

# BRANDING IN SPORT WITH THE SPECIAL EMPHASIS ON SPORTS FACILITIES

**Aleksandar Brzaković, Virijević Saša Jovanović, Srđan Novaković**

University Business Academy in Novi Sad, Faculty of Applied Management, Economics and Finance, Belgrade, Republic of Serbia

## Introduction

Effective brand management provides an opportunity for the organization to increase the level of its prices, based on the recognizable brand value, as well as a base of loyal customers who have positive associations and strong brand awareness. The application of brand management in sport industry provides a number of benefits for organizations, consumers and other stakeholders. Sports brand involves customer's emotions, loyalty and passion for the team, league or organization. In addition, branding is important for consumers because it facilitates the buying process, because the brand represents a promise to a certain level of quality, reduces the risk and provides confidence in the sports product. For sports organizations branding is the most important tool, which can be used in order to find new opportunities for growth. Brand recognition provides many opportunities for the sports organization. It allows better relations with stakeholders, enables the entry into new markets or new business areas and contributes to greater profitability. The paper emphasizes the importance of investing in brand and other marketing forms that are crucial for sport industry as well as for improving the effectiveness of sports facilities. The aim of this paper is to analyze the possibilities of branding sports products, as well as to point out the benefits that could be achieved by applying the brand concept in managing sports facilities.

## Methods

*Method of classification* is applied in order to explain and understand the essence of the theoretical concept of the brand.

*Comparative method* is applied in order to compare the influence of different parameters on the branding process, as well as to make conclusions about similarities, differences and contradictions related to sports brands.

*Content analysis research methodology* is applied in order to analyze different theoretical approaches to brand management in sport industry.

## Results and Discussion

1. The paper classifies the specificities of sports products,
2. We have indicated the possibilities of branding sports products;
3. The paper analyzes the components of the brand equity in sport;
4. We have emphasized the importance of branding sports facilities, indicating the advantages of the brand management implementation;
5. The paper analyzes the role of sponsorship in the process of branding sports facility.

### The importance of applying the brand concept in sport

The concept of brand and branding in the context of sport

The American Marketing Association defines a brand as a name, term, sign, symbol, or design, or a combination of them which is intended to identify the goods or services of one seller or a group of sellers and to differentiate them from those of competitors (<https://www.ama.org>, 23.1.2016). According to The British Institute of Marketing (Chartered Institute of Marketing) brand is defined as follows: "A brand is a set of physical attributes of a product or service along with the beliefs and expectations that surround it it is a unique combination which title / name or logo of the product or service affecting consumer's awareness. "

The brand concept first appeared in the literature in 1950 in America, in the context of advertising. Experts in advertising indicated that branding is a useful tool which contributes to increasing the intangible value of products that meets the psychological needs of consumers. Regarding these attitudes, the concept of branding in that period of time was exclusively seen as a mechanism that could have a wide application in the marketing communication, i.e. promotion. (Virijevic, Jovanovic, 2015).

A brand is added, intangible value, which became an important part of the intellectual capital and consumer capital, on which the competitiveness of the organization largely depends on. By implementing the branding process the company differentiates its offer over the competition in order to gain the favor of consumers, who are becoming loyal to a particular brand of product or a company.

Regarding the definitions, which are listed before, we can classify four basic characteristics of the brand:

- 1) It is expressed either verbally or in specific marks or signs;
- 2) The mark determines the identity of the product;
- 3) The branding provides differentiation from competition;
- 4) Building brands leads to consumer preferences, i.e. brand loyalty and a better image of the organization in the market.

In the context of sport the branding concept refers to the following products:

1. Sport discipline (such as football, water polo, etc.),
2. Sporting events (FIFA World Cup, Super Bowl),
3. Athletes (brands figures such as Novak Djokovic, LeBron James)
4. Sports clubs (Real Madrid, Chelsea, Red Star Belgrade, Partizan) and
5. Sports facilities (the stadium Camp Nou, Stanford Bridge, Santiago Bernabeu).

### **Why is it important to apply the concept of branding in sports?**

Sport is one of the fastest growing industries of nowadays, which has a tremendous impact on society and attracts large amounts of capital. The industry of sport is particularly interesting from the brand management perspective, because sports products are of the great importance, whether it comes to sporting events, athletes or sports clubs and facilities.

Contemporary market of sports products is characterized by high supply and limited demand. Marketing managers of sports organizations are faced with a challenging task to attract the attention of consumers by giving them the differentiated offer and original products with added value. The concept of branding provides opportunities for sports organization to differentiate itself in the market, based on various attributes, such as competency, quality and specific relationship with consumers, tradition, emotional dimensions, status, etc. Strong sports brands survive in the market by creating strong relationships of trust with their consumers, which take the form of a partnerships. This is the way in which the relationship between consumer and sports product creates brand loyalty, and evokes emotions about the particular brand. Its market position depends mostly on the psychological factors that influence consumer behavior rather than the classic laws of supply and demand. Regarding this attitude managers who make decisions about the brand, put more focus on the psychological aspects of the branding process in order to achieve competitiveness.

During the brand development process managers should be aware of the fact that sport has a great importance for retail, through selling tickets, club uniforms or non-sporting products, which are linked to a specific sport or an athlete. Brand symbols and logos have become an important financial contributor to professional sports through licensing agreements. Sports clubs like Real Madrid or Manchester United have become well-known brands, which have significantly influenced the increase in sales of products associated with their visual identity (logo, name, mascot, anthem, colors). A good brand of sports club attracts sponsors, who see the interest in cobranding. The sponsor's motive is to transfer the positive associations that the audience recognizes in the sport club to the sponsor company's brands. Sponsor's decision to support a particular sport brand is based on a brand perceived relationships with customers, and their identification with sports brand (Carlson, Donovan, Cumiskey, 2009). p.371. The term implies

the identification of a cognitive state in which the individual sees himself as a member of a particular social entity, in this case a sports club. Authors Kwon and Armstrong recognized that identification plays a decisive role in the purchases that are motivated by sport p. 151-163, (2002).

Consumers are attracted by the brands in which they recognize a strong similarity, based on realistic grounds or aspiration. Regarding the literature analysis, we can conclude that the prevailing opinion is that the identification of the consumer with the sports brand has two characteristics: the prestige and distinction. Prestige as a characteristic of consumer's identification with sports brand is related to respect, status, exclusivity. Many fans of the Chelsea football club or the New York Knicks basketball team express their identity by connecting with these prestigious sports brands. Diversity as an identification feature is also important because consumers have a need to connect with the sports brand, which is special and different from the competition in the market. The essence of recognition is that the brand indicates the differentiated characteristics of the product compared to competing products and that consumers recognize the basic benefits of the brand. Another important benefit of the branding application in sports is the ability to facilitate business expansion into new markets and in different industries. Famous sports brands such as sports figures Rodger Federer and David Beckham expanded the good reputation of their names by launching new product lines such as perfumes and sportswear. The famous football club Real Madrid has plans to extend its brand in hospitality industry by using the same brand name for the resort in the United Arab Emirates. This ambitious project which costs approximately \$1billion is still on paper, and the time will show whether it was a good business idea.

### **The evaluation of sports brand equity**

Marketing scientists and marketing managers around the world recognize that managing the brand and knowing its value are the primary points of differentiation in order to create the competitive advantage. In the industry of sport, where economic interests dominate, it is essential that managers know how to evaluate the value created by their brands.

The brand equity is one of the elements of intellectual capital, an intangible asset that has a great importance for the market value of the organization. When analyzing the impact of the brand on the organization's market value it is necessary to have in mind the following implications: the level of achieved profitability, the expected profitability growth and the level of risk. Branding as a process of developing additional values of a product, affects all the three variables.

In order to evaluate the brand equity marketing managers should ask the following questions:

- 1) What is the legal and economic status of the brand?

- 2) What kind of financial, marketing and competition data are available to the company?
- 3) What market data should be purchased?
- 4) What are the key factors that determine the brand equity?
- 5) How important are these factors for the perception of consumers in each market segment?
- 6) In what way the company deals with these factors in comparison to the competition?
- 7) How strong is the brand compared to the competition?
- 8) What is the brand equity and what is its significance for the market value of the company?
- 9) Which market segments have the greatest significance for the brand equity?

The key components of the brand equity are: brand loyalty, perceived quality, brand associations, brand awareness and other sources of brand value (Fig.1., D Aaker, 1991).



Figure 1: Brand equity components (Aaker, 1991)

Each of the elements that create the brand equity is the participant in the market value of the sports brand, and aims to develop customer loyalty towards the specific sports products.

Besides the brand equity, another important indicator of a strong brand is a brand rating. The brand rating is determined based on the following 10 attributes:

- 1) Market Presence;
- 2) Distribution;
- 3) Market share;
- 4) Market position;

- 5) The rate of sales growth;
- 6) Price;
- 7) Price elasticity;
- 8) Marketing support;
- 9) Brand awareness of propaganda;
- 10) Brand awareness.

Every day techniques and methodologies have been developing in practice, in order to provide information about the famous brands values and ratings. Regarding the importance of sport as a social activity as well as the industry through which circulate large amounts of capital, each year we have the opportunity to see the lists of the most influential and the most valuable sports brands.

Table 1 presents ten the most valuable football brands in 2015. According to the table the most valuable football brand in 2015 was The English sports club Manchester United, whose brand value is estimated to be over one billion US dollars. Manchester United is followed by German club Bayern Munich and Spanish club Real Madrid.

**Table 1. The most valuable football brands in 2015 ( www.brandfinance.com)**

<b>Ranking</b>	<b>Sports brand name</b>	<b>Value</b> Milions of dollars	<b>Rating</b>
1.	Manchester United FC	1,206	AAA
2.	FC Bayern München	933	AAA
3.	Real MadridCF	873	AAA+
4.	ManchesterCity	800	AAA-
5.	Chelsea	795	AAA
6.	FC Barcelona	773	AAA+
7.	Arsenal	703	AAA-
8.	Liverpool	577	AAA-
9.	Paris Saint-Germain FC	541	AAA-
10.	Tottenham	360	AA+

The Forbes list of the most valuable brands in the sport besides clubs, facilities and sports includes companies that produce commodity brands in sports, such as Adidas and Nike as well as the sports TV channels. We have presented the data from the list in Table 2.

**Table 2. The most valuable brands in sport (Forbes, 2014)**

<i>Ranking</i>	<i>Brand naame</i>	<i>Value (USA dollars)</i>
1	Nike	15,000,000,000.00
2	ESPN	11,500,000,000.00
3	Adidas	5,000,000,000.00
4	SkySports	3,000,000,000.00
5	Gatorade	2,500,000,000.00
6	Reebok	1,500,000,000.00
7	UnderArmour	1,000,000,000.00
8	EA Sports	625,000,000.00
9	YES Network	600,000,000.00
10	MadisonSquareGardens	500,000,000.00

### **Branding sports facilities**

The concept and importance of sports facilities

The level of sport in every society depends significantly on the number, variety and availability of the necessary sports facilities. (Sports Development Strategy in the Republic of Serbia for the period 2014-2018., Official gazette RS 1/2015 - [in serbian](#)). Sports facilities have an important role in the development of sports skills of both professional and amateur athletes, and the population of the country as well. Therefore, it is important to meet the needs of specific groups, such as the very young, adolescents, seniors, older people and people with disabilities. Besides the impact on the level of sports in society, sports facilities contribute to the quality of other sports products such as sports clubs and sporting events, or the popularization of certain types of sports

Sports law of the Republic of Serbia defines sports facility as arranged, equipped surfaces and objects intended for the conduct of sports activities. Depending on the environment in which sport takes place sports facilities can be classified into indoor and outdoor (Sports Law, Official gazette RS 10/2016, Article 146- in serbian).

Indoor sports facilities are areas/objects that represent physical, functional, technical and technological unit with all installations and equipment intended to perform certain sports activities (halls, swimming pools, domes, etc.). Outdoor sports facilities are specially designed areas dedicated to the performance of certain sporting activities (jogging trails, ski slopes, hiking trails, bike paths, beaches, etc.). According to the needs of users, sports facilities can be classified as:

- Objects of competitive sport,
- The facilities for mass sport and recreation,
- Objects for school and university sport,

- The facilities for sport in the army,
- Objects of sports for disabled persons and persons with disabilities.

### **Developing a sports facility brand**

Survival of the sports facilities depends on their ability to provide sports and recreational services that will meet the needs of users. Application of marketing as a discipline enables managers of sports facilities to develop products, which will be customized according to the needs of specific groups of users. The users or the consumers of services provided by the sports facility are in the marketing focus since they participate in the production of a sports final product. Another specificity of sports products is their variability and authenticity. Sporting event, as product which is created within the sports facilities, presents a special, authentic and unrepeatable moment. Every game, every match is unique and authentic experience for the athletes and the audience. When it comes to event branding, it should be considered that the main benefit that sporting events provide is the unique experience for the consumers. With its Niketown stores, Nike is almost in the experience business. To avoid alienating its existing retail channels, Nike created Niketown as a merchandising exposition. Regarding that special event provides experience as a basic benefit for the audience; the term “Experience Economy“ has become widely accepted in the relevant literature (Pine, Gilmore, 1999) p.6.

In the world industry of sporting events, hallmark and sports mega-events have the greatest economic and social importance. According to Glen Bowden “hallmark event has a strong connection with the ethos of a place, city or a region.” They have a special importance in terms of traditions, attractiveness and tourism. Regarding to this, hallmark events allow the host community or destination to achieve competitive advantage in the market. Examples of hallmark sporting events are: Wimbledon, US Open, Monza Grand Prix, etc. Sports mega-events are always oriented to the international market. They are characterized by a large attendance, high costs and high media attention. As examples we can mention the mega-events: Olympic Games, World Cup and Super Bowl.

In order to develop a strong brand, managers have to consider that sports facility contributes to the promotion of sport values, healthy lifestyle, national sport, sport of a specific geographical area, and if it comes to professional sports, it is often viewed as an opportunity for making profit. Good brand of a sports facility means better reputation, which has a positive impact on relations with customers, suppliers, financial intermediaries, the media, etc. Good reputation of the facility is also important because it provides better access to resources, especially human resources, talents, new employees, who increase the level of knowledge in the organization.



Regarding that sport marketing is oriented towards consumers and stakeholders, it is necessary for brand management process to include analysis of the following environmental factors:

- Development of the local community,
- Economic Development,
- Development of the destination,
- Cultural and social environment.

Branding sports facilities is a demanding process that should ensure the creation of physical and psychological components of the brand. The physical component of the brand refers to the visual identity of the facility, which includes a name, logo, slogans, mascots, trademark, etc. This is an audio-visual component of the brand, whose elements are represented on media, websites, flyers, and product packaging. The psychological, abstract component includes brand associations and emotions that arise when consumers come into contact with the brand. Associations that certain brand evokes in customer's mind resulting from the usefulness of the product and brand values that company represents in business philosophy, its attitude towards customers and promotional activities. According to Keller (2009) the creation of a strong brand identity relates to brand awareness. Brand awareness is the level of knowledge that consumers have about the brand, which is determined on the basis of the following factors (Aaker, 1991):

- How many associations can be linked to the brand;
- Liking or brand familiarity caused by the consumer (consumers who have a positive attitude towards the brand will expand brand awareness to the public);
- Commitment to the brand;
- How does the consumer see the brand during the purchase process?

In the mind of consumers brand is recognized as the expected value, and as such is an expression of the "promised" value. By deciding to purchase a certain brand, the customer is also making a decision about a certain level of quality, social status and a way of life that the product should represent. The brand has to be positioned towards the right customers in the right way. In order to position the brand in the right way, it is important to know the attributes by which consumers evaluate competing brands and choose a position for a certain brand. Since different market segments value brands in different ways, it is important to know them well and to choose the target segments that will primarily be attracted to the brand. The brand positioning can be:

- Functional c it points to the benefits that are provided to consumers and ways of solving problems;
- Symbolic c it evokes the brand awareness in consumers' minds about the origin, status, lifestyle;
- Experientially.

Branding the sport facility also depends on its reputation in media, which can be estimated thanks to the advanced technologies and methodologies such as digital impressions, referring to social networks and websites, TV news, print media and radio.

### **The role of sponsorship in branding sports facility**

The term “sponsor” in Latin means a guarantor for a venture, financier and protector. Financial Review Magazine defines sponsorship as follows: “Sponsorship is a two-way commercial relationship where the sponsor and the sponsored exchange chances, money and influence to meet the objectives of both separate entities.” Sponsorship is a powerful marketing tool that enables the company to build solid relationships with consumers, often based on emotions. For example, a fan or an athlete who has strong emotions about the sports club will transfer positive associations to the brand, which is the sponsor of the club. The concept of sponsorship is often brought into the context of event management, regarding sponsorship as one of the most common sources of financing events. The biggest investments were recorded in corporate sponsorship in sport, which amounts about two-thirds of the total sponsorship events.

A recent survey, which included 120 sponsorship decision makers worldwide, identified several key motives for sponsoring sports brands. Those are:

- 1) Development of awareness and visibility of the sponsor’s brand,
- 2) An increase in customer loyalty,
- 3) A better corporate image,
- 4) Social responsibility and
- 5) The access to experience branding (Neils, 2012).

The motives represent marketing reasons that sponsoring companies evaluate quantitatively and qualitatively in order to answer the question of whether to participate in the sponsorship of events, or to pay for the stadium naming rights. Manchester City’s business arrangement to rename the City of Manchester Stadium ‘The Etihad Airways Stadium’ has been cited as the richest stadium naming rights deal in football history. This sponsorship agreement was motivated by the desire to encourage community development through new investments in local sports facilities and services. Another good example of branding sport facilities through sponsorship is a story of Mercedes-Benz Arena in Shanghai. This business agreement shows the willingness of influential auto-motoring brand to enter into the process of branding sports facility in order to strengthen its position in the Asian market. Mercedes-Benz Arena is a massive infrastructure with 18,000 seats that offers added value to the customers. They have the opportunity to watch sports matches, practice sports such as skating, bowling or to go shopping in attractive retail space of 20,000 square meters.

## Conclusion

Sports brand is a relationship that develops between the identity of a sports product or service and the consumer. Brands are valuable corporate resources that can increase the level of profitability, the rate of sales and the value of sports organizations in the market. Strong sports brands are characterized by credibility, recognition, respect, differentiation, longevity. Branding sports facilities is very important because it contributes to the good reputation and customer loyalty, influences the positioning of sport products and participates in the creation of added value. In this way, branding process evokes positive emotions and experiences to consumers.

Regarding the importance of the branding concept, we have analyzed the possibilities of its application in the sport industry, on the case of products such as clubs, sporting events and sports facilities. Special emphasis in the research we put on the branding of sports facilities, which should contribute to the creation of the visual brand identity and the new added value that meets the needs of different user groups. In the context of modern marketing, strong sports facility brand means creating sports capacities that promote sport and meet high quality standards. However, besides sporting activity, famous brands of sports facilities have much more to offer. They are constantly adding value to its products and enriching the content with additional facilities, such as retail buildings, restaurants and cafés, concert halls, cinemas, etc. The creation of new, value-added brand is a crucial issue for contemporarily sports facilities, which tend to meet consumers' high demands.

## Literature

1. Aaker, D. (1991). *Managing Brand Equity*, The Free Press, New York
2. Carlson B. Donovan T. Cumiskey K. (2009), "Consumer-brand relationships in sport: brand personality and identification", *International Journal of Retail & Distribution Management*, Emerald Vol. 37 No. 4, str. 370-384
3. Keller, K., L. (2009). Building strong brands in a modern marketing communications environment. *Journal of Marketing Communications*. 15, 139–155.
4. Kwon, H.H. and Armstrong, K.L. (2002). "Factors influencing impulse buying of sport team licensed merchandise", *Sport Marketing Quarterly*, Vol. 11 No. 3, pp. 151-163.
5. Neils E. (2012). Ball park figures: assessing brand value and the benefits of stadium naming rights, <http://brandfinance.com>
6. Pine J., Gilmore J. (1999). *The Experience Economy: Work is Theatre & Every Business a Stage*, Harvard Business Press, Boston
7. Sports Development Strategy in the Republic of Serbia for the period 2014-2018. *Official gazette RS 1/2015*
8. Sports Law, *Official gazette RS 10/2016*, member 146
9. Virijevec Jovanovic S. (2015). *Brand management*, Cigoja, Belgrade

10. <https://www.ama.org>, 23.01.2016.

11. "The Brand Finance Football 50 2015, The world's most valuable football brand", <http://brandfinance.com/>, 18-04.2016.