

Georgia State University

## ScholarWorks @ Georgia State University

---

Kinesiology Faculty Publications

Department of Kinesiology and Health

---

1994

### Industry segmentation theory and the sport industry: Developing a sport industry segment model

Brenda Pitts

*Georgia State University*, [bpitts@gsu.edu](mailto:bpitts@gsu.edu)

Lawrence W. Fielding

Lori K. Miller

Follow this and additional works at: [https://scholarworks.gsu.edu/kin\\_health\\_facpub](https://scholarworks.gsu.edu/kin_health_facpub)



Part of the [Kinesiology Commons](#)

---

#### Recommended Citation

Pitts, B. G., Fielding, L. W., & Miller, L. K. (1994). Industry segmentation theory and the sport industry: Developing a sport industry segment model. *Sport Marketing Quarterly*, 3 (1), 15-24.

This Article is brought to you for free and open access by the Department of Kinesiology and Health at ScholarWorks @ Georgia State University. It has been accepted for inclusion in Kinesiology Faculty Publications by an authorized administrator of ScholarWorks @ Georgia State University. For more information, please contact [scholarworks@gsu.edu](mailto:scholarworks@gsu.edu).

# Industry Segmentation Theory and the Sport Industry: Developing a Sport Industry Segment Model

Brenda G. Pitts, Ed.D.

Lawrence W. Fielding, Ph.D.

Lori K. Miller, Ed.D.

*University of Louisville*

---

## ABSTRACT

The purpose of this study was to apply industry segmentation theory to the sport industry and to develop a sport industry segment model. Porter's (1985) theory of industry segmentation was applied. Traditional and contemporary definitions of sport and sport industry as well as lists and descriptions of sport products were used. The results produced three sport industry segments: sport performance, sport production, and sport promotion. In addition, product variety categories and buyer types were identified in each segment.

In planning for competitive advantage, a bat-making firm decides to identify, define, and offer a new product designed specifically for a new target market—a youth market (Fielding, Pitts, & Miller, 1991). The decision is based on two areas of information: the consumer segment and the competition. The consumer segment, or target market, consists of those who are buyers or potential buyers of a product. The competition consists of those firms offering or potentially offering the same product or a substitute product to satisfy consumer need. Analysis of both is critical in the decision-making process for sport marketing strategies.

In the words of Porter (1985), "Competitive advantage is at the heart of a firm's performance in competitive markets" (p. xv). Competition shapes the firm's strategies and activities in its quest for a profitable and sustainable position in an industry (Porter, 1985). Further, Porter points out that industries are not homogeneous. There are various segments within any given industry. Segments differ in many ways, yet boundaries may fluctuate due to a multitude of factors, one of which is product substitutability.

In some cases of industry segmentation, segments are found to be so different that they are reclassified as an industry. The deciding factor, or boundary, may be interrelationships between segments. Where interrelationships between segments are strong, those segments may be considered as true segments of an industry. For example, all sport, recreation, leisure, and fitness activity products (activities for participation) serve to meet specific buyer needs or desires: fun, fitness, competition, entertainment. Where interrelationships between segments are weak, those segments may be considered separate industries. For example, one may argue that recreational soccer—a

---

*Drs. Brenda Pitts, Lawrence Fielding, and Lori Miller are faculty members in the Sport Management Program at the University of Louisville.*

product offered for participation for beginners, intermediates, and a few advanced players--is so very different from professional soccer--a product offered for the participation of the elite player and primarily for spectating--that they may be considered separate industries. Indeed, many segments of the sport industry may be considered separate and complete industries with no interrelatedness to other segments. The marketing and/or management person must determine the answer to these boundary questions and decide how to position the firm toward gaining and sustaining competitive advantage.

Porter also elaborates that industry segmentation should go beyond accepted models of segmentation. Final decisions on segment boundaries are always a matter of degree. Industry segmentation should be considered a tool in guiding one toward industry structural analysis. Such analysis serves to expose key elements of competitive advantage (Porter, 1985).

**In pursuit of contributing to the development of a body of knowledge in sport management, and specifically to sport marketing, as fields of study, we believe that academicians, students, and practitioners will benefit from a study of the sport industry through industry segmentation.**

"An industry is a market in which similar or closely related products are sold to buyers" (Porter, 1985, p.233). Some industries may contain just one product variety. It is more typical that an industry contains a variety of product items sold to many existing or potential consumers who vary demographically and psychographically, and who may change in need, want, or demand. Companies within an industry segment "create new product varieties that perform new functions, combine functions in new ways, or split off particular functions into separate products" (Porter, 1985, p. 233). Similarly, new consumers may become part of an industry, existing consumers may change their need, or consumers may drop out of an industry (Porter, 1985).

An industry segment is a combination of a product variety (or varieties) and a group of consumers who purchase it. Industry segmentation is the division of an industry into subunits for purposes of developing competitive strategy (Porter, 1985). The primary reason for industry segmentation is competitive strategy formulation. Other

reasons include to identify marketing opportunities and threats within a specific product market, to develop an appropriate marketing mix, and to inform major resource allocation decision making (Day, Shocker, & Srivastava, 1979; McCarthy & Perrault, 1990; Porter, 1985).

Although there is some research on defining and delineating the sport industry, we found no attempts to apply Porter's industry segmentation theory. Current research in defining, delineating, and segmenting the sport industry includes the following: (a) identifying consumer markets in various sports (see consumer marketing reports, such as American Sports Data, Inc., the Sporting Goods Manufacturers Association marketing reports, and the National Golf Foundation's marketing reports); (b) delineating the sport industry according to career segments (see Parks & Zanger, 1990); and (c) defining and delineating the industry according to type of sport setting (see, for example, DeSensi, Kelley, Blanton, & Beitel, 1990). Although the research on consumer markets and sport-setting types may be used by the sport marketer in competitive strategy formulation, the career-setting information is targeted for use by the student of sport management.

In pursuit of contributing to the development of a body of knowledge in sport management, and specifically to sport marketing, as fields of study, we believe that academicians, students, and practitioners will benefit from a study of the sport industry through industry segmentation. In particular, the research may be of value to instructors of courses in sport marketing, sport management, or of similar courses in competitive strategy, strategic planning, or strategic marketing planning and management.

The practitioner may use industry segmentation information to inform decisions concerning where to compete within an industry and where to focus company strategies within an industry; to identify opportunities and threats within an industry segment; to create new industry segments; or to inform decisions concerning exiting a segment. It was, therefore, the purpose of this research to apply Porter's (1985) industry segmentation theory to the sport industry.

### **The Porter Model**

To segment an industry, four segmentation variables are used (for a complete discussion on industry segmentation, see Porter, 1985). Any one or any combination of the variables may be used. Porter's four segmentation variables are presented with a brief discussion of each.

1. **Product Segments:** The discrete product varieties that are, or could be, produced" (Porter, 1985, p.238). Product segments are developed by identifying all the product offerings produced or potentially produced within an industry. Defining characteristics may include physical size, price level, features, functions, technology or design, inputs employed, packaging, performance, new vs. aftermarket or replacement, product vs. ancillary services or equipment, and bundled vs. unbundled. Product de-

		BUYER TYPES		
		A	B	C
PRODUCTS	1			
	2			
	3			

		BUYER TYPES		
		A	B	C
GEOGRAPHIC LOCATION	AA			
	BB			
	CC			

		BUYER TYPES & GEOGRAPHIC LOCATION					
		A	B	C	AA	BB	CC
PRODUCTS	1						
	2						
	3						

**Figure 1. A simple Industry Segmentation Matrix (top left and right) and a Combined Matrix of three variables (bottom)**  
(Adapted from Porter, 1985)

scriptors may be combined in a variety of ways to define a particular segment.

- Buyer Segments:** "The types of end buyers that purchase, or could purchase, the industry's products" (Porter, 1985, p. 238). Buyer, or market, segmentation always produces debate. Boundaries that might determine buyer differences and segments of buyers can differ from marketer to marketer and from company to company. Segmentation should reflect differences among buyers because the goal of segmentation is to expose all these differences. Porter divides buyers into two categories: industrial and commercial buyers and consumer goods buyers. Industrial and commercial buyers may be defined by the following: buyer industry, buyer's strategy, technological sophistication, equipment manufacturers vs. users, vertical integration, decision-making unit or purchasing process, size, ownership, financial strength, and order pattern. Consumer goods buyers may be defined using the following variables: demographics, psychographics or life-style, language, decision-making unit or purchasing process, and purchase occasion.
- Channel Segments:** "The alternative distribution channels employed or potentially employed to reach end buyers" (Porter, 1985, p. 238). Differences in channels may include direct vs. distributor, direct mail vs. retail or wholesale, distributors vs. brokers, types of distributors or

retailers, and exclusive vs. nonexclusive outlets.

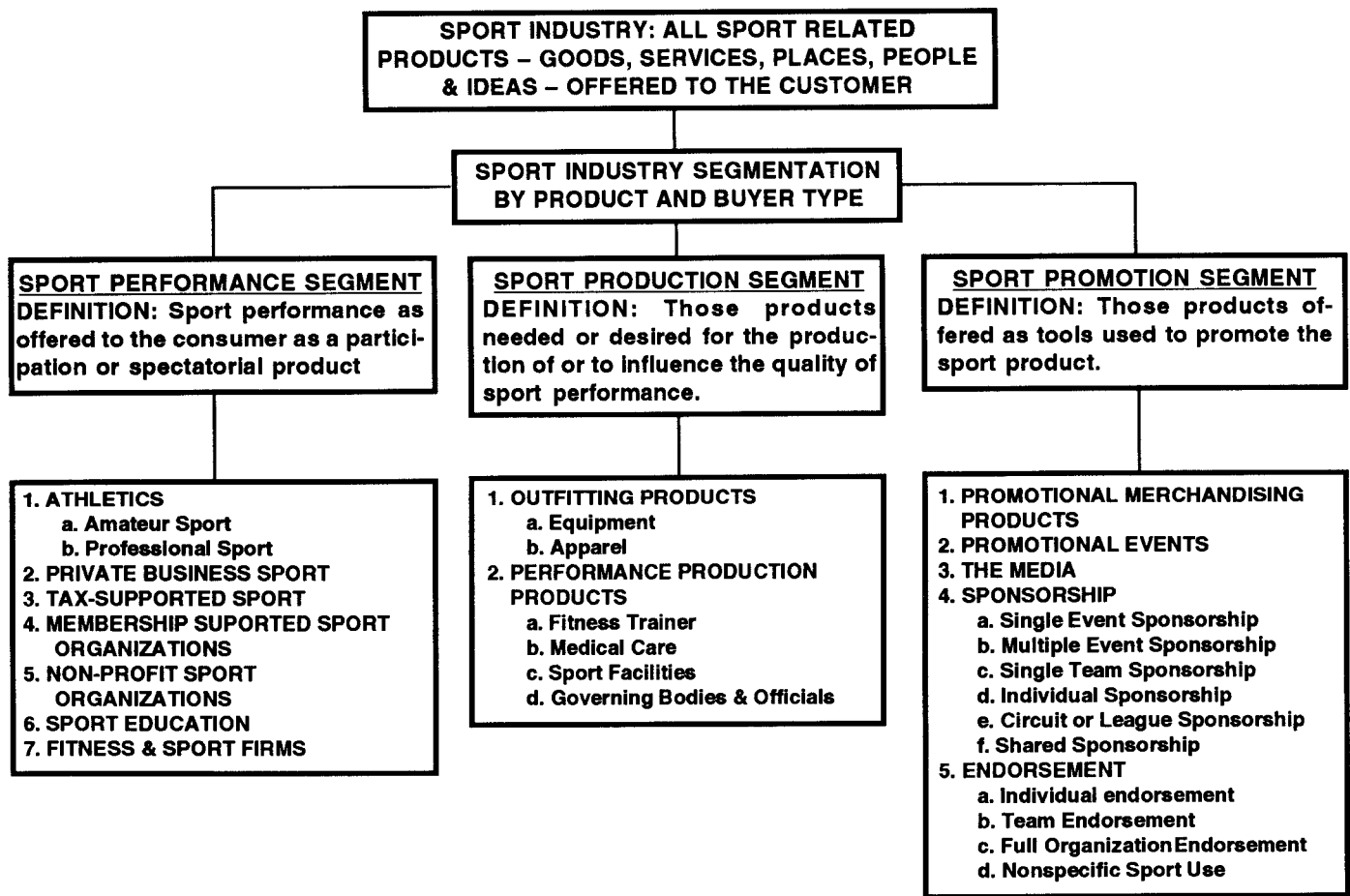
- Geographic Segments:** "The geographic location of buyers, defined by locality, region, country, or group of countries" (Porter, 1985, p. 238). Geographic location variables affect product purchase decisions according to product attributes due to differences in weather, customs, government regulations, and other geographical differences. Some variables are localities, regions, or countries, weather zones, and stage of national development or other country groupings.

#### METHODOLOGY

A comprehensive industry analysis for segmentation requires the development of a matrix using all four segmentation variables and each category that is relevant (Porter, 1985). This may result in a matrix so large and complex that it becomes confusing, unmanageable, and most likely not useful. The task, then, is to aggregate variables into meaningful segments. Segmentation may be achieved using any one of the variables (product, buyer, channel, and geographic location). Some examples are shown in Figure 1.

#### Definition of Sport and Sport Industry

For our purposes in this research, we used definitions of sport and sport industry from Pitts (1988) and Pitts,



**Figure 2. The Sport Industry Segment Model**

Fielding, and Miller (1991). Although sport has been defined in many ways, it typically refers to physical activity through some form of organized and regulated game, such as volleyball, basketball, soccer, softball. Pitts uses a broad and diverse definition of "sport." According to this definition, sport is any activity, experience, or enterprise for which the primary focus is fitness, recreation, athletics, and leisure related. Activity and experience are inclusive of the many athletics, fitness, recreation, and leisure-related activities of today: car racing, horse racing, boogey-boarding, knee-boarding, water skiing, golf, walking, camping, hang gliding, throwing the boomerang, horseback riding, participating in rodeos, sailing, and many more. Enterprise is described as the management and business activities necessary for the organization and production of sport.

"Sport industry" is defined as the market in which the products offered to its buyers are fitness, sport, recreation, and leisure related. These products include goods, services, people, places, and ideas. Sport industry products include, but are not necessarily limited to, the following: fitness activity and all fitness-related goods and services; sports activity and all sports-related goods and services; recreation and leisure activity and all recre-

ation- and leisure-related goods and services; and all related management, financial, marketing, and other administration and business goods and services (Pitts, 1988; Pitts, Fielding, & Miller, 1991).

The application of all four variables of the Porter model to the massive sport industry would require quite possibly years of research and analysis. The result could be book length. For this reason, we chose to limit segmentation of the sport industry to two of Porter's variables--product segments and buyer segments. We strongly suggest that further research be conducted utilizing the complete industry segmentation model for a complete sport industry segmentation.

Definitions, descriptions, and functions of the multitude of products offered in the sport industry were collected for analysis (see, for example, the works of Comte & Stogel, 1990; DeSensi et al., 1990; and Stotlar, 1989). From their works, product functions and benefits were identified and grouped homogeneously within groups as well as heterogeneously between groups to form specific product segments. Definitions for the product segments were developed. In addition, sport products within each segment were identified and categorized.

It has been suggested by Mullin (1985) that there are

only two types of buyers of sport products: spectators and participants. Mullin's categories of sport consumers are based on selling "sports" for participation or for spectating and do not include an analysis of the complete sport industry. The findings of our study show that there are more than two categories of sport product consumers. Types of buyers in the sport industry are dependent on product segment, product variety, and product function and benefit.

## RESULTS

Three segments were identified in the sport industry, and we have labeled them the Sport Performance Segment, the Sport Production Segment, and the Sport Promotion Segment. Industrial and consumer goods buyer types were identified. Figure 2 illustrates the segments identified in the sport industry.

### Sport Performance Segment

As a product, "sport performance" is offered to buyers primarily in two ways: as a product for participants and as a product for spectators. These may be treated as separate industry segments due primarily to the nature of marketing participation and spectatorial products. We have placed them in one industry segment because of similarities in product function and benefit.

As a participation product, sport performance is offered to the buyer in a multitude of product offerings. The consumer may choose to participate in any number of sports or leisure activities, settings, performance (skill) levels, and market segment offerings (demographics segmentation such as an over-30 age group soccer league). Some of the settings are sports leagues, tournaments, one-day events, camps, and education classes. In the development of a list of product varieties, it is important to note that a matrix may be developed for every product variety. Figure 3 demonstrates a segmentation matrix using basketball as a product variant of sport participation and demographics as buyer type variants. With this illustration you can see that developing a complete list of product varieties in this product segment would be highly complex and require much time and paper.

In some industries, as in the sport industry, there are so many products offered that consolidation is necessary to make the list more workable. Although it is true that sports, recreation, and fitness activities can be different in definition and actual activity, almost all provide the buyer with similar functions and benefits: a workout, stress management, fun, competition, activity, or entertainment. We have focused the sport performance segment on formats through which the product may be offered. For example, basketball, volleyball, and martial arts are different activities, yet they may be offered to the buyer in similar formats, such as leagues, tournaments, or one-day events. Within each format, the product may be differentiated as it is structured to attract a particular buyer type.

As a product for spectators, sport performance is offered to consumers in four ways: spectating through personal attendance at a sport event, spectating the event via television, spectating sport event videos, and spectating a sport event indirectly through the images created in the listener's mind by the sense of hearing through radio. Spectating the event in person is considered the purest form of spectating if one considers the standard dictionary's definition of spectating. However, in sport marketing, all forms of the spectatorial product are important as each is essential to the promotion of the event, profits realized, and advertising sales.

Most spectatorial products are offered at no cost to the consumer. Consider the thousands of softball leagues, volleyball leagues, youth baseball leagues, and similar sporting situations where anyone may watch and enjoy the competition. These sporting events will most likely never change. However, recently there has been an increase in the number of events offered at a cost to the consumer, for example, pay-per-view sporting events and pay-per-order cable sports programming. As the number of opportunities to watch sporting events increases, the number of events offered at a cost will also increase as sport spectating continues to enjoy market demand.

Sport spectating in person has changed dramatically over the last twenty years. There have been improvements in facility construction, technology, and design. Before these changes, sport event spectating took place in a basic sport facility designed only for enveloping the court, arena, or field. This meant that the spectator's comfort and other needs were not considered. Seating and other need-fulfilling accommodations were designed into the facility. Today, the spectator has a range of choices: One may watch from low-cost, basic seating or from an expensive "skybox," an enclosed and private climate-controlled room with accoutrements, such as a large-screen TV, a supplied bar, food, newspapers, magazines, phones, facsimile machines, computers, plush seating, a balcony, and a private bath.

Sporting events today are offered in a variety of facilities. An "outdoor" sport, such as football, may now be viewed in an "indoor" enclosed facility. Further, if a spectator doesn't want to be distracted by the children, the sport facility management offers childcare services while the sport event is taking place. The sport facility today typically offers the consumer many accommodations and services. These have become an integral part of the sport event package.

In all sport activity, the marketer must understand that the production and consumption of the sport event or activity take place simultaneously (Mullin, 1985). This is not unique to the sport industry as it is also true of other entertainment industry products, such as live theater, dance performances, opera, and music group performances. However, these types of events require specific marketing strategies, for example, advance offering of tickets. The

BUYER TYPES: SKILL AND AGE									
		BEGINNER				ADVANCED			
		9-12	13-18	19-25	OVER 30	9-12	13-18	19-25	OVER 30
PRODUCT: BASKETBALL TYPES:	LEAGUE								
	TOURNAMENT	YES	YES	YES	YES	YES	YES	YES	YES
	CAMP	YES	YES	NULL	NULL	YES	YES	YES	NULL
	COLLEGE	NULL	NULL	NULL	NULL	NULL	YES	YES	NULL
	PROFESSIONAL	NULL	NULL	YES	YES	NULL	YES	YES	YES

**Figure 3. Sport Performance Segment: A matrix using some buyer types and product types shows possibilities**

selling of tickets strictly prior to an event, and especially of a limited number of tickets, helps create demand, or the illusion of demand. The marketer must affect buyer action on three levels. At the first level, the marketer must persuade the consumer to buy the tickets needed for admission to the event. At the second level, the marketer must persuade the buyer to attend the event. One might believe that selling tickets is the only job required and assume that the buyer will attend. The marketer must not make this assumption and must work to persuade the consumer to attend. At the third level, the marketer must try to persuade the consumer to purchase other products offered before, during, and after the event. These usually are called product extensions and include items such as valet parking, souvenir merchandise, food, and beverage. The revenue from these products can be a large source of income and help offset the cost of the event.

The substitute products for attending a sport event in person are television, video, and radio. The opposite is also true: The substitute product for watching an event on television or video or listening to it on the radio is attending the event in person. In many instances, however, the owner of the sport event will regulate the ability of a local broadcasting station to televise the event. One reason, of course, is that if the event is televised and is free to the consumer, the consumer may choose not to spend the money to attend the event. Hence, television broadcasting rights contracting has developed. In this instance, a different buyer type is identified--television broadcasting companies. The event management will offer the buyer the opportunity to "buy," or televise, an event. The deals are contingent upon perceived television spectator demand. If demand is sufficient, the company will be able to "sell" advertising time; this partially pays for the cost of televising the event.

**Product Segments:** The following are the categories of product varieties identified in the Sport Performance Segment:

1. **Athletics:** organized sport under the auspices of organized athletics for schools and professionals that is separate from sport organized outside these two ven-

ues. Athletics includes (a) amateur sport performance as organized in the schools and colleges and (b) professional sport performance for which the performer receives a fee.

2. **Private nonsport business:** sport organized and offered by privately owned firms whose primary product is not sport. These businesses are in business for another reason and add a sport or two, such as a pub that adds a sand volleyball court and now offers leagues. There is a fine line between these firms and the ones built primarily for sports. Typically, a pub will add the sport facility if it is inexpensive and popular. When interest in the trendy sport wanes, the pub closes the sport facility and remodels it as additional pub space.
3. **Tax-supported sport organizations:** sport organized and offered by tax-supported, public organizations. Examples include city parks and recreation offices, state parks and recreation organizations, and a state Olympics organization.
4. **Membership-supported sport organizations:** sport organized and offered by membership-supported clubs or organizations. These may or may not be nonprofit organizations. Some examples are a camping club that organizes camping trips, a rugby organization that offers a rugby league, a soccer organization that offers soccer leagues, and a fencing club that offers fencing competitions.
5. **Nonprofit sport organizations:** sport offered by nonprofit firms. Examples include the International Olympic Committee, which offers the modern Olympics every four years; the Federation of Gay Games, which offers the Gay Games every four years; the Amateur Softball Association, which offers structured softball leagues and tournaments every year; the Special Olympics; the United States Soccer Association, which offers structured soccer leagues and tournaments; the YWCA and the YMCA, which offer a number of fitness and sport activities.
6. **Sport education:** Sport taught to the consumer. Some products are private lessons, clinics, sport camps, fitness camps, coaching clinics, seminars, conferences,

and sport institutes.

**7. Fitness and sport firms:** Fitness, health, wellness, and sport firms that offer participation in sports and fitness in either a single-sport or multisport setting. This includes the privately owned fitness and sports businesses. Examples are fitness centers, tennis clubs, indoor soccer centers, indoor volleyball centers, golf clubs, and resorts.

The product types identified are those products offered to the consumer as sport performance as either a participant product or a spectator product. If the sport marketer understands the benefits and functions of the product, successful sport-marketing strategies will result.

**Buyer Segments:** Buyer types were identified in this industry segment in both participant and spectatorial product types. Buyer types include both industrial/commercial and consumer goods categories. Some industrial and commercial buyer types identified include the following: companies that contract for fitness/wellness programs for their employees; companies that purchase large numbers of sport event tickets; companies that buy the right to broadcast sporting events; and companies that buy materials to produce sporting goods for sale to retailers or another channel.

Consumer goods buyers identified in this segment include a wide variety of buyers categorized by demographics, psychographics, life-style, language, and other factors. Buyer types of sport as a participant product may be identified using demographics. Basketball may be offered in age-group leagues, such as youth, 16 and under, 18 and under, 19 to 24, 25 to 29, over-30, over-40, and so on. Further, within each age group, more buyer types may be identified, such as female, male, and coed. Figure 3 presents an example of some buyer types of basketball available to the sport marketer using two demographics, skill level and age.

It is also interesting to note that many identifiable populations are organizing and managing their own sports leagues, events, olympics, classes, clinics, and more. Some of them are women, African Americans, Native Americans, the Jewish population, the lesbian and gay populations, and the disabled. Each population is a buyer type. The sport marketer could develop and offer products targeting each buyer type. Further, the marketer could identify even more buyer types by using demographics or psychographics, much like those used as an example in Figure 3.

Buyer types identified in sport performance offered as a spectatorial product consist of those consumers considered spectators. As was identified in sport performance offered as a participant product, the sport marketer may use demographics and psychographics to identify and segment buyer types within each of the four forms of sport event spectating available. For example, spectating the Super Bowl is offered to the following buyer types: corporate buyers with unlimited funds; corporate buyers

with limited funds; individual buyers with unlimited funds; and individual buyers with limited funds. Further, within each type, the sport marketer may identify specific buyer types by using demographics and psychographics.

If the sport marketer is successful at identifying all the buyer types that exist for a product, the marketer will succeed in formulating marketing strategies. If the sport marketer can identify potential buyer types, products may be developed to meet the needs of those types.

### **Sport Production Segment**

**Definition:** This segment comprises those products necessary or desired to produce sport or to influence the level of sport or fitness performance. Some sports cannot be performed at all without certain products. Some sports could not be performed at desired levels without specific products. This creates a demand for a variety of products needed or desired for the production of sport and for influencing the level or quality of sport performance.

For example, in the production of a softball game, a participant needs some specific softball equipment—a glove, a bat, a softball. To participate in an officially organized competition, one will also need a softball facility and umpires. In addition, if participants want to improve or enhance their level of performance, they could purchase specific equipment in the belief that performance will be enhanced. Many products and prices are offered to the consumer. Softball bats are offered in a variety of materials, colors, lengths, weights, and prices. Each is offered to benefit different buyer types and consumer wants and needs. In addition, the softball player may indulge in softball-lover paraphernalia, such as softball keychains, t-shirts, bags, caps, socks, and gloves.

Another example to illustrate this is tennis and Martina Navratilova. It is questionable if Navratilova would be the all-time great champion in women's tennis if she had to use the first type of tennis racket produced, had no personal fitness trainer or weight training equipment, and was confined to playing matches in clothing that almost completely covered her. Although Navratilova is one of the greatest athletes in sports today, her success has been enhanced by high-tech equipment, training methods, and performance-enhancing apparel.

**Product Segments:** The following are the categories of product varieties identified in this industry segment:

- 1. Outfitting products:** the equipment and apparel either required or preferred in the performance/production of sport.
  - A. Equipment:** Required and/or preferred, sport equipment may be inexpensive and fundamental or highly specialized, customized, and expensive.
  - B. Apparel:** Sports clothing and sport shoes required or referred. Again, these products may be basic and inexpensive or specialized, customized, and costly.
- 2. Performance production products:** performance production products, other than outfitting products, needed or



desired for the production of sport. Sport may be produced at one of many points along a continuum. This continuum ranges from the highly sophisticated, elite performance in an expensive, high-tech facility to the weekend athlete's performance in a local homespun facility, such as a backyard. This includes the following:

- A. Fitness trainer:** The fitness trainer, whose actual title may be "trainer" or "strength and conditioning coach" or other, designs and coordinates the athlete's fitness, conditioning, and sport training program.
- B. Medical care:** The sport medicine team specializes in the care and rehabilitation of the injured athlete, regardless of level of athleticism. The sports medicine team often works with the fitness trainer in the coordination of the many facets of the athlete's life that affect the level and frequency of performance. This form of medical care used to be offered only to professional, collegiate, and high school athletes. Recently, freestanding sports medicine clinics open to the public have increased primarily due to the demand of the weekend athlete for appropriate and specialized medical care.
- C. Sport facilities:** Research has shown the negative and positive effects of the sport facility on athletic performance. Marketers will also attest to the selling performance of sports facilities. Whether for performance or for the spectator's convenience, the sport facility's condition, materials, and other factors are important in the production of sport performance. These include the sport field, court, track, pool, arena, stadium, and other facilities needed, such as concession areas, parking areas, locker rooms/dressing rooms, media provisions, officials needs, and private boxes or rooms.
- D. Governing bodies and officials:** The growth of sport has demanded a parallel growth of the structure and limits within which the sport may be performed. Governance of sport influences fair play and decreases risk of injury. The organization or sport, regardless of the size of the production or the level of performance, requires rules, regulations, policies, and compliance personnel. The governing body provides the guidelines for the structure and format of the sport and defines all aspects of the sport, such as performance rules, facility requirements, equipment regulation, reward and compensation guidelines, and even performance standards in some cases.

Many rules of sports and sport equipment are modified today to increase the marketability of the sport. Some examples include the Special Olympics, in which almost all rules of sports and equipment have been modified; men's basketball, in which the height of the basket has remained 10 feet to encourage crowd-pleasing dunks; women's basketball, in which the ball is smaller than the men's basketball in order to enhance crowd-pleasing skills; and marathons that include or hold a separate

marathon for wheelchair athletes.

**Buyer segments:** Buyer types include those consumers who need or want outfitting or performance production products. Buyer types identified include both consumer goods buyers and commercial and industrial buyers. Two consumer goods buyer types identified include (a) sport participants of all demographically and psychographically identified segments and (b) gift shoppers--those consumers looking to purchase these kinds of products as gifts for birthday, Christmas, or other occasion. Some commercial and industrial buyers include high school and college athletic departments, professional sport firms, tax-supported sport organizations, membership-supported sport organizations, nonprofit sport organizations, sport educators, fitness and sport firms, private nonsport firms offering sport as a secondary product, and private nonsport firms.

### **Sport Promotion Segment**

**Definition:** This segment comprises those products used in the promotion of sport industry products. Sport or fitness activity can exist without promotion. However, it is enhanced, promoted, and in some cases partially funded by promotion products. Sales of sport- and fitness-related goods and services are certainly affected by promotion. The competitors in all segments of the sport industry use a variety of promotion products and tactics. This need to compete creates a demand for promotional products, means, methods, and people who specialize in promotion, marketing, public relations, and other related areas.

**Product Segments:** The following are the categories of product varieties identified in this industry segment;

- 1. Promotional merchandising products:** Promotional merchandise is strategically created to promote sport or a sport product. For example, sport managers or marketers use a variety of promotional merchandise products to promote and market sporting events, organizations, and even individual sport celebrities. Included might be t-shirts, cups, key rings, caps, jackets, blankets, and an event program (a printed program). Other examples include lamps, bumper stickers, sweats, decals, and even shoes. Typically, the merchandise is printed with the logo or other identifying mark of the sport organization or product.
- 2. Promotional events:** Planned event or events to coincide with or to bring attention to a sporting event or to a sport product. Examples include holding a concert by a popular star or group in conjunction with a sport event; having a sport star appearance in conjunction with a sport event; having a well-known coach or athlete attend the opening of a sport facility; "give-aways," as they are called in sport marketing, wherein the marketer gives away something, such as caps, to people to attend a sporting event or a sport facility; promoting "tailgating" (partying using the tailgate of a vehicle) by offering specific areas in the parking lot and other benefits, such as free ice, to those tailgaters

who arrive during a specific time period; giving a barbecue to sport club members; and giving milestone banquets.

3. **The media:** Marketers of sport and of other sport products use the media as promotional vehicles for the sport, sporting event, or sport product. At the same time, media use sport, sport figures, sporting events, or sport products to promote their product. Sometimes, as in radio and TV, fees are paid for the right to broadcast a sporting event. This may be achieved at a cost to management of the sporting event, an exchange of goods, such as tickets, or by other means. Included here are (a) print media (i.e., newspapers, magazines, trade journals) and (b) audio/visual media (i.e., radio, TV).
  4. **Sponsorship:** Full or partial funding of sport-related expenses in return for certain promotional gains. This is an exchange relationship. Sponsorship helps defray the expenses of a sporting event, a sport facility, or an athlete. Promotional gains might include advertising or other promotional means for the sponsor or an exchange of other goods or services. There are various sponsorship avenues, some of which are as follows:
    - A. **Single event sponsorship:** A single event is sponsored.
    - B. **Multiple event sponsorship:** Two or more events are sponsored.
    - C. **Single team sponsorship:** A single team is sponsored.
    - D. **Individual sponsorship:** One individual is sponsored.
    - E. **Circuit or league sponsorship:** A full league or an entire circuit is sponsored.
    - F. **Shared sponsorship:** Two or more sponsors sponsor an event, team, individual, league, or circuit. This has become popular because the total cost of an event is shared and is therefore less expensive for each sponsor.
  5. **Endorsement:** A fee is paid, or goods and/or services are traded for the use of an individual or other to endorse—show support for—a product. The product may or may not be a sport product. Use of the endorser brings attention to the product by capitalizing on the popularity of the endorser. Some examples are the use of Chris Evert to promote tennis rackets, the use of Michael Jordan to promote Nike shoes, and the use of Chuck Yeager to promote motor oil. There are different categories of endorsement. Those categories identified are:
    - A. **Individual endorsement:** Use of an athlete, coach, owner, or other individual person.
    - B. **Team endorsement:** Use of a full team.
    - C. **Full organization:** Use of an entire organization, such as the NCAA, the NFL, the IOC, or USOC.
    - D. **Nonspecific-sport use:** The use of any sport, without the use of well-known figures or teams or organizations, to promote a product.
- Buyer Segments:** Buyer types include both commercial/industrial and consumer goods buyers. The commercial/industrial buyers include those sport businesses that use promotional methods to promote their products. Some examples are high school athletic departments, college

athletic departments, professional sports organizations, private sport businesses, and tax-supported sport organizations. Consumer goods buyers include those who purchase promotional merchandise for individual use. Some examples include gift buyers, those who purchase merchandise as a gift; collector buyers, those who purchase promotional merchandise as a collector item; and “fan” buyers, those who identify themselves as “fans” of a particular team or sport.

### SUMMARY and RECOMMENDATIONS

The purpose of this investigation was to apply Porter's industry segmentation theory to the sport industry and to develop an initial sport industry segment model. The model developed in this study, using only a portion of Porter's theory, represents a new perspective of the industry and should be viewed as an initial framework for further investigation.

Although it seems easy to accept traditional definitions and categorization of products and consumers in the sport industry, this acceptance is perhaps the most important catalyst for analyzing the industry from different perspectives. As an example, the addition of an over-30 women's category in a soccer league reflects the identification of a new buyer type. The analysis should show that many female soccer players do not want to stop playing soccer just because they turn 30. Their desire for type of competitor has most likely changed; that is, they may now choose to compete against a similar age group instead of competing against the 20-year-olds. In this example, the use of just one demographic creates a new buyer type and should point to a few more: men's over-30 and coed over-30. This can be taken a step further. Are there 40-year-olds who play soccer? If not today, what about when the 30-year-olds begin to turn 40?

The identification of a new buyer type does not mean, however, that the firm must develop a product for that type. It does mean that the sport marketer knows that the buyer type exists and may begin considering the feasibility of adding a product to meet buyer want.

Challenges to the sport marketer in using segmentation theory are to identify new ways of segmenting the industry and to find new ways of combining segments. This could lead to the discovery of a variety of segments and, perhaps, of more meaningful segments. For example, this may include discovering a new use for an existing product, a new buyer type for an existing product, or a buyer type but no existing product. This kind of analysis will ascertain the future possibilities for the company.

Although we were able to use a portion of Porter's (1985) theory to identify product segments and buyer segments in the sport industry, we recommend an analysis of the sport industry using all of Porter's model. We also recommend investigation of the sport industry using other industry segmentation models. Investigations should build upon the research presented here. Scholarly analysis could

result in different and perhaps more complete analysis of the sport industry. The very purpose of industry segmentation is that it is to be used as "an analytical tool, not an end in itself" (Porter, 1985, p.254).

## REFERENCES

- Comte, E., & Stogel, C. (1990, January 1). Sports: A \$63.1 billion industry. *The Sporting News*, pp. 60-61.
- Day, G.S., Shocker, A.D., & Srivastava, R.K. (1979). Customer-oriented approaches to identifying product-markets. *Journal of Marketing*, 43 (4), 8-19.
- DeSensi, J.T., Kelley, D.R., Blanton, M.D., & Beitel, P.A. (1990). Sport management curricular evaluation and needs assessment: A multifaceted approach. *Journal of Sport Management*, 4(1), 31-58.
- Fielding, L.W., Pitts, B.G., & Miller, L.K. (1991, February-March). *Learning about market penetration and market development from successful companies: Hillerich and Bradsby from Buster Brown Bat to the Babe Ruth autograph model 1907-1923*. Paper presented at the International Conference for Sport Business, Columbia, SC.
- McCarthy, E.J., & Perrault, W.D. (1990). *Basic marketing*. Homewood, IL: Irwin Publishers.
- Mullin, B. (1985). Characteristics of sport marketing. In G. Lewis, & H. Appenzeller, (Eds.), *Successful sport management*. Charlottesville, VA: The Michie Company.
- Parks, J.B., & Zanger, B.R.K. (Eds.). (1990). *Sport & fitness management: Career strategies and professional content*. Champaign, IL: Human Kinetics Publishers, Inc.
- Pitts, B.G. (1988). *Sport product markets*. Unpublished manuscript, University of Louisville.
- Pitts, B. G., Fielding, L. W., & Miller, L.K. (1991, June). *Sport product-markets: A conceptual model*. Paper presented at the conference of the North American Society for Sport Management, Ottawa, Canada.
- Porter, M.E. (1985). *Competitive advantage: Creating and sustaining superior performance*. New York: The Free Press.
- Stotlar, D.K. (1989). *Successful sport marketing and sponsorship plans*. Dubuque, IA: Wm. C. Brown Publishers.

## Brown & Benchmark

Is pleased to offer college texts for  
your sport management  
and sport marketing courses:

**New!** *Sport Management: Successful  
Private Sector Business Strategies*  
by Kathleen A. Davis (13995-6)

**New!** *Sport Business: Operational and  
Theoretical Aspects*  
by Peter J. Graham (16648-1)

**New!** *Successful Sport Fundraising*  
by William F. Stier, Jr. (17196-5)

*Successful Sport Marketing*  
by David K. Stotlar (14559-X)

*Fitness Management*  
by David N. Camaione (10775-2)

Complimentary copies:  
1-800-338-5371

**WCB** Brown &  
Benchmark  
P U B L I S H E R S  
A Division of Wm. C. Brown Communications, Inc.