Relationship Marketing in Australian Professional Sport:
An Extension of the Shani Framework

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Abstract

The value and benefits of relationship marketing to sport practitioners have been observed in the literature for more than a decade. In spite of this, little empirical research has been reported to examine the uptake of this approach or the means by which it is implemented. This paper reports the findings of qualitative, case study research into the uptake and application of relationship marketing principles by sports organizations. The findings are couched in terms of the Shani model which is extended into an Australian context. Results indicate that while practitioners are cognizant of the workings of relationship marketing, there is some reluctance to embrace and apply these principles.

Paper Type: Research paper

Keywords: Relationship marketing, case studies, sporting clubs
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Introduction

Relationship Marketing In Sport

The recognition that sport can benefit from a relationship marketing approach is well accepted, as is the notion of referring to and considering sport fans as customers (Cohen 1996). Common reasons cited for the embracing of relationship marketing within sport are technological innovation, the maturing of sport marketing research, and increased entertainment and leisure options leading to greater competitive challenges (McDonald & Milne 1997).

Despite an acknowledgement that the change of focus to replace transactional marketing approaches has filtered into sport (Brenner 1997; Kelley Hoffman & Carter 1999; McDonald & Milne 1997), insufficient literature exists to seriously evaluate the extent of relationship marketing in sport or to attempt to provide some framework for understanding the strategic approaches and value relationship marketing may bring to sport. This was reiterated by Bee and Kahle (2006) who noted that despite the significant study of relationship marketing in many contexts, little research and theory development has occurred in sport.
Further, where it has occurred it has only partly explored relationship marketing, been narrowly focused on one area (for example, Tower, Jago & Deery 2006, who considered not-for-profit sport relationships), or been largely confined to the North American context. For example, Kelley et al. (1999) used Berry and Parasuraman’s (1991) three level process of relationships in examining the impact of a new ice hockey franchise attempting to establish consumer adoption. Lapio and Speter (2000) used NASCAR as an example of successful relationship marketing implementation and integration; Cousens, Babiak and Slack (2001) considered the adoption of a relationship marketing paradigm by the National Basketball Association (NBA) when discussing the broader concept of organizational change and Lachowetz, McDonald, Sutton and Clark. (2001) applied the work of McDonald and Milne (1997) on customer lifetime value and noted that the NBA utilized relationship marketing strategies to stop the erosion of its consumer base. This primarily occurred with customer retention strategies such as using customer referrals.

All of these studies dealt with one sport exclusively and suggested positive outcomes for the sporting organizations concerned through the adoption of relationship marketing approaches. The study by Lachowetz et al. (2001) repeated calls made by Shani (1997) for more research on relationship marketing, stating that ‘…more sport organizations… should incorporate relationship-marketing practices into their strategies to develop a more loyal customer base’
In this paper we present an examination of five major Australian sport industries and suggest an advancement of the Shani (1997) framework for relationship marketing implementation. We first discuss the Shani framework.

The Shani Framework for Implementation of Relationship Marketing in Sport

Shani (1997) provided the first conceptual framework for implementing relationship marketing in the sport industry. This framework, displayed at Figure 1, is essentially a combination of a relationship marketing implementation process devised by Shani and Chalasani (1992), the services strategic continuum proposed by Gronroos (1990) and the structure of the sport industry offered by Pitts, Fielding and Miller (1994). Shani (1997) drew upon the work of Gronroos (1990) in providing three main conditions necessary for relationship marketing to be a successful paradigm: the customer must want the service on an ongoing basis, the customer is able to choose a service supplier, and there are alternative suppliers. All of these conditions are present in sport marketing. In general, the consumption of sport is done by ‘highly involved consumers with a desire for long-term association with a team sport or branded product’ (Shani 1997, p.9).

Shani and Chalasani (1992) suggested a four-stage approach towards moving to relationship marketing based upon the strategic continuum of Gronroos (1990). These four steps, included at Figure 1 are segmentation, niche marketing,
database marketing and ultimately relationship marketing. These stages are moved through only when a previous stage is complete.

Shani (1997) suggests that not all organizations or products will benefit from relationship marketing. He indicates that those products or services that are closer to the services (rather than tangible goods) side of the goods-services continuum are more likely to benefit. Where a sport may lie on this continuum depends upon which part of the industry structure is considered. Pitts et al. (1994) proposed three segments for the sport industry structure based upon Porter’s (1991) broader investigation into competitive strategy. These three elements, shown in Figure 1, are the sport production segment (products required to produce sport, such as equipment and facilities), the sport promotion segment (products offered to promote sport, such as merchandise, media and sponsorship) and finally the sport performance segment (actual consumption by consumers, such as participation or spectators). Shani (1997) contends that this latter sport performance or consumption element of the industry is closest to the services end of the continuum and thus is most suitable to benefit from relationship marketing. Of course, many organizations may exist in the other two industry segments that too may benefit from relationship marketing.

Shani (1997) further contends that relationship marketing is very difficult without some kind of central consumer database and that pure transactional
approaches are typified by broad customer segments with little individual customer information. A database allows a marketer to store information on consumers and assess value to the organization. It further assists by allowing profitable or potentially profitable segments to be highlighted and targeted to create individualized marketing efforts. Sport marketers have been found to use databases in three ways (McDonald & Milne 1997). Firstly to directly solicit funds or to indirectly offer data to sponsors for usage at a fee, secondly to track season-ticket holder or member details and thirdly as a means of assessing fan participation levels in events, promotions or the sporting season. According to Shani (1997) part of the slow uptake in relationship marketing in sport is attributable to poor implementation of database marketing.

While theoretical discussion of relationship marketing in sport is only slowly emerging, examples from practice have been reported, particularly from the United States. For example, following a difficult period for Major League Baseball (MLB) in the mid 1990’s that featured by a season ending strike and general player unrest, many organizations identified that cultivating relationships with long time fans was more important than ever (Darko 1999).

One notable example was the San Diego Padres, who were considered a pioneer with a relationship orientated ‘Compadres’ program that was credited with resurrecting the team’s finances. This program provided incentives for fans to come along to games in exchange for demographic information. In the
program’s first season it registered more than 50,000 people, which accounted for 20 per cent of the team’s total 1996 attendance (Brenner 1997). Within three years the membership of the Compadres had grown to 130,000 (Darko 1999).

Encouraging people to attend more games was only one of the program’s benefits. Survey results from questionnaires allowed the team to provide enhanced supporter demographic information to existing sponsors and for use in approaching new sponsors (Brenner 1997).

This loyalty program concept has now spread to many other sports in the USA and has been particularly helpful for sports such as soccer where typically walk-up sales (tickets bought at the stadium on the day) make up the bulk of the crowd. In the case of the Oakland Athletics MLB team, supporters provide basic demographic information at the stadium and receive a card, which they swipe at kiosks at the stadium every time they go to a game. As a consequence they earn points towards rewards, such as coupons for free drinks, parking, or the chance to win a trip to the World Series (Lorge 1999).

Regrettably detailed literature outside of North America on the sport marketplace’s implementation of relationship marketing strategies is not readily available. Coupled with the general lack of information as to what issues are being faced by sport organizations wishing to undertake relationship marketing and the broader issue on the extent of relationship marketing practice, it is readily
apparent that considerable scope for research in this area exists, particularly in countries such as Australia where the sport industry is large.

The Shani (1997) model is purely descriptive and does little to explain why and in what circumstances a relationship marketing approach is adopted by an organization. The case literature suggests some sort of crisis creates an impulse but it is unclear if, or what, any enabling conditions are.

Research Questions

We seek to address some of these shortcomings by examining the history and current practices of several different organizations in Australia, in a number of different sports and at the level of a regional franchise through to a national coordinating body.

Our case studies address three broad questions: (1) To what extent do professional sporting organizations in Australia undertake relationship marketing? (2) What strategies do they employ? (3) What are the issues faced in implementing a relationship marketing approach?

Method

Six cases were developed for this study using an interpretivist paradigm. Various sports teams operating as national franchises were represented by Australian Football, Rugby League, Basketball and Soccer. An annual
international sporting event was represented by the Australian Formula 1 Grand Prix motor race. Further, a national governing body, Cricket Australia, was studied as an example of a coordinator amongst international competition, state and regional competitions. These choices were based on access, location, cooperation, relevance in terms of size, scope and operation, heterogeneity, theoretical applicability, likely outcomes, possible uniqueness and representation of the local sporting landscape. The selection allowed insights into what are generally considered major team sports within Australia.

Free-flowing unstructured and semi-structured interviews with key personnel at each organization were conducted on several occasions. Prior to interview a guide was developed. Interviews were conducted in the organizational premises of the respondents, taped by micro-cassette recorder or, in the very few instances where this was not possible, notes were taken. All interviews were transcribed and presented back to interviewees for adjustment and comment. Follow-up interviews sought clarification of comments made or in some instances were used to discuss new events that were likely to impact upon an organization - for example, when the Rugby League team relocated to a new stadium.

Aside from some points on the interview guide, the interviews were kept as relaxed and open as possible. Respondents were encouraged to be frank and forthright and some of the sensitive information provided suggested this occurred.
Respondents were informed of other organizations assisting with the study, primarily because this was commonly requested and also because it appeared to give them a sense of security.

Participant observation formed an integral part of the approach used in this study. Aside from attending actual sporting events of all the organizations, the actions and operations of the organizations’ marketing functions were observed and noted. These included meetings, supporter functions and management discussions. These elements were specifically noted and help provide insights that could not have been obtained in any other way.

All interviewees in this study were also asked for appropriate documentation that may be of relevance to the discussion. Secondary information from a variety of sources, including promotional material, press reports and industry and government reports were separately accessed and noted. This information was particularly helpful in setting the scene and where possible secondary information on the particular sport organization was collected and read prior to interviews being conducted. This information allowed specific incidents to be mentioned and commented upon. Summaries of the case analyses are presented in Appendix A.
Findings

In general, we found that organizations had favorable attitudes towards relationship marketing. They had all identified the value of the concept and had made plans or were considering plans that incorporated specific relationship marketing strategies. However, description, implementation and evaluation of specific strategies were generally poorly resourced and notable barriers were identified or encountered. A number of key issues arose consistently both within and across cases.

RQ1: To what extent do professional sporting organizations in Australia undertake relationship marketing?

Relationship marketing is acknowledged by professional sporting organizations in Australia as fundamental to their ongoing survival and success. To date however little evidence exists to suggest that relationship marketing practices have been fully integrated into marketing activities. Few organizations studied had truly moved away from a transactional approach, exemplified by a strong focus on customer acquisition. Customer acquisition and relationship marketing are not mutually exclusive however and this study indicates that the consideration of new markets and new segments is appropriate to allow a sport organization to better understand with which markets and segments it should seek valuable relationships.
More importantly, despite acknowledging the need to improve customer retention, such strategies were either limited or non-existent. Typically it was likely to be a consequence of past negative performance that had forced a re-evaluation of marketing approaches. This negative performance typically threatened the existence of the organization and had forced reorientation of marketing operations to relationship marketing. Within categories of relationships, there was limited evidence of sporting organizations seeking to move people into higher value relationship levels, aside from basic customer acquisition. Few attempts to introduce ongoing loyalty schemes were also noted. The limited adoption of relationship marketing practices coupled with the strategies evidenced does suggest that the concept itself may not be fully grasped.

**RQ2: What strategies do they employ?**

Strategies employed amongst the organizations under review were largely primitive and reactionary, with little evidence of detailed planning. These strategies involved one of two basic approaches: (a) maintaining attendance and/or membership (season-ticket sales) of fans who had exhibited some level of loyalty in the past, and (b) actively seeking new markets that may open up relational opportunities in the future. There was considerable disparity in the strategies employed by the various organizations, with those that did undertake some relationship marketing activity acknowledging that it had occurred on an *ad hoc* basis.
It was also apparent that while some organizations had gathered the basic tools of relationship marketing they had not progressed to the point of exploring or utilizing these elements with any clear vision of what relationship marketing involves. Similarly, relationship marketing appeared to be viewed in simple terms as a set of discrete tools or revenue streams, rather than as a holistic approach to customer focus. Examples of myopic behavior existed, as did a sense of belief that the behavioral involvement inherent in the nature of sport itself would deliver the positive outcomes associated with relationship marketing. Attempts to build relationships with the community both locally and broadly were noted however, and in some ways a focus on community relationships appeared to take precedence over individual target audience members. One strategy linked to community involvement which was particularly common to the sport organizations was the reliance on volunteers in many instances to provide basic promotional activities.

RQ3: What are the issues faced in implementing a relationship marketing approach?

The growth of relationship marketing is typically ascribed to convergent influences which are the maturing of services marketing, increased recognition of potential benefits to organizations and technological advances (Berry 1995).
Other issues noted in the literature are the use of research, internal marketing and the broader concept of moving towards a customer focus.

The current study was able to confirm many of the issues noted in the literature with regard to the implementation of relationship marketing as well as identify a range of issues not previously discussed in the literature on relationship marketing in sport. The integral role of the database in relationship marketing was reaffirmed and it was apparent that sporting organizations who had installed modern data management systems were greatly advantaged in the implementation and operation of suitable activities. Those organizations that had systems that were inadequate had identified upgrades of equipment as a priority. One issue, particularly relevant to sport in terms of the database was the need to have seamless interaction with databases of ticketing agencies. This had proved a major problem to some organizations.

While organizations showed some evidence of becoming more marketing orientated, it was readily apparent that the emphasis was on using the broader mass media as the primary communication channel with target audiences, rather than specific and regular personalized and targeted channels. The ability to engage the mass media was seen as critical to relationship marketing by all organizations and has not been noted in any of the previous literature. This reliance on mass media was particularly problematic for some sports that engendered less coverage.
With inappropriate staffing structures and resources the implementation of relationship marketing is considerably impaired. There was limited evidence of internal marketing practices being adopted, particularly in the case of organizations that were struggling financially and had limited staff operating in any sort of marketing capacity. Attempts to structure organizational responsibilities in such a way that promoted relationship marketing strategies were rare.

The focus of the sport experience appeared increasingly one of a general entertainment experience, or transaction, rather than a specific sporting relationship. The need for research to drive relationship marketing strategies was universally acknowledged. Regrettably many organizations cited a lack of funds as the primary reason they were unable to undertake robust research. There was some evidence however of organizations who had never conducted systematic research beginning to do so and some larger organizations had comparatively good research programs in place that were being used to drive, albeit limited, relationship marketing strategies.

Finally, a number of other issues appeared that acted as barriers to integration of relationship marketing within sporting organizations. These are: inadequate marketing planning, overambitious targets, funding shortages, misunderstandings of the exact nature of relationship marketing and the relative immaturity of sport marketing (compared to the USA) in Australia itself.
Discussion

A summary of the findings by issue and sporting organization is presented in Appendix A. The issues include organizational history, organizational structure and internal marketing approach, attendance and membership, revenue streams, new and existing markets, relationship marketing practices, database, media and communication, research and community and volunteers.

A conceptual model, developed from the existing literature and the findings of this study is presented in Figure 2. It demonstrates the anticipated convergence of sport marketing development and relationship marketing.

<INSERT FIGURE 2 ABOUT HERE>

The conceptual model in the current study at Figure 2 is considerably broader than the framework proposed by Shani (1997) and aside from being based on empirical observations, presents a greater number of issues. While the conceptual model is presented in a linear format as an ideal example, the dynamic nature of organizations does not suggest that this linear approach is appropriate in every instance, or that every step is an antecedent of what follows. Instead it highlights the issues that develop both on the continuum between transactional and relational approaches and the impact sport marketing development has on that process. Further, it serves to demonstrate the likelihood of relationship marketing being adopted by providing a generalization of the data collected in this study. In some cases, sport organizations have used research to guide relational decisions,
despite not having an organizational structure in place to fully maximize opportunities that occur. In other instances the use of research has been precluded by organizational reluctance to fund such studies or a structure to support the work.

Figure 2 depicts the projected convergence of relationship marketing and the maturity of sport marketing practice. It details the elements of this maturity and the impact they have on relationship marketing adoption. These are a catalyst to adjust, organizational structure with an internal marketing focus and the utilization of research to formulate relationship marketing strategies. Also displayed is specific relationship marketing audience elements that contribute towards a customer retention focus. These are some form of initial community and/or volunteer engagement, new/existing market and segmentation considerations and ultimately the adoption and use of an appropriately sophisticated database. Mass media is shown as an ongoing and important link throughout the entire process, although dissipating in terms of reliance upon it by sport organizations as the application of relationship marketing expands.

The catalyst to readjust marketing typically leads to organizational restructuring, the adoption of an internal marketing approach and then the utilization of research to facilitate relationship marketing strategies. Simultaneously with this progression, the ability to accurately understand, relate, assess and communicate with potential audiences becomes imperative. Typically
this has begun with sport organizations interacting with volunteers and seeking to form some relationship bonds with the broader community. This then progresses to the consideration of new and existing audiences which then leads to the full utilization of a database to facilitate relationship marketing strategies.

Typically the recognition of relationship marketing appears to rely on a significant event that forces a re-evaluation of marketing approaches. This may stem from a natural maturing of marketing or a critical incident. The literature on general relationship marketing suggests that it is the former that is the catalyst.

This is not always the case in sport.

The catalyst to restructure marketing approaches requires organizational change to the marketing operations of sport organizations. In most organizations the inability to provide appropriate staffing, structure and resources was a considerable impairment on the implementation of relationship marketing.

Without appropriate structures in place the practice of internal marketing as an integral component of relationship marketing is unlikely to occur. Sport organizations with an internal structure that facilitates the implementation of relationship marketing are likely to then develop a thirst for research data to help them make appropriate relationship marketing decisions.

The use of specific research to drive marketing decisions was not uniform across the cases; however the need for research was universally acknowledged by the sport organizations in this study.
While media is not specifically linked to the other elements of the conceptual model in Figure 2, it can be viewed as the ongoing significant link between the sport organization and its customers throughout the entire process. As organizations move towards a relationship marketing approach the dependence on mass media will diminish.

Reliance on volunteers was considerable for some organizations and while this strong sense of bonding is favorable to relationship marketing in terms of spreading promotional messages, it was apparent that the privately owned organizations found it harder to engender this volunteer support to the same capacity. If sport organizations are able to move away from volunteers and a community focus they progress to a more detailed consideration of existing markets and in particular possible new markets. While consideration of new markets can be driven by acquisition goals, ultimately it provides increased relational opportunities, particularly where a database system is in place to allow for an analysis of the relational value of particular markets. Organizations that operated modern database systems were in a far better position to implement relationship marketing activities. Where organizations had inadequate systems, upgrades of equipment were identified as a priority.

In summary, Australian professional sport can be seen as focused on attracting and to some limited extent maintaining customer relationships, but is still well away from actively and strategically enhancing customer relationships.
It appears however that as sport marketing itself matures, the natural opportunities to embrace and utilize relationship marketing will increase. These opportunities can only be harnessed and prove to be beneficial however if sport organizations adopt a complete relationship marketing orientation.

Implications of the Research

This conceptual model illustrated in Figure 2 demonstrates the process that leads to relationship marketing’s operation in the sport context. The diffusion of relationship marketing has been shown to be slow, despite recognition and acknowledgement of its importance. Further, relationship marketing practices and consequences have for the first time been comparable across sporting organizations, allowing the body of knowledge across the sport industry to benefit. The identification of these practices and consequences should allow theory to further develop within the sport industry as it matures.

Sport marketers are facing increased competition from a range of entertainment sources and are typically managing increasing revenues brought about by significant financial investment in sporting organizations (McDonald & Milne 1997; Stankevich 1998). Worldwide the number of people who follow some sort of professional sport is vast (Lavarie & Arnett 2000) and the passion and motivations of fans are well documented (Gantz & Wenner 1995; Hansen & Gauthier, 1989; Kerstetter & Kovich 1997; Wann & Brandscombe 1993).
Despite the wide-ranging support of relationship marketing as a concept, its application to sport marketing remains underdeveloped. A series of key components are identified as important factors in implementing relationship marketing. Further a comparison across major professional sports highlights relationship marketing approaches that have provided varying degrees of success.

Practitioners must appreciate the holistic nature of relationship marketing and must also demonstrate a willingness to move away from a transactional approach and place a priority on customer retention. Success in achieving this will require a complete assessment of existing market segments, exploration of possible new markets and product differentiation to these groups if possible. Of particular significance is the need to procure and maintain a database system that allows relationship marketing management processes and reporting. Linked to this is appropriate organizational structures and research to facilitate decision-making, particularly in measuring expectations of customers attending a sporting event.

Areas for Future Research

This paper reports on a range of different organizations at one time period within Australia. We suggest that the study be replicated in other countries and/or regions to determine if the findings can be extended to such areas. Also we see value in reinvestigating the same organizations after a suitable time period to
learn how the application of relationship marketing has progressed. Third, the specific issues noted in the findings should be individually investigated to ascertain the significance of their impact upon relationship marketing within professional sport. For example, the impact of the database could be considered in isolation, with implementation factors, usage, functionality and the like considered.

Additionally, a study should be replicated at a lower level to expand the knowledge base relating to the application of relationship marketing. This paper and much of the literature have concentrated on the “big-business” end of the sports spectrum, but there is value in understanding the extent that relationship marketing applies to regional sporting bodies or even suburban sports clubs. Another study should narrow the range to consider more organizations within the sport (for example all Australian Football League teams). This would provide an indication of the level of disparity between organizations within a sport in the implementation of relationship marketing, and provide tangible evidence of a link between different marketing strategies and organizational success. Finally, while this study has considered relationship marketing from an organizational perspective, it would be particularly appropriate and helpful to complete the other side of the equation and further develop the application, acceptance and implementation of relationship marketing in professional sport from the consumer perspective. This understanding would be useful to sport organizations as their
knowledge of the sport consumer with regard the acceptance and expectations of relationship marketing would be enhanced, thus allowing them to develop products, better shape strategies and manage issues to ensure success.

Conclusion

The sport industry is large, dynamic and in a period of sustained growth in its marketing thought. The findings of this research have helped align these areas and provided the first significant insights into the application of relationship marketing in sport across a variety of professional organizations. The findings indicate that despite relationship marketing’s ubiquitous position in modern marketing theory and practice, its application, acceptance and implementation at the professional sport level is underdeveloped. With a picture of increased competition, customer sophistication and desire to expand revenues, it is likely that the rewards of relationship marketing are likely to be better appreciated by sporting organizations and the movement to embrace the concept accelerated. This will have considerable implications for practitioners and academics in the years ahead. This study has added to the existing body of knowledge relating to relationship marketing in the sport industry and has provided a platform for the research that will follow.
APPENDIX A: Summary of findings by sport and issue

<table>
<thead>
<tr>
<th>History of Relationship Marketing</th>
<th>Australian Football</th>
<th>Rugby League</th>
<th>F1 Grand Prix</th>
<th>Cricket Australia</th>
<th>Basketball</th>
<th>Soccer</th>
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<tr>
<td>Team studied restructured business, including marketing approach following the collapse of a proposed merger. The concept of relationship marketing was subsequently acknowledged as integral to future financial success.</td>
<td>Team studied a relatively new club entering locally saturated sport market with little heritage to the sport. Initial marketing attempted was to bond with supporters of the code who had relocated from interstate or overseas.Appear focused on member growth.</td>
<td>Big-event focus has meant an emphasis on promoting the event rather than any attempt to establish a relationship marketing approach. Accept concept of relationship marketing but have had no real catalyst to introduce strategic measures. Feel they are successful with current approach.</td>
<td>Historically successful sport that considers itself ingrained in local culture. Took a more consumer based approach following major restructuring in 1977 with advent of a breakaway competition. See relationship marketing as occurring largely unplanned at present.</td>
<td>Two established clubs were studied, although one had been through a series of mergers. Sport appeal has declined in recent years and clubs have struggled to remain viable. Accept relationship marketing approaches are important in prevailing climate.</td>
<td>A founding member of subsequently defunct National League was studied. It had a strong ethnic base that allowed it to tap into community support. Collapse of the league and issues with management of club left a perilous financial position. Appear to have limited understanding of relationship marketing.</td>
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### Organizational Structure

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<th>Australian Football</th>
<th>Rugby League</th>
<th>F1 Grand Prix</th>
<th>Cricket Australia</th>
<th>Basketball</th>
<th>Soccer</th>
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<tr>
<td>Strong membership focus and operations are geared towards the marketing of membership (season-ticket) relationships with supporters. Some evidence of internal marketing approaches being utilized. Marketing functions split across corporate (sponsorship) and consumer divisions - both report to CEO.</td>
<td>Owned by major media organization. Marketing Director responsible for sponsorship and membership. Media and communications handled separately. Do have a membership manager to handle database and customer relationships issues.</td>
<td>Statutory government body operate event. Are extremely guarded about releasing information. Marketing Manager reports to CEO. Number of marketing people filling mainly promotional and event organizing roles. No internal marketing approach to relationship marketing.</td>
<td>National body that operates above state based organizations. Views itself as custodian of the game’s heritage. General Manager of Commercial Operations oversees marketing operations. Only a relatively recent position. No detailed relationship marketing in structure.</td>
<td>Privately owned clubs that operate with largely skeleton staff in order to minimize costs. General Manager is asked to take on a variety of roles. Marketing Managers appear largely sponsorship focused. No evidence of internal marketing approaches to foster relationship marketing.</td>
<td>Club owned by members and operated by Board of Directors. General Manager supervises small staff, with limited direct marketing responsibility. Club operates ad hoc sales and marketing subcommittee of outside experts to assist in strategy formulation. No day to day internal marketing focus exists.</td>
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<tr>
<th>Attendance and Membership</th>
<th>Australian Football</th>
<th>Rugby League</th>
<th>F1 Grand Prix</th>
<th>Cricket Australia</th>
<th>Basketball</th>
<th>Soccer</th>
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<tr>
<td>Relatively high levels of membership sales over the past decade, however this has not directly translated to high levels of attendance. The securing and retention of members is seen as a representation of the health of the club and thus is an integral key performance measure.</td>
<td>Initially struggled to meet ambitious membership targets and have gradually altered approach to focus on establishing trial attendance by broader community. Attendance figures have correlated strongly to team performance.</td>
<td>Attendance measured across four days and has appeared to plateau following early successful years. Attendance limited by grandstand capacity somewhat. Attendance numbers have been questioned by outside pressure groups. No real membership option, although special grandstand seating is available for committed fans.</td>
<td>Crowd fluctuations over the last century relative to appeal of game, formation of new products and level of competitiveness. No membership process exists.</td>
<td>Limited membership data available due to poor records. Attendances have declined significantly following excellent growth period in mid-90’s. No clear, written long-term strategies appear to be in place to grow either attendance or membership within clubs.</td>
<td>Relatively stagnant crowds, although typically above league average. Membership showing some decline. Club lacked clear membership plan although acknowledged that membership growth would be vital to survival. Have refocused efforts on key ethnic community support.</td>
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<tr>
<td>Revenue Streams</td>
<td>Australian Football</td>
<td>Rugby League</td>
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<td>Sponsorship and media rights provide increasingly large components of revenue. Membership sales remain prominent though and club believes membership levels directly influence other key revenue streams.</td>
<td>Main focus is on sponsorship where the club has had considerable success. Appears to be limited distinction between revenues through attendance or membership. Despite growing media revenue, speculation exists that financial performance may result in relocation.</td>
<td>Highly reliant on attendance as the operation of the event is contracted by an international body that operates sponsorship and media control. Also require significant attendance to justify perceived social and government cost of staging event.</td>
<td>Television rights remain dominant force. Sponsorship and attendance monies also important. Limited merchandise sales, although this is being targeted for growth. Are conscious of need for large attendances to keep game culturally significant.</td>
<td>Limited sponsorship revenue and lack of a consistent free-to-air television broadcast agreement put revenue emphasis on attendance and membership. Club operations appear to indicate that profitability is marginal.</td>
<td>Club has been in poor financial situation. Receives limited funding through sponsorship and relies on membership and attendance sales for bulk of money.</td>
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<td>New/Existing Markets</td>
<td>Australian Football</td>
<td>Rugby League</td>
<td>F1 Grand Prix</td>
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<td>Relatively strong rural and interstate support is considered important. Have strategically moved matches interstate to successfully establish a second home base. Have tried various other segments, such as Chinese market, with limited success. Do adopt a ‘try anything’ mentality.</td>
<td>As their home city is still considered largely alien to the sport have aggressively attempted to open up markets, including extending their base to rural areas. Have also sought ways into the Asian market, primarily through television. Are coming to terms with the need to balance the desire to retain core fans while still looking for expansion approaches.</td>
<td>Have already taken an extremely broad approach to likely target markets. Appreciate that younger males with interest in motor-sport are key, but tend to take this group for granted and are increasingly turning towards targeting women. The operation of the event by the government also requires a continued focus on attracting interstate and overseas visitors to justify expense of staging event.</td>
<td>New products introduced over the years in attempt to open up new audiences. Governing body segments market based on type of relationship to game. Good understanding of key market segments.</td>
<td>One club focused on continuing its family image while the other attempted to ingrain itself with other segments, including students and ethnic groups. Both clubs lack a geographic centre and clear delineation of market segments. Appear uncertain of newer viable segments and considering contraction back to core audience.</td>
<td>Club appears vexed by the need to please traditional ethnic audience but also expand horizons to grow interest. Have sent mixed signals in this regard. Have contemplated local residents. No clear action plan.</td>
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<td>Relationship Marketing Practices</td>
<td>Australian Football</td>
<td>Rugby League</td>
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<td>Ambitious targets set for the conversion of supporters to members. Focus on direct mail and the use of the media to rally supporters to make membership commitment. Have implemented a loyalty recognition scheme and are increasingly moving towards retention rather than an acquisition focus. Existing members are strongly encouraged (and rewarded) to recruit new members.</td>
<td>Have suffered high levels of membership turnover from year to year and are seeking to establish causes of this. Have initially targeted soft conversion of people already interested in the sport before moving to establish trial from the broader public. Emphasis is placed on creating a match-day experience with ancillary activities and events supporting the actual game. Have also tried cross-promotion with other sports.</td>
<td>Limited attempts and the structure of the organization is seemingly built on attracting a large one-off crowd to the event each year. A limited loyalty program operates but offers marginal benefits and appears under-promoted. Organizing body appreciates however that relationship marketing will be key in maintaining success of the event.</td>
<td>Predominantly builds a relationship on the hero nature of players. Increased television coverage has extended traditional viewing season beyond summer. Attempts have been made to make players more accessible to audience. Governing body believes links to consumers are more by accident than design and that more needs to be done.</td>
<td>League believes that the clubs have failed to build adequate relationships with fans and that expectations are not being met. One team relied heavily on its star player to build relationships with fans but had no succession planning for his retirement. Other team has been through a series of structural changes and is grappling with how to win back some disillusioned fans.</td>
<td>Is attempting to build relationships with lower league soccer clubs and target their supporters. Is also focusing on providing a better match day experience as it feels fans who are trialing the sport are not being satisfied with the product. Lack of progress with planned marketing and some perceptions exist that fans have in the past been taken for granted.</td>
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<td>Database</td>
<td>Relatively modern, customized system operates. This has opened up marketing opportunities and provided flexibility to track relationship campaigns, such as loyalty recognition scheme.</td>
<td>A modern system operates, however the lack of a direct interface with ticketing has hampered speed and control of customer servicing in the past. Have employee in charge of database and membership related issues.</td>
<td>Believe lack of an adequate database has hampered marketing activities and are seeking to address this as a priority. Believe a competent database will allow greater relationship marketing approaches to occur.</td>
<td>Do not have a specialized database to work from in terms of ticketing and attendance. Limited use of email addresses collected from website interaction. No clear plan on how suitable database will be implemented.</td>
<td>Both clubs have operated databases on an ad hoc process and lack historical information as a consequence. A dedicated system is a priority noted at both clubs.</td>
<td>Operates a basic system that is essentially rebuilt each season. No comparative data available and data has been lost in past seasons.</td>
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<td><strong>Australian Football</strong></td>
<td>See the media as partners in the development of the sport and encouraging membership sales. Are highly reliant on the media to publicize events and to build excitement in the product. Are shifting some emphasis on community media. Limited promotion approaches through media used, and where it occurs it is largely provided as part of broadcast rights deals. Somewhat irregular, although improving approaches to direct communication with supporters. Email and internet utilized, although technology and privacy issues are a concern.</td>
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<td><strong>Rugby League</strong></td>
<td>Believe that widespread media coverage is critical to success of club and have worked hard to establish television broadcast presence. Ownership by international media organization has helped provide guidance and understanding in cultivation of media relationships. Club employs media manager and works closely to provide stories and access. Communication with supporters has become more structured and includes media bulletins, emails and internet sites.</td>
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<td><strong>F1 Grand Prix</strong></td>
<td>Are highly reliant on getting their big-event message out through a variety of high-reach media sources. Receive large amounts of coverage from a wide-range of media sources but are also prominent in purchasing advertising to bolster the event. Use their website to try and build interest in the sport in general, but make limited effort outside of this to communicate with likely target audiences.</td>
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<td><strong>Cricket Australia</strong></td>
<td>Focus predominantly on mass media. Run general branding and retail advertising throughout cricket season. Themed to focus on the cultural significance of cricket rather than just players. The sport is heavily supported by the media and receives large amounts of exposure via all broadcast forms. Main source of revenue comes from television broadcast partners so effort strongly focused on maintaining this relationship.</td>
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<td><strong>Basketball</strong></td>
<td>Influence of media is noted as extremely significant. Believe that media coverage is limited as the sport is often overshadowed by other sports news. League has run ad hoc strategies to promote itself in the past, but have had no consistent theme. One team relies heavily on promoting star player, while the other has adopted a mass market approach promoting the entertainment experience of the event. Both clubs have limited formal communication processes with supporters.</td>
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<td><strong>Soccer</strong></td>
<td>No regular process of communicating with members. Relies on media to publicize games although soccer coverage is limited in popular press. Are particularly reliant on ethnic media given the cultural history of the club. The club treats the media with suspicion as it believes it tends to focus primarily on negative stories.</td>
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Research | Australian Football | Rugby League | F1 Grand Prix | Cricket Australia | Basketball | Soccer
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Has improved dramatically in recent years as desire for knowledge to assist with decision-making has increased. Have gone from virtually no structured research to annual satisfaction tracking and participation in various other studies. | Has been relatively limited and reliant on governing body to sponsor studies. Have improved considerably however as greater information is sought for strategic marketing planning. | Run comprehensive research studies to measure satisfaction of the event. Use this information to make changes to operations. Will not release details of any research findings. | Conscious of the need for research and run ongoing tracking studies to ascertain consumer views on attractiveness of upcoming events and effectiveness of communication approaches, including brand measures. Use research to drive marketing approaches. | Both clubs indicated studies had been done on supporter’s attitudes in the past but were unable to locate research. Both clubs expressed a desire to conduct ongoing research, but also indicated that the league should provide data. Appear constrained by cost of research. | Only one attempt at generating supporter research and this provided no useful data. Believe research would be very helpful but is seen as too costly in current climate. Would like governing body to provide research but feel this is unlikely to happen.
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<th>Community and Volunteers</th>
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<td>Club strongly built on volunteer involvement and has full-time coordinator. Volunteers critical to operations of club and involved year round. Club believes it has an obligation to give back to the community and supports numerous programs.</td>
<td>Have limited community ties and appear hampered by private ownership in the concept of establishing a strong volunteer network. Do have a supporters club that is used directly to try and convert supporters to members.</td>
<td>No volunteer system and are guarded about releasing information about the event to outside sources. Have attempted to adopt a community focus and meet regularly with community liaison teams to ensure that event location maintains local resident support.</td>
<td>Have an extensive volunteer system linked to local community cricket clubs. This is recognized in strategic plan. Also focus on community development through these clubs and through junior development which is a key investment.</td>
<td>Despite private ownership both teams operate a small team of volunteers and they are not seen as an intrinsically important part of operations. No links to community groups were apparent.</td>
<td>Very reliant on volunteers to remain operational. Community focus remains on ethnic nature of the club, although there are divisions of support within this ethnic group.</td>
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References

Gronroos, C. (1990), Service management and marketing, Managing the moments of truth in service competition, Lexington, New York, New York.
Figure 1 Relationship marketing implementation in the sport industry

Source: Shani (1997, p.13)
Figure 2 Conceptual model of sport relationship marketing development process

Source: Developed from this study