

“The evolution of sport as a commercial medium”

Patrick Nally of West Nally Group speech at GAISF Congress 1986

It is almost ten years since West Nally's first involvement with GAISF – a time that has seen the most exciting evolutionary period in the commercial marketing of sport.

Sometimes, you have to look backwards to see how far you have travelled.

Ten years ago, international was a new concept. If it happened, it happened by accident rather than design. Neither the sponsor nor the sports federation had much involvement in stimulating overseas coverage of any international event that they happened to be involved with.

Indeed, many international events were almost domestic affairs, in the sense that any impact tended to be focused in the host country. It was more a question of accident if television networks overseas happened to give the sponsor an involuntary airing – a bit of icing on the cake.

Ten years ago, global relationships between international sports federations and sponsors were a novelty. Few multi-national companies had realised that sport offered a potential marriage of interests – in terms of its similarly global structure and need to communicate.

The signing of the FIFA/Coca-Cola agreements in 1976 marked the beginning of a new era. From that point forward, federations began to shape their own destiny. More effective rights control helped to add to the value of international events. Commercial rights are now, in the majority of cases, properly co-ordinated on a central basis.

Sport became increasingly aware of the “media needs” of sponsors and adopted many, many new ideas in areas like television, stadium presentation and print, in order to make itself a more sympathetic vehicle for companies AND reach a guaranteed audience.

Ten years later, let's take a look at some of the developments and refinements that form milestones along the way. There is a massively increased investment in sport on behalf of international companies..

BASF and the World Ski Cup

NEC and the Davis Cup

Mazda in athletics

Coca-Cola in football...

I am sure that other leading sports marketing companies have a similar story to tell, in terms of a growing number of prestige companies recruited to sport.

Sponsors have also played an important part in the development of sport.

A great many international companies now have their own corporate divisions to handle sponsorship involvements. This has resulted in a greater priority being given to sport and the development of the permanent corporate sports budget – two vital aspects of the evolution.

Gary Hite from The Coca-Cola Company, who will be speaking later, has direct operational responsibility for his company's International Sports Department. He evaluates sports opportunities on a worldwide basis, obtaining reactions from Coca-Cola offices around the world, thereby ensuring that there is a route to agreeing and implementing international sponsorships. Ten years ago, these procedures were a rarity – getting a company reaction on a sponsorship proposal for a world event was often incredibly difficult.

Bill Kalan from Gillette will also be addressing you today. Gillette has also played a major part in pushing the frontiers further forward, especially in the area of sponsored television programmes which help to take both sport and sponsor into new TV markets together.

Kodak has also appointed a sports co-ordinator, John Barr.

Canon has had a corporate sports department for many years. And, for every major international company that has a sports co-ordinator, 20 more are researching and looking into the creation of a department, budget and title for this purpose.

For instance, IBM has worked with us recently at Stuttgart and is looking carefully at the technical role in sport.

In response, sports are also setting up specialist marketing divisions. Professional sports bodies, like the NFL, realised the need for this many years ago. John Bellow of the NFL will be speaking at this Congress on precisely this subject.

However, a growing number of sports federations, such as the IAAF, have appointed marketing coordinators. I expect the trend to accelerate.

Television stations have permanent sports departments. Over the ten year period, there has been a considerable growth in the amount and popularity of sport shown on television and there are new markets for sport on cable and satellite too. For instance, Sky Channel which covers a great many sports events and offers an alternative audience.

There has been considerable growth in specialist marketing companies handling sponsorship, event marketing, television rights sales and licensing, both in number and volume of business. West Nally, IMG and ISL are all well known to you at international level – there are many more sponsorship companies developing domestic and international business. And there are literally hundreds more sports events and “properties” needing professional marketing advice and assistance.

To whom should that advice be given? To the sports federation? The individual athlete? Or to the sponsor? There are different views. Here, I feel, is one of the main issues we should be facing today. If a sponsorship company or agent looks after player, principal and sponsor, there is a potential conflict of interest. Who comes first?

In this situation, there is also the risk that the agent will take control of the sport. This risk, which has not been lost on many of the federations looking after the top “box office” sports, is already leading to a toughening of attitudes by federations. Only by taking the lead in a more professional style of marketing, fund-raising and promotion can one fight off takeovers.

Certainly, over the ten years we are talking about, federations have been changing themselves. During this period, FIFA has re-built FIFA House into one of the most modern and technically well-equipped federation headquarters in the world. The IAAF has moved from South London to Belgravia. It has also introduced new, immensely successful events like the World Championships in 1983 – my company was associated with the commercial aspects of its launch, acting on behalf of the IAAF as a consultant. We were not rights owners. The IAAF remained in control at all times and this is how it should be.

The ITF has expanded too. Once a two man show, it now has a permanent full-time staff and a very valuable event in the re-vamped Davis Cup. Paulo Angeli will be talking about the evolution of this particular event this morning.

It is a story of rapid growth, in which the commercial element has played no small part. Sponsorship can be the catalyst to an upward spiral of improvement – as the sport organises itself more professionally in marketing, presentation and style, to match sponsor’s expectations. I accept that there will be different views and also people who might feel that “commercialism” has gone too far in certain directions.

But, by and large, I believe the evolution has been good for sport. Paulo Angeli will explain the Davis Cup evolution, but I just wanted to observe that many tennis federations prefer the new system. Commercial association is streamlined and thus more effective – there are actually many less companies involved in the Davis Cup on a worldwide basis than before, but those that are involved are getting a superb platform.

Just like any other medium, sport creates a mass audience. That is what you are selling. If you were running a newspaper, magazine, TV network, you would consider it to be your duty to develop that medium and appeal to that audience in the most attractive and effective way. To companies, sport is a new medium. Therefore, sport must accept the need to make itself attractive if it wants commercial funding on the big scale.

We have proved – over the years – that this can be achieved. It is a matter of careful development of the integral attractions of sport and the controlled projection of sponsors within this medium.

For instance, promoting sponsors through associated supplements in “Time Magazine” – this doesn’t threaten the sport and helps everyone reach a wider audience. In the same way, the development of new audiences on cable television and in a wider variety of markets.

The streamlining of arena advertising, so that competitors are not drowning out each other’s impact at important occasions and innovations like changing boards and revolving boards.

The development of promotional activity – much with an educational flavour (competitions, quizzes, tests) – which help to sell product for the sponsor and tell consumers about a sporting event.

The much greater integration of high-tech companies with the technical needs of sport, to produce many new services which, in turn, enhance the enjoyment of spectators and viewers and improve the level of information available to sport.

Creation of training programmes, development programmes and teaching aid packages (film/video etc) which do much good while providing a vehicle to carry a sponsor’s name.

Over the last ten years, all these attractive ideas have brought new sponsors into sport. A recent Time Magazine survey estimated that US\$2.5 billion was being spent worldwide on sport in 1985. The sports attracting greatest commercial involvement were soccer and motor sport.

Where do we go from here? Into new areas, new refinements that are complementary to sport and productive for the sponsor. They must contribute to the well-being of the sport without going ‘over the top’ and losing the integrity of the sport. If a sport loses credibility, then association with it will – eventually – lose its allure for sponsors.

Therefore, we must look towards enhancing the sponsor’s message by using a greater integration with other media possibilities. For instance, the most elegant corporate entertainment facilities do not detract from the event itself. However, they are very important to the sponsor, who can introduce his guests to an elite world to which only he has the key. A tatty tent and curling sandwiches just won’t do.

More stylish graphics and better presentation of sports events are in everyone’s interest. If the graphics are good, they work harder for the sponsors. They also have merchandising potential – leisurewear for instance. Manufacturers are becoming more interested in opportunities that reflect, for instance, a yachting or rugby style. However, the standard must be high or the association is more of a hindrance than a help.

Different formats of television coverage are perhaps the most important of all. Given the variety of television markets in the world, there is more and more scope for different styles of presentation to suit those markets.

Highlights programmes. Sponsored programmes. Week or monthly series. Programmes which offer the sponsor a pre-emptive chance to buy airtime during the telecast of the event he has sponsored. Films to give greater visibility to certain sports – such as yachting – where practical problems make the spectators' life a difficult one.

The effect of providing each sport with the coverage and exposure that is right for its special characteristics encourages more commercial support.

One of the most effective new ideas has been the integration of the sponsors of the Italian World Cup team with the opening titles of World Cup broadcast in Italy. It has been enormously positive for the sponsors and I do not believe that it has affected anyone's enjoyment of the tournament.

Relationships between sport and commercialism are all about striking a balance. Sponsors want maximum impact, but they are short sighted if they achieve this at the expense of the sport, damaging that very prestige with which they want to associate themselves. Equally, if a sport loses control of its own affairs – if a federation sees money as an end in itself rather than seed corn for the future – if events are staged purely for commercial considerations – then the public will eventually become cynical.

These, I believe, are the issues that will face us over the next few days. Issues that involve federations, sports equipment companies and sponsors. We are all involved.

In summary I would like to stress what I see as the benefits of the evolution – more television coverage, greater income for sport, the launching of many genuine new events, high-technology support for sport from major companies in the computer field, more funding for the grass roots and wider promotion of events.

But there are potential problems too – “player power”, conflicts of interest, loss of control by sports – these are the areas where, rightly, we should express our concern.