

# THE RELATIONSHIP BETWEEN MARKETING PLANNING AND BUSINESS PERFORMANCE IN PROFESSIONAL SPORTS

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## Abstract

### Theoretical background

The marketing planning literature acknowledges the necessity of marketing planning in the sport sector. Even though there is little empirical evidence that proves the relationship between marketing planning and business performance, many sport researchers have argued that without the improvement of strategic marketing planning, sport organizations cannot survive to the competitive sport environment (Stotlar, 1993, Shilbury, Quick & Westerbeek, 1998). Marketing planning is accepted to be a systematic process which encapsulates all the core ingredients of thorough marketing management: the analysis of the core marketing opportunities and resources, the determination of the marketing objectives and strategies and the development of a plan for implementation and control (Lancaster and Massingham, 1996).

### Aim

The purpose of the research project was to examine the relationship between marketing planning and business performance in the Greek professional sports. More specifically, the research hypothesis was the following: There is no statistically significant difference in business performance among the three levels of marketing planners.

### Methodology

The sample of the particular research was 68 managing directors and administrative staff from the 22 Greek professional sport clubs (11 Football Clubs and 11 Basketball Clubs) which constantly participate in the first division of Greek Championships in the last three years. The professional sport clubs were divided in three groups based on the level of marketing planning they are implementing (strategic marketing planners, operational marketing planners, intuitive and no marketing planners). Business performance was measured by asking Greek managers to evaluate the performance of their sport clubs in relation a) to current years' objectives, b) to last financial years' objectives and c) to their major market competitors on a five-point Likert scale. On each of the three bases, performance was judged against four criteria, two financial (profit and ROI) and two market based (sales volume and market share). To determine if differences existed in

business performance among the different levels of marketing planners, one-way analysis of variance (ANOVA) was conducted.

### Results

The 23,8% of the professional sport clubs were identified as strategic marketing planners, the 47,6% were identified as operational marketing planners and finally the 28,6% were identified as intuitive and no planners. The ANOVA analysis showed that the professional sport clubs that were identified as strategic marketing planners had strong and positive relationship with the two categories of business performance:

- Satisfaction in relation to current year's objectives ( $F(2, 18) = 5,514, p = 0,01$ )
- Satisfaction in relation to competitors ( $F(2, 18) = 5,067, p = 0,018$ ).

In the third category (satisfaction in relation to the last year's financial objectives), the relationship between business performance of sport clubs and the level of marketing planning was not statistically significant ( $F(2, 18) = 3,153, p = 0,067$ ), however the mean of business performance of strategic marketing planners was much higher than the mean of the other two groups of marketing planners.

Further analysis in the business performance indicators revealed the following results:

- There is a strong and positive relationship between the level of marketing planners and return on investment and sales volume in all business performance categories.
- The results provided little evidence that the level of marketing planning is positively related to the profit of professional sport clubs.
- Finally, the research revealed that there is no statistically relationship between the level of marketing planning and market share.

### Discussion / Implications

These findings are consistent with previous studies in various sectors (business, small business, etc.) and show that the level of marketing planning in a business organisation is positively related to the improvement of business performance indicators (financial and market indicators). The above results add credence to the argument that a genuine commitment to marketing planning principles clearly pays off for business organizations (Hooley, 1984; Verhage and Waarts, 1988). It is therefore important that all Greek sport managers should appreciate the gains associated with all marketing functions, in order to perform them effectively. To improve marketing practice in the organization, educational programmes need to be established, emphasizing more on improving practices with under-performance problems. In the case of market share however, the relationship was not found to be significant, probably because sport managers believe that their market is given due to the high level of allegiance of the Greek sport fans. However, sport managers need to seek customers from the broader entertainment and recreation industry, rather than the narrow market of supporters and fans. In order to do this, sport managers should place emphasis on: (a) improving the actual game of their clubs, (b) improving the quality of products, services, and facilities. Furthermore, sport managers should implement strategies to extend their markets providing attractive products, services, and offers to many other segments of the broad entertainment industry.

## References

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