Professional Sports Leagues: Marketing Mix Mayhem

If they don’t change the marketing of professional sports leagues soon, will anyone care?

Evidence shows that over the past several years, professional sports’ appeal to American consumers has been on the decline. Product life cycle analysis indicates that all four of the North American “big leagues” have reached the late maturity or decline stage of development. Live attendance and television ratings have fallen across the major sports leagues. Additionally, there is a growing economic disconnect (notably in the area of ticket prices) between professional sports teams and most Americans. It is imperative that the marketing managers of these teams and leagues recognize times and consumers have changed and adopt new strategies to compete more effectively in an increasingly glutted information/entertainment economy.
To do so, we thought it valuable to conduct our assessment by using a traditional marketing evaluation framework, the product life cycle (PLC). We began our appraisal by posing the following question: Just where are the NFL, NBA, and other major professional sports leagues on their respective product life lines?

We believe this question deserves attention from league marketers as well as league advertisers and sponsors. Why? Because, when the most relevant performance indicators are employed, it is clear that all four of the "big league" sports (NFL, NBA, MLB, and NHL) have reached the finite maturity, or decline, phase of the product life cycle.

While that is a bold statement, it is evidenced recently in the fact that each of the major sports leagues has suffered losses in varying degrees, in terms of in-seat attendance and television viewership.

First, however, an objective question: Should professional sports leagues be treated (i.e., marketed) as consumer products? Do entertainment properties, with their high profile celebrities, defy the traditional life cycle theory? These questions are certainly valid, particularly as professional sports leagues approach the new millennium.

Let’s start with life cycles. Many marketing scholars have written about the product life cycle and debated its viability. As simplified by Peter Donnelly in their textbook Marketing Management: Knowledge and Skills, PLC theory suggests that products are conceived and introduced before following a natural pattern of growth, maturity, decline, and ultimately, discontinuation.

The curve of the life cycle, which can chart sales volume and profit margin, or in the case of sports leagues, attendance and TV ratings, varies by industry, product, market, and technology. The curve also varies in length of time. Some industries rise and fall within 10 years. Others can exist for almost a century or more.

Interestingly, not everyone believes that all products follow a fixed path of “start low-grow higher-flatten-and drop off to die.” In fact, in a 1976 Harvard Business Review article, Dhalia and Yosphe advised readers to “Forget the product life cycle concept!” They believed marketing strategies built around a particular stage in a product’s life “did more harm than good” and that obsession with product age (correlated to performance) often persuaded executives to “neglect existing brands and place undue emphasis on new products.”

Admittedly, while researchers can show exceptions to the PLC model, many product managers or team general managers live for the moment (i.e., the fiscal year-end results and their annual review). Most marketers also believe that regardless of a product’s past performance, new marketing strategies could make the next year better. This, in essence, is the marketer’s creed: “I can influence the outcome and deliver desirable results.”

As such, marketers point to examples where brands have successfully defied the bell-shaped curve of the life cycle and talk about repositioning, reinvention, renewals, and resurgence.

Converse’s Chuck Taylor basketball shoes went from athletic stardom in the ’50s and ’60s (nearly every high school, college, and pro player wore Chucks) to fashion funkeisters in the ’70s and ’80s. In the same way, Quaker Oats has gone from round barrel prominence (featuring that distinctive elderly white-haired Quaker) to a microwave staple that delivers contemporary movie tie-ins.

In Converse’s case, the Chuck Taylor volume curve has gone up and down so many times that brand managers at Converse’s headquarters probably laugh in the face of each new fashion craze. Next year, Chuck Taylors will no doubt reemerge as a dynamic athletic product endorsed by Larry Bird or an NBA point guard who says all the right things about the lockout and the people who can’t guard him.

By contrast, Quaker Oats has never really come out of the maturity portion of the curve. Like a scene from the television show ER, they’re just flailing along fitting the needs of the contemporary kitchen and modern eat-on-the-run lifestyles. Age has not seemed to matter.

For professional sports leagues (involving multi-player teams), the life cycle discussion is a little trickier. As shown in Exhibit 1, of the five primary male professional sports leagues in North America, only one is younger than 30 and three are approaching 100. One league, MLB, is a gray-beard of 97 that continues to dance around the edge of the downward slope.

Does age alone mandate that a product should decline? In its simplest form, the answer is no. But skilled marketers know that as products age,
Consuming segments change and new growth strategies (not to mention contemporary sales and promotion tactics) must be employed.

Growth strategies, which all products need, are often condensed down to four key concepts:

- Market Penetration.
- Market Development.
- Product Development.
- Diversification.

For sports leagues, growth in the last 20 years has probably been achieved through greater market penetration (increased media distribution and increased targeting of female and Hispanic fans) and market development (more expansion teams).

The greatest example of effective market penetration by a league may have been in the NFL where the league added national broadcast networks and significantly increased their profitability. In fact, right fees paid by TV networks rose from approximately $656 million dollars in 1978 (among three networks) to $1.7 billion dollars split among four networks (down from five) for eight years (see Exhibit 2).

The product development strategies (i.e., a sport league’s rules of play and the marketing communications perceptions of the product) have remained virtually unchanged. To be sure, leagues have added a designated hitter here, a two-point conversion there, or created brand extensions (i.e., the creation of the WNBA), but little has altered the essence of the game.

In fact, if there has been any change, it has probably been most visible in how the game is presented. New stadiums (designed as shopping malls or theme parks) might be the most contemporary form of product development or brand extension for professional sports.

An example of the stadium as product extension can be seen in Arizona where the Diamondbacks baseball team installed hot tubs just beyond the outfield wall where fans can sunbathe and take a dip while watching the game. Perhaps the game (the one on the field) is uncharged, but the real estate experience has been enhanced.

The same can be said in Anaheim where Disney’s ownership of the NHL’s Mighty Ducks greatly altered the way a hockey game is now delivered. A giant Duck mascot descends from the rafters on wires to initiate an explosion of lights and sounds. The inclusion of twirling ice dancers and fan-friendly interactive promotional activities makes going to the game akin to visiting Disneyland.

Still, in many people’s minds, the professional sports product has changed very little in the last 20 years, except perhaps to accentuate a wide range of negatives.

Where leagues once built brand equity by creating sustainable market advantages, professional sports leagues now regularly supply their primary marketing agent (the media) with a withering barrage of salacious topics.

Consider the following: In the past five years, professional sports leagues have suffered through player strikes (MLB, August, 1994; NHL, September, 1995; NBA, March, 1999).

**EXHIBIT 1**

<table>
<thead>
<tr>
<th>League</th>
<th>Year started</th>
<th>Current age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major League Baseball*</td>
<td>1901</td>
<td>97</td>
</tr>
<tr>
<td>National Hockey League</td>
<td>1917</td>
<td>82</td>
</tr>
<tr>
<td>National Football League</td>
<td>1920</td>
<td>79</td>
</tr>
<tr>
<td>National Basketball Association</td>
<td>1946-47</td>
<td>53</td>
</tr>
<tr>
<td>Major League Soccer</td>
<td>1996</td>
<td>3</td>
</tr>
</tbody>
</table>

* Start of two-league format

Source: League offices

**EXHIBIT 2**

<table>
<thead>
<tr>
<th>Year (contract length)</th>
<th>Amount paid (in billions)</th>
<th>Networks involved</th>
</tr>
</thead>
<tbody>
<tr>
<td>1978 (4 years)</td>
<td>$.656</td>
<td>NBC, CBS, ABC</td>
</tr>
<tr>
<td>1982 (5)</td>
<td>$2.135</td>
<td>NBC, CBS, ABC</td>
</tr>
<tr>
<td>1987 (3)</td>
<td>$1.872</td>
<td>NBC, CBS, ABC</td>
</tr>
<tr>
<td>1990 (4)</td>
<td>$3.700</td>
<td>NBC, CBS, ABC, ESPN</td>
</tr>
<tr>
<td>1994 (4)</td>
<td>$4.580</td>
<td>NBC, Fox, ABC, ESPN,TNT</td>
</tr>
<tr>
<td>1998 (8)</td>
<td>$17.600</td>
<td>CBS, Fox, ABC, ESPN</td>
</tr>
</tbody>
</table>

ber, 1995), a player lockout (NBA, July, 1998), player free agency and salary demands (all leagues, all the time), various player arrests (including the assault of an NBA coach by his own player in December, 1997), rising ticket prices (an annual custom), stadium referendums, franchise movement, and constant legal wrangling.

The end result is that, rather than using growth strategies to build their brands and stave off the effects of life cycle issues (i.e., age and product relevance, stagnant or static product attributes), the leagues have had to deal with an almost constant defensive stance. That defensiveness is now reflecting itself in negative consumer trends.

At this point, it is difficult to determine whether these recent declines are the beginning of a long-term slide or just a momentary aberration in what has been, with few notable exceptions (e.g., the 1994 baseball strike), a sustained period of growth and prosperity for professional sports in the United States. Based on available evidence, it is highly plausible to suggest we are seeing the start of a long-term erosion scenario (suggested in the PLC model).

Therefore, we believe it is imperative that each league take a very close look at its current position in the marketplace and determine its relative health. More importantly, new marketing strategies to fit a late maturity life stage may be critical if preventative marketing measures are to do much good.

Said another way: the four clients the doctor has just seen—the NFL, NBA, MLB, and NHL—are healthy now, but prime targets for a series of heart attacks. The leagues have all lived well (in the age of billion dollar broadcast contracts) but that “life in the fast lane” lifestyle has the potential to catch up with them.

The League’s Declining Health

Falling Attendance

A majority of teams in the four biggest leagues reported flat or declining attendance in 1997-1998. Even MLB, which rode the Mark McGuire-Sammy Sosa home run duel to unprecedented levels of public interest, found 8 of 13 American League teams with fewer fans attending their games than in the previous two seasons. When you remove the expansion team (Tampa Bay Devil Rays) from the overall gate count, you find total American League attendance fell 6% during what many pundits claimed to be baseball’s “comeback” season.

The August 31, 1998 issue of Sports Illustrated concluded that the McGuire phenomenon alone accounted for a combined increase in Cardinals’ home and road attendance of almost 800,000. Aside from that flourishous attendance spike, overall major league baseball gate figures were down 118,784 from 1997 for games not involving St. Louis.

Led by the World Champion Chicago Bulls, seven NBA teams reported filling their arenas to 100% capacity during the 1997-98 season. However, when you examined the attendance of the other 22 league franchises, you found a far different reality. Three-fourths of these other teams saw no improvement at the gate from the previous year. In fact, 11 showed substantial declines, including four teams with drop-offs greater than 10%.

Most disturbing was the fact that several of those teams reporting modest increases, like the Denver Nuggets and Los Angeles Clippers, finished the season with a third of their seating inventories unsold. As a whole, the NBA realized less than a 1% increase at the gate from the previous season. It’s no wonder that most analysts predict a long and difficult recovery for the league now that the recent work stoppage has been resolved.

On the ice, only 7 of the 26 teams comprising the NHL reported increased attendance in 1997-1998, while half the teams suffered moderate to severe losses. The NHL declines are particularly troubling for a league that depends on gate receipts for 60% of its total revenues. Attendance has eroded steadily over the past three years, with league-wide capacity figures falling from 93% in 1996-97 to 91% last season, to 88.7% through the first third of the current season. The continued decline into the 1998-99 season is particularly disconcerting given that the NHL faced no direct competition from the NBA during November, December, and January.

Even the venerable NFL, with its limited inventory of just eight home games per season has reason to be concerned. During the 1998 season, 14 of the league’s 30 teams showed no growth or slight to substantial (the St. Louis Rams were off 16.8%) slippage at the gate.

What may be more troubling is the rising
report of "no-shows" (no longer reported by the league) in many NFL stadiums. An example is the Carolina Panthers, who, in only the third year of operation, have seen an average of more than 7,000 no-shows this season. That's a 317% increase over their inaugural 1996 season.

Honeymoon's Over

In fact, it appears that the "honeymoon" period that new teams or venues previously took for granted no longer has the sustaining impact it once did. Analysis through the late 1980s demonstrated that teams occupying brand-new venues could count on a three to five year "halo effect" when attendance levels would hold for several years despite poor and/or declining team performance.

Recent experience suggests fans are now much less patient (tolerant). The Portland Trail Blazers (NBA), Buffalo Sabres (NHL), and Jacksonville Jaguars (NFL) all showed appreciable declines in attendance shortly after occupying new or substantially renovated venues. The Washington Wizards (NBA) saw ticket sales diminish as the season progressed during their first year in the new MCI Center.

Jerry Colangelo, owner of the Arizona Diamondbacks (MLB) explained the 20% drop in season ticket renewals, as his team headed into just its second season, with the comment, "Honeymoons just don't last as long as they used to."

Declining Ratings

Most league executives, particularly in the NFL and NBA, profess less concern about stagnant or sagging attendance, proclaiming that the typical fan is now a television fan. Certainly, more sports programming is available on free or cable television than ever before. And, with the emergence of regional sports networks to compete with ESPN's delivery of around-the-clock sports broadcasting, fans have unprecedented opportunities to watch their favorite teams.

Note should be made of the fact that the four major networks now devote an increased portion of their programming to sports (in excess of 2000 hours each year). Unfortunately, fewer consumers appear to be watching games involving teams from the NBA, NHL, MLB, or the NFL.

According to McGraw (1998), ratings for all four leagues have been sinking for the past decade. In fact, since 1987, MLB is down 30%, the NBA - 14% and the NFL - 22%. The NHL, while only on network television for a short period of time, saw its ratings on Fox plummet last season.

At least two plausible explanations have been offered for the ratings decline. Some, like NFL President Neil Austrian, believe that the glut of entertainment options increasingly available to fans has diluted network numbers. There are more people watching sports on television, but they are watching it on a lot more channels.

According to Austrian, "The sports fan has so many more choices now, but when you compare our ratings to the rest of network television, we are still delivering the numbers you can't find elsewhere." (McGraw, 1998, p. 43). To Austrian's credit, the NFL's 1998 ratings on Fox and CBS were considered impressive given early-season declines on those networks. As of early 1999, the NFL's approximate 25% household share (for regular season games) is unmatched by all other domestic sports programming save a popular Olympiad.

Nonetheless, there are storm clouds on the horizon. Harvey Araton (1998) in the New York Times Magazine recently offered a more ominous explanation for the various league rating declines. He suggested that working- and middle-class families, the traditional bedrock fans of professional sports, are gradually losing interest in watching major leagues games because they can no longer afford to attend them.

The Economic Disconnect

There is ample evidence of the growing economic disconnect between professional sports and most Americans. Exhibit 3 shows the steady and substantial increase in the cost of attending games across all four leagues.

**EXHIBIT 3**

The cost of attending professional sports league events

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>MLB</td>
<td>$77.41</td>
<td>$114.82</td>
<td>+48.3%</td>
<td>$146.36</td>
</tr>
<tr>
<td>NBA</td>
<td>$138.82</td>
<td>$214.28</td>
<td>+56.3%</td>
<td>$296.93</td>
</tr>
<tr>
<td>NFL</td>
<td>$152.55</td>
<td>$243.34</td>
<td>+60.6%</td>
<td>$285.57</td>
</tr>
<tr>
<td>NHL</td>
<td>$132.62</td>
<td>$238.97</td>
<td>+80.2%</td>
<td>$367.22</td>
</tr>
</tbody>
</table>

From 1991-1998 the CPI rose 20.0% in the U.S.

Based on Fan Cost Index (FCI) calculated by TMR to represent the average cost for family of four attending a major league game.

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Using the Fan Cost Index (FCI) created by Team Marketing Report, which estimates the average cost for a hypothetical family of four to attend a professional team sports event, comparisons are provided for the major leagues over a seven-year period. All of the price figures are adjusted to 1995 dollars to allow for “apples to apples” comparisons. We then compared the changes for 1991 to 1998 against the Consumer Price Index (CPI) for that period.

The results show the price of attendance rising two to four times that of the rate of inflation. The NHL leads the way, with an 80% price increase over the eight-year period. For a family of four to attend an NHL ($238.97) or NFL ($243.34) game this season, it amounts to about 30% of an average household’s weekly earnings.

It is clear that attending a live major league sport experience is now beyond the reach of a vast majority of the general population. According to a recent report by the Sports Marketing Group, nine out of ten Americans say ticket prices are so high that it is difficult for them to attend a professional sporting event.

It is not surprising, then, to find data that documents the increasingly narrow demographics of those attending big-league games. Growing empirical evidence and opinion indicates middle-class and blue-collar fans have been pushed out of stadiums and arenas, replaced by more affluent spectators.

Roger Angell, a columnist for The New Yorker, recently proclaimed that “going to ballgames is becoming a rite of the new rich” (p. 9). Angell’s claim is given credence by a recent report indicating that the household income of Washington, D.C. area residents attending Baltimore Orioles games averaged $87,500 (Fehr, 1997). According to the most recent Census data, average household income of those residing in the Baltimore–DC area is around $33,000.

The most compelling evidence, however, for the gentrification of big-league sports is found in a 1996 study which appeared in American Demographics. The analysis found that adults with household incomes of $75,000 and above were 72% more likely to attend Major League Baseball games than those households with aggregate incomes less than $25,000.

When such a narrow segment of the market—the latest U.S. Census, only 13.6% of households have incomes in excess of $75,000—can afford to attend professional sporting events on a regular basis, it is not surprising to find consumer interest dissipating for both live and televised offerings of major league sports.

McGraw (1998) concluded in his recent appraisal of big league sports that the greatest danger facing professional sports was fan “apathy.” As evidence for this assertion, he cited the 1998 Los Angeles Times poll in which almost two-thirds of respondents did not consider an NFL team in the Los Angeles area of any importance to them.

Prescription for Recovery

If the patients (the NFL, NBA, NHL, and MLB) have health-related issues, one of the challenges is to begin acknowledging the need for change (as in changing a patient’s diet or workout schedule).

Leagues must recognize that times and consumers have changed. They must also get ready to employ new strategies to accommodate a culture that no longer looks like 1958 or 1975.

In the 1950s, Americans once enjoyed two primary sports leagues (baseball and the NFL) and three television networks. Today, however, the American entertainment economy features countless television channels (including cable and satellite), more than 40 professional sports organizations (see Exhibit 4) and new technologies like the VCR, television video cartridge games, computer CD-ROM games, and the Internet.

The marketing implication is that new life cycles are being started and many are at different stages of their development. The large, established leagues, while working from some economies of scale and enormous product awareness/familiarity are nonetheless fighting off numerous incursions from rapidly emerging sports properties. For example, the NBA must watch the relative success of the WNBA (their own new product), the Continental Basketball Association (CBA), the proposed (and much discussed) new Collegiate Professional Basketball League (CPBL), numerous international basketball leagues, and all other indoor sports leagues that utilizeballs or pucks.

And leagues must watch sports with growing grass roots appeal (soccer) or youthful, participatory dynamics that make active involvement more affordable, accessible, or relevant.

This concept is brought into greater focus in Harry Dent Jr.'s book, The Roaring 2000s, which suggests that Americans, while happy to spend disposable income, are increasingly seeking customized products.

To wit, they don’t want mass media and mass marketing strategies. They want individualized programming, apparel, and messages. That’s a
problem for mass mediums like television, which have been formatted to sell profitable advertising by targeting broad audiences with low common denominators (i.e., intelligence and entertainment sophistication). But it's not an issue for new mediums like the computer/Internet.

The digital television revolution has brought a promise of 500 channels and niche programming. Today, that remains a largely unproven promise. For the Internet, however, the technology available in 1999 offers a premise of mass customization. Television and professional sports leagues must understand and embrace that dynamic immediately. Granted, by 1998 all the leagues had colorful Web sites, but pursuit of users through this medium (in 2000 and beyond) may require different trial tactics than those used for television 40 years ago.

Dent also suggests that spending is tied (logically enough) to birth rates and that the American economy will remain notably healthy until 2009 (the peak spending year for "Baby Boomers"). If true, this suggests that the major leagues that were built or sustained on the birth wave of the late 1950s, now have less than 10 years to maximize market share before the financial wheels start to come off.

In short, what we are seeing in 1999 is a wealth of disposable income that has arrived at the same time that a wealth of interactive entertainment/information options have become available.

This concept fits snugly with work done by MIT's Nicholas Negroponte who suggested in his book "being digital" (1995) that in the digitized future, computers will provide customized, intelligent interfaces that give consumers exactly what they want. This game for you, these highlights for me.

One of Negroponte's wonderful musings is that the modern consumer will be able to ask for and receive an interactive, video newspaper that provides all of the specific information/entertainment desired.

The question, then, is whether that's good for

### Exhibit 4

A partial list of North American sports leagues

American Hockey League (AHL)  
Arena Football League (AFL)  
ATP (Pro Tennis) Tour  
AVP (Pro Beach Volleyball) Tour  
Canadian Football League (CFL)  
Continental Basketball Association (CBA)  
Continental Indoor Soccer League  
WTA (Pro Tennis) Tour  
East Coast Hockey League  
Indy Racing League (IRL)  
Championship Auto Racing Teams (CART)  
International Boxing Federation  
International Drag Bike Association  
International Hockey League (IHL)  
International Hot Rod Association  
International Motor Sports Assoc. (IMSA)  
International Pro Rodeo Association  
Ladies Pro Golf Assoc. (LPGA)  
Major Indoor Lacrosse League  
Major League Baseball (MLB)  
Major League Soccer  
NASCAR  
Nat'l Assoc. of Pro Baseball (baseball's minor leagues)  
National Basketball Association (NBA)  
National Football League (NFL)  
National Hot Rod Association (NHRA)  
National Hockey League (NHL)  
National Pro Soccer League  
Professional Golf Association (PGA)  
NIKE Tour (Pro Golf)  
Pro Billiards Tour  
Pro Bicycle League  
Pro Bowlers Association (PBA)  
Roller Hockey International  
SCCA Pro Racing (Auto Racing)  
U.S. Golf Association  
U.S. Surfing Federation  
Women's Nat'l Basketball Assoc. (WNBA)  
World Team Tennis  
World Wrestling Federation
professional sports or bad. The answer may depend on how leagues make themselves attractive and how they communicate their benefits to an increasingly sophisticated world.

As referenced earlier, ticket prices for professional sports are outpacing the CPI which means that while the average individual gets a 3% cost of living increase annually, the cost of attending a professional sports event is going up on average by more than 7%.

To top that off, leagues like the NFL are dealing with recent market shift dynamics that has seen NFL teams go from Houston to Nashville or from Boston (the sixth largest U.S market) to Hartford (#27).

This downsizing means there are currently no NFL teams in six of the top 25 Nielsen DMA’s (Dominant Marketing Area) including Los Angeles (#2), Houston (#11), Cleveland (#13), Sacramento (#20), Orlando (#22) and Portland. (#23).

In Cleveland’s case, there will be a team there as of September, 1999, and the marketing plan will undoubtedly be quite interesting to dissect. That’s because the Browns’ new ownership group paid more than $530 million to re-enter this market. For their troubles, they will get to deal with annual rising overhead (in the form of player salaries), declining television ratings, advertiser and sponsor uncertainty, normal stadium depreciation, and potential fan dissatisfaction if the new Browns are unable to win quickly and often.

Yet in spite of all the financial uncertainty, the value of professional sports franchises continue to appreciate at record rates. Nowhere is this more evident than in the NFL where the Washington Redskins were just sold for $780 million, shattering the previous high paid for the Browns. Interestingly, the difference is exactly the price Red McCombs paid to buy the Minnesota Vikings less than 12 months prior to the Redskins transaction.

The soaring appreciation values are primarily a function of supply and demand. With respect to the NFL, there are only 32 franchise slots. That means that from a strict business standpoint, paying nearly $800 million for membership in an exclusive owners’ club makes up for the estimated 4% return on investment (ROI) per year. That’s not great. In fact, it’s pretty modest, but the psychic/ego benefits are huge.

Welcome to the professional sports world of the 21st century, a place where the challenge of marketing professional sports teams and leagues is highly visible, controlled by unique individuals, and getting much tougher.

For many marketing professionals, the thought of directing a professional sports team’s sales and marketing might seem like a dream job. Professional sports command constant media and consumer attention. In fact, entire sections of newspapers and programming segments on television are dedicated to informing and shaping target consumer images about professional sports.

Unlike traditional marketing categories (i.e., consumer product goods or services), professional sports generate notable passions and loyalties. Cities even go so far as to suspend fiscal judgment in order to bring sports franchises to their municipalities.

Despite all the hype and rhetoric, a case can be made that professional sports leagues are marketable brands that require sophisticated marketing plans and an understanding of how the product is perceived, received, and purchased. Awareness is generally not an issue but interest, trial, adoption, and retention/loyalty are. If a brand is in late maturity or the earliest stages of decline, then new uses, new product features, or new markets must be developed.

For sports leagues, that means the communications strategy of showing availability (network promotional announcements) or the use of advertising to differentiate the game (“I Love This Game” or “Feel the Power”) may no longer represent the top priority. Instead, league marketers must employ strategies that can legitimately “alter the product, produce new uses for the product, or introduce new markets.” The other choices are to drop the product (which, for a sports league, is unthinkable) or tolerate continued declines (Peter & Donnelly, 1995.)

To continue down the path of generating awareness, without communicating benefits and/or advantages, is folly. The leagues must have strategies that motivate involvement and deliver brand satisfaction.

For the majority of leagues this responsibility falls to either a league marketing arm (i.e., NFL Properties, NHL Enterprises, NBA Properties) or the local club marketing directors. The problem, in some cases, is that big money and big television coverage have built the patient to sleep and made it difficult for these marketers to generate increased consumer demand.

The leagues, networks, and players are making big money so it’s hard to see the existing fan base slipping away and even harder to see the next wave of potential users making other entertainment choices.

That’s why, in some respects, professional sports marketers have thankless jobs. Brand images for their leagues or teams have been either so fixed
(i.e., greedy owners/selfish players) or stretched so thin that the brand equities are becoming parodies. If NKDs can take on a negative connotation (to some consumers), be it driven by fashion, labor practices, or the celebrities signed, then so can a league.

In addition, there traditionally has been modest funding set aside for marketing the game/sport (nationally) or marketing the teams (locally). Yes, the leagues and teams have large revenue streams and high player or executive salaries. But traditionally, the marketing has been left to word-of-mouth, sponsor partnerships, free media coverage, promotional television spots, and aggressive ticket sales. Very little has been available for marketers to use in changing perceptions of their league/team/game.

In simple terms, we have brand saturation (that is, images frequently presented, often with negative connotations) and minimal ability to fund product development or aggressive re-positionings.

Granted, the NFL has worked hard to take their product to Europe (the World League of American Football) and the NHL stepped operating to showcase its players in the 1999 Olympics, but PLC strategies for mature products suggest these marketers must do more than that. Ultimately, they must determine their future growth trends and determine the amount they are willing to spend to maintain flat or declining market share.

In late maturity, short term ROI (marginal profit) usually declines if brands spend aggressively to hold a position in the marketplace. The reasoning for that investment is clear; optimize cash cow returns or, if an organization’s portfolio allows, “make the brand attractive” for an impending sale. Exhibit 5 shows typically PLC strategies.

In the late maturity stage, consumer brands frequently get into heavy trade allowances or significant consumer/sales promotions in order to encourage brand switching and brand conversion. In the decline phase, marketing strategies tend to call for minimal investment and minimal promotions. Prices are cut to reduce losses associated with inventory.

For the leagues discussed (NFL, NBA, NHL, MLB) it is critical that the commissioners look down the road to determine if a life cycle analysis is relevant and, if so, where their brands might fall on the curve. In an age of consolidation and mergers (i.e., Exxon/Mobil or MCI/WorldCom), is it possible that an entertainment company or media outlet might want to buy a league? Could one league wish to buy another? Should all the leagues actively pursue growth in China, Africa, South America, Europe, or the former Soviet Union where new markets and new users can easily be found?

In an interactive media age, does PLC theory suggest that the leagues must act quickly to embrace new electronic distributions of their games? True enough, NHL Ice is doing great things with IBM on computers (interactive video and video highlights, see picture above) and NFL Enterprises is ahead of the curve (and the other leagues) on satellite distribution (NFL Sunday Ticket). But are these actions enough? How quickly is the market moving?

Could Virtual Reality technology represent the new way to market and grow the NFL? Would it overcome some household concerns that traditional sports have become too violent?

Given the growth of alternative sports and technology mediums and given the aging of the free-spending Baby Boomers (who will soon start

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**Exhibit 5**

**PLC Strategies**

<table>
<thead>
<tr>
<th>PLC Life Stage</th>
<th>Common PLC Strategy</th>
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<tbody>
<tr>
<td>Introduction</td>
<td>Communicate Benefits</td>
</tr>
<tr>
<td>Growth</td>
<td>Brand Marketing</td>
</tr>
<tr>
<td>Maturity</td>
<td>Sales Promotions, Develop New Uses</td>
</tr>
<tr>
<td>Decline</td>
<td>Maintain, Harvest or Divest</td>
</tr>
</tbody>
</table>
to shift their spending and viewing habits in preparation for retirement and death, there are now some very key marketing issues on the professional sports horizon. These issues and early warning signals need to be heeded by the patients (the leagues) before significant surgery is required.

Marketers for these leagues tend to be the best in the business (and they can afford the best doctors) but the technologies of the new millennium and the various consumption habits of a new generation (the Echo Boomers) may be the nastiest curveball thrown yet.

Additional Reading


"Concurrent Life Cycle Management" edited by Fred Young Phillips, IC2 Institute, University of Texas, Austin, Texas, 1991.

About the Authors

Rick Burton is director of the James H. Warsaw Sports Marketing Center in the University of Oregon's Lundquist College of Business. He has conducted research in numerous sports marketing areas including the development and maintenance of professional sports leagues, sponsorships (see MARKETING MANAGEMENT, V7, N1, Spring 1998), and the growth of women's sports. Prior to joining the University of Oregon, he served for three years as vice president of Performance Properties, the sports and entertainment marketing division of Clarion Marketing in Greenwich, Conn. He consults nationally and internationally for professional sports organizations such as the NFL, NHL, Australian NBL, and the Hong Kong Olympic Committee.

Dennis Howard is professor of sports marketing in the University of Oregon's Warsaw Sports Marketing Center. He is the former Head of the Graduate Program in Sport Management at The Ohio State University and is considered one of the leading authorities on sports finance. His specialty is stadium financing and economics. He has authored three books and close to 100 articles in sport and leisure management/marketing publications. He has worked as a consultant for the NFL.

Authors' Note

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