CHAPTER 6

The Marketing Game Plan

6.1 The Game Plan
6.2 Entertainment and Sports Strategies
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AEG

Sports fan and billionaire Philip Anschutz is known to have made his fortune by seizing opportunities. Anschutz buys companies that are on the verge of financial trouble, puts them through bankruptcy to get rid of the debt and to take advantage of legal restructuring, and brings them back as efficiently operating businesses. This strategy has been used to build Anschutz Entertainment Group (AEG), a subsidiary of The Anschutz Corporation. During the early 2000s, Anschutz became a key player in movie exhibition by gaining control of exhibitors Regal Cinemas, United Artists, and Edwards Theaters.

AEG’s marketing strategy is to dominate specific markets. AEG is the second-largest promoter of live events in the United States. It owns or controls six major sports and entertainment venues and owns all or part of more sports teams than any other corporation in the world. After acquiring the Los Angeles Kings hockey team and an interest in the Los Angeles Lakers, AEG built the Staples Center, which is now home to five professional sports franchises.

To round out the continuous use of the Staples Center, AEG moved into the concert promotion and booking business. More than $500 million in tickets are sold each year to AEG events. Further expanding the corporation’s reach into sports and entertainment, AEG added LA Live next to the Staples Center. LA Live consists of a 55-story, 1,100-room convention hotel, a broadcast and restaurant facility, a movie theater, and a 7,000-seat music venue. The Latin Grammy Awards as well as other productions from VH1, MTV, and BET will be hosted at LA Live.

Think Critically

1. What strategy has AEG used to position the company to dominate the venues it controls?
2. Is the strategy similar to or different from strategies used by most businesses? Explain your answer.
Lesson 6.1

The Game Plan

Goals
- Explain the difference between marketing tactics and strategies.
- Discuss the importance of planning to stay ahead of the competition.

Terms
- tactic
- strategies
- marketing intelligence
- trade shows

Opening Act

When the George Mason University (GMU) Patriots became the Cinderella team during the National Collegiate Athletic Association (NCAA) tournament in March 2006, they changed the way the nation looked at the university. Prior to the tournament, GMU was a relatively unknown university with multiple locations near Washington, D.C. It came out of near obscurity after the men’s basketball team for the first time in its history progressed to the Final Four. During and following the tournament, more than $1 million of GMU-related merchandise was sold, and interest by student applicants rose to new heights. GMU capitalized on its newfound fame to attract additional funding and more high-level students and basketball players.

Work with a group. Discuss why one tournament could make such a difference to a university. How can GMU maximize the benefits of its newfound fame?

MARKETING TACTICS

When marketing research showed Nike running behind competitor Adidas, Nike became determined that the corporation’s goal was to be number one in the global sports market. Nike is trying to catch Adidas and would like to fill a spot in customers’ minds and pocketbooks that is already occupied by Adidas. However, for Nike to be successful, it will have to have a tactic that capitalizes on how Nike is different from Adidas rather than how it is the same. Nike will have to fill a new, unoccupied space in the minds of consumers.
Tactics First
In their book *Bottom-Up Marketing*, authors Al Ries and Jack Trout define a tactic as “a competitive mental angle.” They use the word “competitive” to mean that the product or service stands out from the rest of those in the market, and the word “mental” to mean in the mind of the consumer. A tactic is the way a product or service is differentiated in the minds of customers from other competing products or services. To truly hold a competitive edge, a company’s product or service must be truly different in the minds of consumers—not the same product that is offered by a competitor, and not just better or cheaper. NuBoard Media did not invent advertising on plastic bags, but it devised a tactic to build brands and engage customers for sports sponsors by using the plastic bags as mini-billboards.

The process of developing a tactic requires extensive knowledge and involvement with customers. It begins at the bottom, where sales are made, and works its way to upper management. This is contrary to most companies’ processes. Tactics must be developed by people who have their minds open to the idea of exploring what customers think. In short, the most effective tactics are created by the people who are the closest to the customers—the salespeople.

Strategies
Once the tactic is determined, then a strategy can be developed. Strategies are the processes by which the tactics are implemented. NuBoard Media used the strategy of selling ad space on the mobile mini-billboards and adhered them to the seat backs in stadiums to advertise for their clients’ businesses.

Ritz-Carlton operates five-star hotels known for their luxury. The company adopted the tactic of differentiating its new ultra-premium hotels to appeal to only the wealthiest of customers. Instead of trying to change the image of the luxury Ritz-Carlton hotels in the minds of the ultra rich, the strategy was to use another brand name for the new ultra-premium properties. Ritz-Carlton formed a partnership with the Italian jewelry firm Bulgari to open the lavishly

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**Marketing Myths**

After getting off to a rough start, the newest Major League Soccer franchise—the Houston Dynamo—attracted over 25,000 enthusiastic fans to watch the team win its opening game. The team is owned by AEG, a subsidiary of The Anschutz Corporation. Although AEG has vast experience in naming teams and venues, it stumbled with the original name for the team—Houston 1836. The name was chosen because the city of Houston was founded in 1836. The proposed name sparked controversy because the final, decisive battle of Texas’ war for independence from Mexico was won in Houston in 1836. A large number of Houston’s soccer fans vocally expressed dislike of the name’s association with a major defeat of Mexico. As a result, the team name was changed to Dynamo before the opening game.

**Think Critically**

1. Should teams be in touch with their fan base before choosing a name? Why or why not?
2. Why would fans care about something that happened in 1836?
elegant Bulgari Hotels and Resorts. A new image was created in the minds of the targeted ultra-rich customers.

What is the difference between a tactic and a strategy?

BEATING THE COMPETITION

When a product or service performs very well and is selling very quickly, it will attract competition. To maintain growth, a business must plan to stay ahead of the competition. Additionally, before jumping into a new product area, sports and entertainment marketers want to know the competition the new product will be facing.

A sports team wants to know everything possible about the team it is playing next week. Coaches and players will spend hours watching videos of their opponents playing against other teams to determine players’ strengths and weaknesses. From the analysis, tactics and strategies will be devised and used to win the game. “Winning the game” in business means gaining market share over competitors and making a profit, and it takes the same depth of knowledge of the competitors.

What Information Is Needed?

Information gathered about competitors is referred to as **marketing intelligence**.

Some of the types of information about competitors that are valuable to marketers include competitors’ prices, distribution methods, product/service offerings, and promotional strategies. A complete picture of the competition can be developed from putting all of the types of information together. The information is not used as a means to copy competitors, but to ensure you are distinct from them.

**Pricing** For some customers, price can be the major factor in the decision to buy. Pricing is very important to customers, and the prices being charged by competitors can influence their purchases.
Distribution  When planning distribution, marketers must make the product convenient for customers to buy. Knowing how competing products are made available to customers and the locations where the most sales are occurring, such as over the Internet, can help marketers determine how to make the place utility of their product better.

Product/Service Management  Knowing the product and service offerings of competitors can help a business determine how to differentiate its products. The goal is to offer additional choices to consumers, not just follow competitors’ leads.

Promotional Efforts  Analysis of competitors’ promotional efforts will help a business to know the product characteristics competitors are emphasizing, the customers they are targeting, and how much they are spending on their promotions.

Finding the Information
It is not always easy to find the information about the competition, but it is extremely important and can help drive marketing plans. Marketing intelligence must be studied and analyzed to spot trends and try to anticipate the future actions of the competition. Using the information to plan the next tactics and strategies will help a business stay ahead of the competition, differentiate itself, and continue to be profitable. Sources of information include the Internet, observations, trade shows, and customers.

The Internet  Using the Internet to obtain public information about companies is a cost-effective and efficient research method. Entering the competition’s company name in a search engine often yields a great number of web pages that link to a treasure trove of valuable information. Additionally, using keywords that pertain to your type of product or service may turn up additional competitors and their distributors that might not

NETBookmark
Have you ever played Rock Paper Scissors? Did you know that if you get really good at Rock Paper Scissors, you can turn pro? It’s true! Rock Paper Scissors fanatics from all around the world gather every year to compete in the International World Championships. Access thomsonedu.com/school/sports and click on the link for Chapter 6. Visit the World Rock Paper Scissors (RPS) Society’s web site and click on the Sponsors link. What is the age category for World RPS Society’s potential and current customers? What kinds of companies do you think would be likely to sponsor RPS competitions? Can you think of a good way to promote RPS to possible customers?

thomsonedu.com/school/sports

Time Out
One of the biggest competitors of movie theaters is the home-theater system. Luring audiences out of the comfort of their homes can be a challenge when big screens with surround sound at home rival what is offered in theaters. Theaters that offer on-site restaurants, video arcades, and live music give movie buffs additional incentive for going out for their entertainment.
have otherwise been known. For example, entering the keywords “ultra-premium hotels” brings up listings like the $25,000-per-night penthouse suite at The Setai in South Beach, Miami.

**Observations**  
Salespeople can gain insight into the competition through observation. Observation can provide information that is not otherwise available. In his article “Learning About Your Competition,” Dave Kahle states that he considers salespeople to be “managers of information.” The salespeople are in contact with the customers more than any other group, and at trade shows they can observe the competitors’ salespeople. They can be the eyes and ears that gather small bits of information about what is happening in the marketplace. The small bits, when combined, can provide an increased awareness and understanding of the customer.

**Trade Shows**  
Salespeople can collect valuable information about the competition at trade shows. **Trade shows** are major events where people in a related industry meet to show their products, exchange ideas, learn about the latest trends, and so forth. Competitors may set up booths where they are showing their new products to customers and providing information about pricing and distribution channels. This gives salespeople a firsthand look at their competitors’ products, tactics, and strategies.

**Customers**  
Potential customers may attend trade shows or visit you at your place of business. They may also have met with salespeople of the competition. Especially for large purchases, smart consumers will shop around for the best products and prices. They may volunteer information to you in casual conversation about what the competition is offering. Even when they do not buy your product, they can be a rich source of information when they tell you why they are not buying from you. Reasons for not buying can be very useful in improving marketing plans.

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**Intermission**

Give three examples of marketing intelligence information that might be collected by a movie theater.

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Understand Marketing Concepts
Circle the best answer for each of the following questions.

1. Tactics are
   a. the study of the sales process
   b. the ways a product is differentiated from the competition
   c. the study of the relationship of individual consumers and producers
   d. strategies for success

2. To find information about the competition, marketers can
   a. use the Internet
   b. attend trade shows
   c. talk with customers
   d. all of the above

Think Critically
Answer the following questions as completely as possible. If necessary, use a separate sheet of paper.

3. What does it mean to “get a product into the mind of consumers”? Why is it important to do so?

   __________________________________________
   __________________________________________
   __________________________________________
   __________________________________________
   __________________________________________

4. Think of two radio stations in your area. How do they differentiate themselves from each other? What are their tactics and strategies?

   __________________________________________
   __________________________________________
   __________________________________________
   __________________________________________
   __________________________________________
   __________________________________________
Lesson 6.2

Entertainment and Sports Strategies

Goals
- Explain the importance of learning from customers.
- Discuss sports marketing strategies.
- Discuss entertainment marketing strategies.

Terms
- marketing plan
- interpretation
- applied research
- touchpoints

Opening Act

In *The Wall Street Journal*, writer Kat Kelly pointed out a new trend in the movie industry. Kelly wrote about the promotions of executives Marc Shmuger and David Linde to the chairman and co-chairman positions at Universal Pictures. The big news about the promotions was that both of the executives came from the marketing side of the business.

The appointment of Shmuger and Linde was the first time executives of a major studio came from marketing rather than from the movie production side of the business. According to Kelly, “the future of the business may be in the marketing and distribution of movies, not simply their selection.”

Work with a group. Discuss why the movie industry would change the management focus from production to marketing.

INFORMATION FOR DECISION MAKING

Before committing to market a new product or service, smart sports and entertainment marketers do extensive planning and create a marketing plan. A *marketing plan* is a precisely written document that describes the tactics and strategies that will be used to market the product or service. It includes how the business will implement each strategy. Once the tactics are determined, the strategies are designed based on marketing research data. *Raw data* are the facts and recorded measures that have been gathered. They are not of much use until they are organized and grouped into formats that are suitable for helping make decisions.

Interpretation

If a marketing manager for a collegiate sports team knows that 1,000 people like the blue team shirt more than the red team shirt, it has little meaning without being grouped with additional information. You would also want...
to know the total number of people surveyed. For example, was it 1,500 or 5,000? What percentage of those surveyed liked the red shirt best?

**Interpretation** means explaining the information so that it has meaning and drawing conclusions that relate to the defined marketing research problem. Marketing managers are careful when interpreting information so as not to draw the wrong conclusions. Knowing that 1,000 people like a shirt and making a decision based on that data alone could result in a poorly designed marketing plan. Gathering an adequate amount of data and then transforming it into useable forms, such as summaries, charts, or graphs, simplifies the decision-making process.

**Applied Research**

Basic marketing research can be undertaken to verify a theory or just to learn, but marketing managers initiate **applied research**, which is conducted to solve problems. Because the marketing concept focuses on customers, long-term profitability, and coordination of all six of the core marketing standards, applying what is learned from marketing research to planning is a critical step to successful marketing. Peter Drucker, a management guru, defines marketing as “the whole firm, taken from the customer’s point of view.” This statement emphasizes the need to carefully learn from the customer and then use what is learned to attract customers and then engage them with the products or services offered.

Collecting customer information that can be used to develop and implement marketing strategies requires businesses to identify all the ways it interacts with customers. These points at which the business makes contact with customers are called **touchpoints**. Touchpoints can include web site visits, e-mails, phone calls, advertisements, one-on-one sales pitches, or any means by which an opportunity exists to communicate with customers and increase sales.

When planning, marketers should literally make a list of every touchpoint, whether it involves a company employee or someone who works for a vendor that sells the company’s products. For example, the salespeople who work at a retailer that sells a team’s licensed merchandise are not employees of the team, but they have a strong influence on what and how much the customer will buy. If the team earns a percentage of the sales from concessions, the concession food handlers and salespeople are touchpoints. Organizing and using the feedback received from all the touchpoints, including the data that comes from the point-of-sale cash registers, can make the difference in a marketing plan that works or fizzles.

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**Explain what Peter Drucker’s definition of marketing means.**

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Attracting fans to watch games in person or on TV and motivating them to buy related merchandise that generates a profit is generally the purpose behind both professional and collegiate sports. Sports teams without fans cease to exist. Gathering marketing information, interpreting the information, creating the right tactics, and forming strategies to engage fans is a challenge for all teams.

**Fans Rule**

Adidas’ game is soccer. Adidas has been making soccer balls for the World Cup since 1970 and promotes its customizable soccer cleats. The cleats on soccer shoes are made to be worn on grass fields.

Nike made its global mark with running and basketball shoes, but it wants to be a leader in soccer-related merchandise as well. Nike is using a tactic of filling the niche for street-ready soccer merchandise, such as team shirts. The strategy Nike is employing is to sponsor a number of major international soccer teams, including the teams of the United States, Mexico, and Portugal. Nike provides the teams with Nike team shirts and other Nike products. However, Adidas continues to be the dominant brand by being a World Cup sponsor and providing equipment, such as the game balls. Both Adidas and Nike will continue to devise new tactics and strategies to win over soccer fans and to try to dominate the world’s most popular sport.

When AEG started the new Major League Soccer (MLS) team the Houston Dynamo in Houston, Texas, the tactic was to fill a large niche in the minds of a very ethnically diverse group of sports fans. Prior to the Houston Dynamo, there was no MLS team in the fourth largest city in the United States. Houston is a very diverse city with about 25 percent African-American, 5 percent Asian, 49 percent white, and the balance of the population is of Hispanic or Latino ethnicity.

The AEG and MLS strategy was to bring the worldwide favorite sport to Houston and unite the diverse fans behind one team. Also competing for fans’ allegiance in this area are a Major League Baseball team, National Football League team, National Basketball Association team, Women's National Basketball Association team, a minor league hockey team, and hundreds of amateur and college teams. Even in a region of six million people, there is a limit to the number of sports teams that can be supported. Marketing plans must be carefully crafted to attract the maximum number of fans.

**Intermission**

What drives professional sports teams’ marketing plans? Explain why.
The movie and music industries employ many of the same strategies used in sports marketing to attract fans to purchase tickets and buy related items. Determining the new tactic first and then figuring the strategies that will drive sales is the key. The movie industry has recognized that marketing is important to the profitability and continuation of the industry.

**Capitalizing on Controversy**

When Sony Pictures decided to make a movie of the best-selling novel *The DaVinci Code* by Dan Brown, Sony knew it was tackling a controversial subject. The book had been a smashing success, selling more than 40 million copies. However, the book was also controversial and was viewed as disrespectful to some traditional Christian beliefs. Worldwide attention was again focused on the novel when Brown was unsuccessfully sued in London for plagiarism by another author who claimed the idea for the book was stolen. With this built-in worldwide audience and name recognition, Sony needed to carefully develop a tactic and strategy that would not overexpose fans to *The DaVinci Code*. Sony also addressed some of the religious outrage by providing a web site where a religious dialogue could take place without any control by Sony. In a National Public Radio talk segment, commentator Madeleine Brand pointed out that in the weeks leading up to the movie’s release at theaters, Sony marketers were being very quiet. Part of the Sony strategy was to forego the usual advanced screenings and star interviews that preceded a movie’s release. Sony’s tactic was to avoid overexposure of the movie and add mystery in the mind of the public. The movie generated $462 million in worldwide ticket sales during its first two weeks of showings.

**Concert Pricing Strategies**

Concerts played indoors, rather than in outdoor stadiums, use less sound and other equipment and are less costly to produce. When performers can attract sell-out crowds at very high ticket prices, the smaller indoor venues can be more profitable even with a smaller crowd. Between 1995 and 2006, the average price of concert tickets jumped by over 100 percent, from less than $25 to more than $50.
Between 1995 and 2006, the ownership of concert venues and music radio stations dramatically changed. A large percentage are now owned and operated by large national companies rather than by local owners. According to Rollingstone.com, Clear Channel Communications controls about 70 percent of all live events promoted in the United States. With little competition, Clear Channel is free to charge what the public will pay.

There are limits to what the public will pay, however, and the industry may have surpassed those limits. Two years of declining profits from concert tours may force the music industry to reconsider some of its marketing practices, such as charging $9 convenience fees, $4 processing fees, and $0.75 facility fees in addition to regular ticket prices. The ticket prices have been blamed for concerts that did not sell out, so companies are taking another look at all costs and considering lowering ticket prices as a strategy to fill all of the seats.

A Little Music with Your Coffee?

Famous for its pricey cups of coffee, Starbucks has ventured into the entertainment marketing business, first with music and then with films and books. In 2004, Starbucks stores sold more than 835,000 copies of the Ray Charles Genius Loves Company CD. By 2005, Starbucks had sold 3.5 million CDs of a wide variety of artists. With more than 12,000 stores worldwide and five new ones opening each day, Starbucks could saturate the pop culture entertainment market.

Starbucks Entertainment was formed to connect the Starbucks brand with entertainment. Starbucks’ tactic to differentiate itself from competitors is to become a cultural icon for its customers. Its strategy is to offer customers an opportunity to buy CDs, books, and movies deemed “in” by Starbucks’ targeted customers.

Think Critically

Visit the Pollstar web site. Make a list of information that is available free to music fans. Make a second list of information available for purchase by professionals in the industry.

Why would a coffee shop add entertainment items to its menu?
Understand Marketing Concepts
Circle the best answer for each of the following questions.

1. Applied research is
   a. gathered from all touchpoints
   b. conducted to solve a specific problem
   c. data that have been organized and interpreted
   d. none of the above

2. Touchpoints are
   a. sensitive areas of a business
   b. buttons pushed on computer screens
   c. the points where a business makes contact with customers
   d. all of the above

Think Critically
Answer the following questions as completely as possible. If necessary, use a separate sheet of paper.

3. Discuss with a group why proper organization and interpretation of data are critical to decision making. List at least three reasons.

4. Describe Starbucks’ target customers. What kind of entertainment would its customers want to buy? Why would they choose to buy their entertainment at Starbucks?
Lesson 6.3

Mapping the Plan

Goals

- Explain how marketers determine direction and focus for a marketing plan.
- List and describe the components of a marketing plan.

Terms

- mission statement
- mass market
- product portfolio
- test marketing

Opening Act

For entrepreneurs who are trying to market a new product, developing a realistic marketing plan can be a critical step. Experienced marketers know the value of careful planning. When NASCAR's tactic was to expand its brand and gain a larger share of the Canadian market, it outlined a plan titled "NASCAR Canada."

NASCAR's strategy was to form a partnership with TSN, a Canadian media service, to find new sponsors. A NASCAR Canada logo was developed, driver appearances were set up, and a multimedia ad campaign was launched. NASCAR now has a number of Canadian companies that are official sponsors, expanding the brand name and gaining new fans. NASCAR has added new racing events in Canadian locations.

Work with a group. Discuss why an entrepreneur needs to have a plan for new products or services to continue to grow.

KNOW WHERE YOU ARE HEADED

A marketing plan is a written component of the overall business strategic plan that addresses how the company will carry out the core marketing standards. A marketing plan can be simple or detailed. Of primary importance to the marketing plan is the reiteration of the company's mission statement. A company's mission statement identifies the nature of the business and the reason it exists. The mission statement provides focus for the company's marketers and planners as they develop tactics for new products and services. All tactics and strategies must be built around the company's mission statement.
A Sense of Direction

Based upon the mission of a business, the company selects products and services that will differentiate it from the competition. The products and tactics should focus on a target group of customers rather than on a broad group, or mass market. All the products a company has available for customers at any one time make up the product portfolio of the company. A company’s product portfolio must continually be renewed as sales of any one product are maximized because the sales of that product will begin to decline at some point in time.

To help understand how customers will react to a new product or service, planning may include test marketing where the sales potential for a new product is tried in a regional, or otherwise small, market prior to its final release nationwide and/or worldwide. Test marketing can help a company know if the selected strategies need adjusting before a plan is implemented.

The importance of a company’s mission statement to the marketing plan.

THE PLAN

Once the tactics and strategies are determined, detailed planning begins. The end result of the planning is a formal document—the marketing plan—that further details and defines the tactic and strategies a company will use to carry out the core marketing standards.

Components of a Marketing Plan

There is no specific format for a marketing plan. The major components of a marketing plan are determined by the specific needs of the organization and the products or services to be marketed. A focus on customers and their current and future needs should guide the plan. When an organization moves its focus away from its customers, it loses the customers’ business. A marketing plan can generally be divided into three major categories—the analysis, strategy, and implementation.

Analysis The analysis section includes the mission statement, marketing information, and the tactic.

- The Mission Statement The analysis section reiterates the organization’s mission statement. The marketing plan must be in agreement with the organization’s mission. The mission statement helps marketers focus their efforts.
- **Marketing Information**  Pertinent marketing information is shared in this section of the marketing plan. Marketing information includes data about the current and past performances of the organization. This section also describes the potential and current customers (the target market), their needs and wants, what motivates them to buy, and how the organization might acquire and retain their loyalty. It is also important to include information about the organization’s direct and indirect competitors and their strategies. All of the marketing information is gathered, analyzed, interpreted, and used to make business decisions. The marketing information also provides background and support for the tactic.

- **The Tactic**  Based on marketing information, the tactic is specified. The tactic describes how the new product or service will be differentiated in the minds of customers from all other competing products or services. It should pinpoint a gap that is not being filled by another product or service.

**Strategy**  The strategy section describes the marketing mix—product or service, distribution, pricing, and promotion—as well as the plans for financing and risk management.

- **Product/Service**  The product or service is planned based on the need that is identified from the marketing information and the tactic that is chosen. Once the product or service is developed, the organization will address how the remaining marketing core standards will be carried out to help market the product.

- **The Distribution System**  This section describes how the product or service will be made available to the customers. It will also examine how place utility can be improved for customers.

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**Time Out**

American Sports Data, Inc. (ASD) is a consumer survey research company for the sporting goods industry. In 2005, ASD conducted a mail survey of 25,000 adults and children to track sports participation in 103 different kinds of sports and sports activities. Organizations can purchase this research to help monitor industry trends.

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**Judgment Call**

In the 1970s and 1980s, drivers who had a problem with each other on the racetrack generally settled it with fists after the race. Today, network television crews with high-definition cameras cover every moment of a driver’s time. There is little chance to settle a score without public attention. Throwing a punch at a photographer after losing a race almost cost NASCAR driver Tony Stewart his Home Depot sponsorship. Owners of race-cars cannot afford to race without their sponsors, and sponsors do not want their drivers seen fighting.

Sponsors want a clean-cut image of their drivers wearing the corporate logo on their firesuits. NASCAR is quick to fine drivers who misbehave outside of their cars, but it rarely fines drivers for bumping each other’s cars on the track.

**Think Critically**
1. Would fist-fighting racecar drivers affect the image of a corporate sponsor? Why or why not?
2. Why is bumping cars at high speeds more acceptable to sponsors than fistfights between drivers? Explain your answer.
Pricing  This section addresses pricing questions. What is the best price for the product or service? How much will it cost the organization to provide the product or service to customers? How much will customers pay? How many customers will buy the product or service at this price? Would a lower price increase the customer base and consequently increase revenue? Marketers must analyze various price points. The price must be set where revenues will be maximized to cover all costs and provide a profit.

Promotional Strategies  This part of the plan describes how the organization will use advertising, publicity, personal selling, and sales promotion to position the product in the minds of customers. It will describe the media to be used and explain how the strategy is in alignment with the organization’s goals.

Financing  Expected costs and expected revenues must be fully disclosed in the marketing plan. Many questions must be answered. How much will it cost to produce or deliver the product? What is the estimated revenue from the product? Will the price generate enough revenue to cover all costs? What costs are involved in marketing the product? How long will it take to make a profit? Answers to these questions may show a need for the organization to borrow or obtain additional investments.

Risk Management  There are risks, such as legal liabilities, involved with marketing any new product. In this part of the marketing plan, the possible risks and strategies for minimizing the risks must be outlined.

Implementation  The implementation section describes how the marketing plan will be put into action. It includes a timeline, assignments of responsibility, communication procedures to be followed, selling methods to be used, and guidelines for review and evaluation of the plan.

Timeline  When establishing a timeline, start with the date the plan needs to be completed and work backwards to the start of the plan. Specify what needs to be accomplished and in what sequence. Set a scheduled date for the action to commence and for each stage of the plan to be completed.

Assignments of Responsibility  The plan must specify who is responsible for carrying out each task to be accomplished. Without clear ownership, there will be duplication of effort, or worse, no effort as each team member assumes that others are responsible for a task. Clear organization and assignment will enable the work to be accomplished in an effective and efficient manner.

Internal Communication Systems  It is desirable that all areas of the organization buy into the plan. Communications systems must be in place to assure that all key members of the organization have a chance to review and communicate feedback. When all departments are involved in the planning process, they will be more cooperative in implementing the plan.
- **Selling**  The marketing plan must outline how direct sales, such as ticket and related merchandise sales, will be handled. All touchpoints should be identified.

- **Review and Evaluation**  The marketing plan should include mileposts where the organization will measure progress to ensure the plan is on track.

**Look to the Future**

An organization must consider where its business is going and what the next steps will be for staying ahead of the competition. Because products and services fall in and out of favor, it is important to identify the next product or service to offer while the current one is still selling well. Over time, changes will occur, such as changes in the economy, new technology, new products, or new competitors. Organizations will likely need to revise their marketing plan. Organizations need to look to the future to ensure they have a plan for offering customers the products or services they want and need.

**Why must the marketing plan include intervals for review and evaluation?**

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**Intermission**

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**Take a Bow**

Catherine Liggins Hughes is the first woman to found and own a number-one-ranked, major-market radio station. Hers is the first African-American company in radio history to lead several major markets simultaneously. She is the first African-American woman to own a company that is publicly traded on a U.S. stock exchange. She began her career in Omaha, Nebraska, working in various jobs at a radio station. As her fame grew, she was asked to lecture at Howard University's newly established School of Communications in Washington, D.C. In 1979, she bought her first radio station, which served as the foundation for her entrepreneurial achievements.

Hughes is the founder and chairperson of Radio One, Inc., which owns 69 radio stations in 22 U.S. cities. Radio One has grown by buying radio stations and converting their format to target urban African-Americans. In 2004, Radio One opened TV One, Inc. and ventured into the pay-television business in partnership with Comcast. TV One is an entertainment and lifestyle network for African-Americans. Two years after its launch, it had over 30 million subscribers. One of Catherine Hughes’ trademarks has been extensive community involvement. Her stations have reached out to the heart of the cities where they broadcast. *The Washington Post* has called her “the voice of the Black community.”

**Think Critically**

What tactics and strategies did Catherine Hughes use to become an urban radio specialist? Why are her achievements so significant?
Understand Marketing Concepts
Circle the best answer for each of the following questions.

1. A mass market is
   a. a religious group
   b. a broad category of consumers
   c. a group of investors
   d. none of the above

2. The major categories of a marketing plan include
   a. analysis
   b. strategy
   c. implementation
   d. all of the above

Think Critically
Answer the following questions as completely as possible. If necessary, use a separate sheet of paper.

3. Why would you start at the target completion date of a marketing plan and work backwards when setting a timeline? How would this help in planning?

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4. Assume you are the marketer of a sporting event. What information would you need to gather for the pricing section of the marketing plan? Explain how and where you would obtain the information.

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Review Marketing Concepts
Write the letter of the term that matches each definition. Some terms will not be used.

1. A broad group of customers
2. Research conducted to solve problems
3. Information gathered about competitors
4. The processes by which the tactics are implemented
5. Any means by which the business makes contact with customers
6. Identifies the nature of the business and the reason it exists
7. A precisely written document that describes the tactics and strategies that will be used to market a product or service
8. Explaining the information so that it has meaning and drawing conclusions that relate to the defined marketing research problem
9. Trying out the sales potential for a new product in a small market area prior to its final release nationwide and/or worldwide
10. Major events where people in a related industry meet to show their products, exchange ideas, learn about the latest trends, and so forth

Circle the best answer.

11. Which of the following would not be considered a touchpoint?
   a. an e-mail to a customer
   b. a manager-employee meeting
   c. an interactive web site where customers can find information and provide feedback
   d. an advertisement

12. The implementation section of the marketing plan will contain
   a. timelines
   b. assignments of responsibility
   c. intervals of review and evaluation
   d. all of the above

13. A product portfolio is
   a. the research completed on a product
   b. a pricing strategy
   c. all of the products a company has available for customers at any one time
   d. all of the above
Think Critically

14. Why do successful marketers focus on how a product’s characteristics are unique from the competition? Provide an example of a sports or entertainment product or service and specify how it is unique from its competition.

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15. You are a salesperson for a sportswear company that sells to Little League teams. What would you do to gather marketing intelligence about your competition? What would you want to know?

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16. You want to increase sales of your CD and you know that 5,000 people visited your web site. From those 5,000 visits, you sold only 75 CDs. What else do you need to know and how would you use the information to increase sales?

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17. What is meant by overexposure? Why might overexposure to information about a movie keep people from viewing the movie?

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18. Your sporting goods company’s products are sold at retail stores, and you want to improve the sales. What steps might you take to promote more sales of your items? If you could meet with the retail salespeople, what would you say?

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Make Connections

19. Marketing Math  A movie theater has 24 screens. Half of the screening rooms seat 150 people, and the remainder seat 250 people. Each screen shows a movie 3 times a day, 7 days a week. How many movie screenings are there in one week? The theater has been selling tickets at about 75 percent of capacity and would like to increase the daily ticket sales by 5 percent. How many additional tickets will have to be sold to reach the goal?

20. Technology  How has the Internet changed the touchpoints used in marketing? Write a paragraph to describe these changes.

21. Communication  Write a one-page summary of information about the last sports or entertainment event you attended. Include information a competitor would like to know about the event. What media was used to promote the event? How did you buy your ticket and how much did you pay? What was really done well at the event? What could have been done better?

22. History  Use the Internet or library to research the history of soccer. How and when did it start? Why is it so popular worldwide? Why is it growing in popularity in the United States?
23. **Marketing Math** Based on its marketing research, your DECA chapter had 100 t-shirts printed at a cost of $5.50 each. The club paid sales tax of 6 percent on all the shirts it bought. There were 25 shirts of each size (XL, L, M, S). The school let the club have a sales table at school events. The club sold the shirts at $15.00 each. If the club sold 6 XL, 25 L, 25 M, and 10 S, how much total profit did the DECA chapter make? How many shirts were left over that couldn’t be sold? How much profit could the club have made if all the shirts had sold? What can the club do to improve its future marketing research and sales?

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**PROJECT EXTRA INNINGS**

A new sports drink company wants your marketing firm to find a sport for the company to sponsor, research the market surrounding that sport, and prepare a marketing plan. The company prefers a less popular sport rather than, for example, professional football. The company wants consumers to see its product as fresh, exciting, invigorating, young, and daring.

Work with a group and complete the following activities.

1. Use the Internet to find an up-and-coming sport. It can be a team sport or an individual sport. What kind of publicity is the team or individual seeking? Why? What features of this sport can be related to the product’s characteristics?
2. What are the demographics of the fans of the team or individual athlete? Include age range, gender majority, income, education, and information pertaining to the fans’ participation in any sports.
3. Prepare a questionnaire to hand out to fans attending an event. What five essential pieces of information do you want? What reward will you offer the fans for filling out the questionnaire?
4. Explain to your client why these fans will be attracted to the beverage.
6. Design a label for your client’s drink that will attract the attention of its desired customers.
7. Plan an advertisement for your client. Outline the steps you will take to develop the ad.
8. Prepare the marketing plan and present it to the class as you would the client. Use multimedia presentation software or other visual aids. Include a written outline of the main points.
The music industry has experienced numerous changes during the past four decades. Innovations that have greatly enhanced the music industry over the years include eight-track players, cassettes, CDs, DVDs, and state-of-the-art stereo systems.

While attending concerts in the 70s and 80s was a popular trend, today the purchase of music DVDs is gaining momentum. The music industry has incorporated the latest technology to satisfy the changing demands of consumers. A $26 DVD is much more affordable than a $75-$100 ticket for a popular concert. While the concert is a one-time event, the DVD offers entertainment time and time again.

DVD Sales Are Growing

Most concert promoters are concerned about the trend of declining attendance at concerts. Music lovers may be choosing not to attend concerts due to rising ticket prices, gas prices, security issues, or quality of seats. While attendance at concerts may be declining, the interest in music videos is rising. DVDs provide an alternative to concerts and provide opportunities to learn more about popular musicians through interviews and biographies. Videos for some top hits are now available on the Internet, allowing fans to download their favorite music stories.

Fans who choose not to attend concerts or buy CDs still like to see their favorite artists perform. DVDs allow music fans to enjoy concerts in the comfort of their homes. The number of music titles on DVD grew from 1,477 to 1,850 from 2004 to 2005.

Retailers are making exclusive deals to entice customers to purchase DVDs. Starbucks’ exclusive edition of *Hail! Hail! Rock 'n' Roll* is a $20 purchase that includes a specially edited CD and DVD combo of Chuck Berry classics. Wal-Mart offers CD/DVD combo packs that include the latest hits and biographies of other top stars. Best Buy, Circuit City, and Tower Records have devoted more space to a wider array of music DVDs.

The financial future for music DVD sales is looking up. Marketers are aware that individuals who enjoy watching music videos of their favorite artists on cable television are a good target market for DVDs.

**Think Critically**

1. Why are more people choosing not to attend concerts?
2. What advantages do music DVDs have over CDs?
3. Why is it a good idea for Starbucks to sell music DVDs?
4. What age group is Starbucks targeting when selling the Chuck Berry DVD?
ENTREPRENEURSHIP EVENT

Great ideas for new business opportunities often require large amounts of money. Banks and venture capitalists must be convinced that the business idea has strong potential for profit. The business plan is used by banks and investors to help determine whether an entrepreneur will receive the necessary capital for a start-up business.

You must develop a written business plan for a start-up sports and entertainment-related business in your community or local area. The business plan must focus attention on marketing a new product. The business plan must not exceed 15 pages single spaced.

Each participant will make a presentation before a panel of judges and a timekeeper. No audience will be allowed to watch the speech. The length of the presentation can be no more than ten minutes. Contestants will be given a warning (with flash cards) when two minutes, and then one minute, remain.

The completed plan should include, but is not limited to, the following sections: Title Page and Table of Contents, Executive Summary, Description of Proposed Business, Objectives of the Business, Proposed Business Strategies, Products and Services Offered by the Business, Management and Ownership of the Business, and Market Analysis (customer profile, competition, short-range operational goals, requested loan amount, and supporting documents).

Performance Indicators Evaluated
- Develop a written business plan for a start-up business.
- Identify the customer base and demographics for the target market.
- Demonstrate knowledge and understanding of entrepreneurship.
- Communicate research in a clear and concise manner both orally and in writing.
- Demonstrate effective persuasive and informative communication and presentation skills.
- Identify customer relations and promotions related to successful businesses.
- Analyze financial data and determine appropriate pricing strategies.

Go to the BPA web site for more detailed information.

Think Critically
1. Why is a detailed business plan so important when starting a business that offers a new product or service?
2. Why is the Executive Summary the most important part of the business plan?
3. Why is it important to look at the competition when preparing a business plan?
4. What is the value of surveying the target market when preparing a business plan?

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