost importance to present “the strategic marketing concept” for which we can find numerous experts definitions; whether we talk about marketing or management fields, we can definitely spot a resemblance in some concepts like “strategy”, “strategic planning”, “marketing” and “strategic management”. Both concepts, “strategic marketing” and “strategic management” hold a series of important components like: a company’s mission, company strategy, product or service placement, competitor analysis.

In “Management” by I. Verboncu and O. Nicolescu a “strategy” is viewed as “a set of major long-term objectives and main ways, together with any owned resource, for getting a market advantage suitable for that organization’s mission” (I. Verboncu, O. Nicolescu, Management, third edition, Bucharest, 1999, page 131). If we replace here the word „strategy” with „strategic marketing” we can say it represents a long-term organizational endeavour, a modern management method oriented towards the market. Both setting objectives and setting a company mission are important steps for the strategic effort.

Due to the dual science interaction between marketing and management a new concept was born: „management-marketing” seen as „ a multidisciplinary science field theoretically based on a more efficient process of company integration in its environment”. This new concept, developed in the Romanian marketing school proves a constant concern for better understanding and explaining marketing and management concepts which creates a valuable scientific base for anyone who wants to go deeper and study in detail.

2.1. Cause-effect analysis (applied to ice hockey clubs)

Ice hockey clubs wish to achieve their immediate objectives or their long-term ones. Some manage to be efficient through their accumulated experience and by using some previously successful formulas and also through modern management and communication techniques. No matter their level of performance, they should comprehend the importance of having a capable management system adapted to its whereabouts.

For every club or sport organization, the environment presents itself “disguised” as media and financial races which force them to think in strategic terms. That is the reason for which thinking and caution must prevail: careful control, a systematic market and competitor analysis, a weakness and strengths analysis. Combining these must lead to clear strategies.

Big clubs try to act like some commercial companies building a network of associates and ventures, at the same time, aspects that can insure prosperity.

On the other hand, small clubs try to survive by exploiting government benefits and by following big clubs models.

Hardest decisions to make are those which refer to long- term development strategies due to a certain degree of sport area instability.

It is desirable clubs be oriented to management and know-how use and methods but also the management toolkit must be adapted by following most profitable models. This would involve three aspects:

- Marketing orientation, meaning market adaptation and search for appropriate situations for:
 - Getting all desired resources
 - Finding product beneficiaries
 - Finding the best partners for common activities
 - Creating a positive image and a good reputation in fans’ eyes
- Objectives and future orientation, requires building an objective, planning and evaluation system and also a helpful comparison to the future.
- Efficiency orientation which means concurrent tracking of all resources and productivity usage.

Ice hockey clubs are mainly financed from state budget and by private firms and people. Giving the fact Romania is still in a transitory economical situation this way of financing is insufficient.

Ice hockey is an expensive sport to practice; it requires a lot of funding which is currently unavailable – this reflects to low performance and low quality sport gear. Still connected to this, after 1990 many ice hockey clubs dissolved unable to cope with current demands. One of the causes is poor finance situation and also the lack of growth strategies and a proper management system.

Ice hockey club management must target products or the market – these can become strategies. Product targeting or orientation gathers different actions aimed to lessen the negative effects caused by variations in sport performance. Market orientation is another strategic way which uses the client as a

key-element and product personalization is much recommended although it is completely different from the previous strategy which tries to focus on standardization.

Usually, each strategy's effect is opposite so the company must find a way to balance actions. Growing Romanian ice hockey activity means transforming it in a lucrative deed. Applying already successful methods and marketing strategies from more advanced countries may be the answer. Understanding, knowing and introduction of marketing in sport become a must. "New demands, new strategies" should become slogan for any performance driven ice hockey club managers.

A whole marketing policy nationally defines the most profitable offer for practicing ice hockey, pinpointing with great accuracy any priorities that must be put to use for obtaining success and financial support.

Ice hockey development strategy is about to complete its investment objectives (infrastructure and physical location) by using all sport training elements (coaches, skaters, equipment) as well as through optimizing training schedule (internal and international calendars).

Sport activity in general and ice hockey one, in particular are dependent on financial resources. Ice hockey is a "multi-level consumer of funds". As known, financing sources consist of public funding as well as of other non-governmental sources required for maintenance, teams and players salaries. It is a renowned fact: sports and economy are closely related.

A first method of financing and perhaps the most important one is sponsorship. To better understand the methods through which funds can be obtained they will be listed and described below:

Fund raising events: In this field, coaches as well as managers and athletes must show creativity and imagination in order to find answers which can adapt to any situation.

For any sport club, no matter its size, basic needs for performance mean getting extra funds by using sponsorship. In relation to their established objectives, clubs must encourage wide audience participation.

Fund raising means coaches and managers must use two types of requests:

- Direct requests which mean donation requests without any retributions;
- Indirect requests which represents a counter execution of a compensatory service in exchange for the resources given.

Small clubs have a better chance of directly requesting donations and big clubs would have more success in using an indirect funding method. This does not mean situations may not reverse.

- “Image sale” – big clubs could make agreements with TV companies and big publications which handle their budget for advertising and sports interviews.
- Family sponsorship – it is used by junior team coaches and it consists of demanding a financial support from parents.
- “Name giving” sponsorship – this is being done by strong commercial entities for high-end clubs or competitions. They can use team symbols on sport equipment, on billboards, banners or even taking the name of that particular team. (“Torpi” Sportul Studentesc or “Apicom” Gheorgheni_

Multiple sponsorship – it is accomplished by sponsor association with the purpose of boosting a sports club budget.

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