

Build and expand a brand in China through sport marketing

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Abstract:

Nowadays, the athletic sports are playing important roles in social life. Since the commercial market mechanisms are introduced into sports, the pure competitive sports no longer exist. Sports, especially modern sports, have huge impact to economy. First, sports itself has significant value and can be considered as commodity. Second, and the most important, sports can help boost the value of other commodities through sports marketing. Because of this commercial value, there are huge business opportunities in the sport marketing. Along with the popularization of the television and the development of broadcasting technology, the influence of sports has broken the limitation of time and space and has been widely spread to the whole world. In other hand, sport has a great influence on the community economy as well. This study tries to find out efficient ways for Chinese companies to build a strong brand through sport marketing.

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Chapter 1

INTRODUCTION

Marketing is a process by which companies create customer interest in goods or services. It generates the strategy that underlies sales techniques, business communication, and business developments. It is an integrated process through which companies build strong customer relationships and creates value for their customers and for themselves.(Kotler, Philip; Gary Armstrong, Veronica Wong, John Saunders (2008). "Marketing defined". *Principles of marketing* (5th ed.). p. 7.) Marketing actually is an attitude, a forecasting, a managing model which can make customers satisfied in all kinds of business activities.

Sport marketing is the kind of marketing that relies on sports. Today's "sport" is not merely a "Physical plus technic" anymore, it has comprehensive meaning in society, economy and human life. All these factors determine that sports marketing has a character of diversity and complexity. Nelson Mandela said: "Sport has the power to change the world!". Actually, the most important part of the power comes from the great impact of the sport marketing. Many companies have a close relationship with sports marketing, for example, Coca-Cola is a well-known company who involves various sports in its marketing activities. Sport marketing came up in 90's of 20th century in America. In China, it has only ten years of history.

Sport marketing is based on the sport activities and events. It integrates the products and sports together, combines sport culture, brand culture to build the corporate culture.

1.1 Problem statement in the research.

Sport marketing needs huge capital and a long-term planning. Inconspicuous performance cannot attract attention of customers. In China, some companies do not realize this. Sports marketing is an integrated marketing model which requires a powerful tactic and strategy. However, some companies tend to focus on the primary surface of the sports marketing, failed to find the depth of marketing opportunities. For those Chinese enterprises, the primary challenge is how to develop a successful marketing strategy and how to integrate the different strategies. Many Chinese enterprises still rely on conventional price positioning. They don't consider changing. The companies spend money on advertising and promotion, try to make the slogan known by the public. But they do not focus on the customers. In China, the impression of sports marketing is not as that distinct as in western countries. Although Chinese enterprises are actively sponsoring some events, they still need figure out how to find the link between the products and the events, how to obtain the return by the sponsor entitlement, how to make profits while spending quite a lot of money on sponsorship fees, how to hold the opportunity when it comes up and how to maintain the impression after the event ends. As London 2012 Olympics is approaching, Chinese enterprises need to think about how to take advantage of this good opportunity to enhance their core competitiveness through sports marketing.

1.2 Objectives of the research

This research discusses the following aspects of the sports marketing, aiming to give Chinese enterprises some useful suggestions and advises.

- To evaluate the function and method of Sports marketing.
- To find out the relationship between sports marketing and brand strategy.
- From case study, find out marketing strategies of Chinese enterprises, trace performing role of sport marketing to expand a brand.
- To analyse the barriers which could affect the sports marketing, and determine the reasons cause unsuccessful sports marketing in China.

1.3 Research method

The research consists of two parts, literature review and case study. The literature review is based on qualitative research method. The data are collected from public resources, such as newspapers, annual reports and websites. The case study involves two enterprises in China, "Li Ning, Co." and "Lenovo Group". The author is going to interview the employees of these two companies, gather and analyze the data from them. The final research results are based on the combination of the case findings and the literature findings.

1.4 Structure of the thesis

In this thesis, chapter one is an introduction of the study, which briefly presents the topics, objectives and methodologies of the study.

Chapter two is the literature review, including definition of the sports marketing, brand management, sponsorship and sports marketing in China. Firstly, the concept of sports marketing will be introduced. Its function and uniqueness will be discussed. And then, the definition of brand assets, brand strategy and their relationship with sports marketing will be discussed. In this part, the author will introduce the Olympic game and how the Olympic game can assist an enterprise to build and strengthen its brand. The following section is about the situation of sports marketing in China and how to develop a brand in both domestic and overseas market. In the last section, the concept of sponsorship and how to work out an impactful sponsorship programme will be discussed.

Chapter three presents the research methodology. The methods used in various research approaches, including interview, data collection and data analysis, will be presented. The reason why these methods are essential to the research will be discussed.

Chapter four is the case study of the topic. The author will present data and information gathered from the interviews and assessments. After analyze the data the author will give some useful suggestions to the interviewed enterprises and further investigate whether sports marketing works in Chinese market.

Chapter five provides conclusions by summarizing the findings and suggestions.

1.5 Limitations

The limitations of the case study are that the author has examined only two companies. Furthermore, the interview data are from the manager who works in the each two companies, the author's location limited the way of interview and questionnaire, data are mainly collected from Internet. In addition, due to the time limitations and resources available, methods had to be adapted to fit the research problems.

Chapter 2

LITERATURE REVIEW

In this chapter, the author will review the definition of brand, sports marketing and sponsorship, try to find out the connection between them and investigate the current situation and problems of implementing sports marketing in China.

2.1 Introduction of sports marketing

Sport marketing is more complicated than what we thought. It is not just about sport events, sport stars, or simple sponsorship from an enterprise. It can be defined as "the specific application of marketing principles and processes to sport products and to the market of non-sport products through association with sport" (Shank 2002, P.2).

2.1.1 Multiple commentate and connotation of sports marketing

In his monograph "Sports Marketing: A Strategic Perspective" (Shank, 2001), Matthew D. Shank describes the sports marketing as the company marketing strategy through association of brands and products to sport actions in general, with the alternative corporation return goal of institutional image, brand image, publicity and sales.

Stotlar (1993) argues that any sports marketing organization should follow the traditional marketing approach in setting up a marketing plan: do a product and service analysis; do a situational analysis; analyze target markets; set marketing strategies; design the marketing mix, penetration, diversification and niche development; set up a system for implementation and control; do costing and budgeting; develop public relations, etc.

From the literature, we can find out that sports marketing is defined as pricing, promotion, the process of design a channel and implementation of activities for a certain physical product, aimed to meet the demand or desire of consumers and then finally reach the ultimate goal. Like traditional marketing, sports marketing is a process, a cycle, and a strategy that relies on a physical activity.

2.1.2 Functions of sport marketing

The eight functions of a brand are presented as (Jen-Noel, 2004):

Function	Consumer benefit
Identification	To be clearly seen, to make sense of the offer, to quickly identify the sought-after products.
Practicality	To allow savings of time and energy through identical repurchasing and loyalty.
Guarantee	To be sure of finding the same quality no matter where or when you buy the product or service.
Optimization	To be sure of buying the best product in its category, the best performer for a particular purpose.
Badge	To have confirmation of your self-image or the image that you present to others.
Continuity	Satisfaction created by a relationship pf familiarity and intimacy with the brand that you have been consuming for years.
Hedonistic	Enchantment linked to the attractiveness of the brand, to its logo, to its communication and its experiential rewards.
Ethical	Satisfaction linked to the responsible behaviour of the brand in its relationship with society (ecology, employment, citizenship, advertising which dos not shock).

(Figure 2.1, The functions of brand)

2.1.3 Uniqueness of sports marketing

Sport marketing is not a one-time deal. Only sport sponsorship and "sport stars" advertisements cannot make customers cognize the brand completely. The sports marketing is not a one-off trade. In other words, a brand cannot be improved by merely taking part in the sport events. The enterprises would get profits by undertaking the overall consideration of different aspects and activities involved with the sports. As a mature enterprise, it is necessary to integrate the public relationship and advertisement, and then design systematic, sustaining and creative plan which are based on an enterprise's strategy and market position.

In general, the following five main aspects within the sports marketing need to be aware (Mullin 1983)

1) The market for sport products and services. 2) The sports product itself. 3) The price of sport. 4) The promotion of sport. 5) The distribution of sport.

The sports marketing is not simply sponsoring. It is a specific systematic program that combines the products of the enterprise with the sports and combines sport culture with brand culture to form a particular culture for the enterprise (Westerbeek, 2004).

2.1.4 The cycle of sports marketing

Cycle of sports marketing starts with setting a target and mission, which should consistent with the strategy of the organization. Moreover, enterprise has to research and analyse surrounding environments, which contain consumer, competitor, company, and climate. Ultimately, necessary data and information of sports marketing are obtained based upon these "4C research".

In accordance with certain criteria, enterprises plan a segmentation of sports market and then define a target market. Enterprises have to work out a marketing mix strategy which should adapt to their development in the target market. Product, price,

place and promotion comprise the marketing mix. Eventually, through the implementation, management, evaluation and adjustment of the marketing strategy, enterprises sell products to consumers more efficiently.

2.2 Brand Asset & Brand Equity

It's very important that an enterprise is in possession of a certain market. But to own the market, the only way is to have a brand which has a dominant position within the market. A brand is an intangible asset, but it is a powerful weapon for an enterprise to participate in the competition.

2.2.1 Definition and Connotation of a brand

The American Marketing Association (AMA) defines a brand as: "a name, sign or symbol used to identify items or services of the seller(s) and to differentiate them from goods of competitors."

Brand is a name, a symbol, a design, or their combination. The purpose of brand is to make the product or service different from those of the competitors. The product is produced by the factory, but the brand is what consumers want to purchase. The product can be somehow imitated by others, but the brand is unique. The product is easy out of season, but the brand lasts a long period of time. From the perspective of manufacturers, brand reflects the company's personality. From perspective of consumers, brand is the perception of a function and an identity. Therefore, a brand's belief represents a company's image and value.

Research has shown that the cost of obtaining a new customer is 3 to 5 times more than keeping an old customer. When customer loyalty increases by 5%, corporate profits increase 25% -85%. This indicates that the profits of the enterprise are mainly from customer loyalty. Therefore, the objective of brand marketing is to maintain a high degree of customer loyalty.

2.2.2 Brand strategy

A good brand can build a rational competition, which keeps growing on sports goods market. The brand strategy leads an enterprise to focus on customers. A strong brand makes the market more healthy and prosperous.

In this era of shopping for labels, a well-known brand determines a company's competitive power in the market. It requires a company to strengthen the brand's planning and management. Take Coca-Cola as an example, global sports marketing have made Coca-Cola the world's most successful brand of beverage. Similarly, IBM, Motorola established leadership position in the market through the international sports events as well.

2.2.3 The relationship between sports marketing and brand strategy

Brand strategy reflects the ultimate objective of a business. Sports marketing is a way to achieve business objectives, but it has to be consistent with the brand strategy. Brand strategy determines the goal and scope of the sports marketing and ensures how to administer it. Therefore, the sports marketing carried out by enterprises should stick to the following principles:

1. The value of physical activity should be consistent with the brand value

The basic function of sports marketing is re-integration of resources. Enterprises integrates brand culture and corporate culture with sport culture, and bring the culture into products to achieve strong response of sport culture, subsequently causing consumer's resonance with business to form a special preference in a long period of time.

2. Physical image help consumers to strengthen the brand association

Brand association means that consumers usually associate the products with relevant names, trademarks, images, related tunes, or relevant color, etc. Brand association is a

mental shortcut, a shortcut to achieve brand's impression which reflects the brand values.

Enterprises have to integrate physical image and brand association together. For example, Gillette always sponsors a series of boxing events by the way of reflecting their brand strategy, because this kind of brand has to show a mighty impression to the public. Another example is that International Olympic Committee allows TOP (The Olympic Partners) to put on their products the five-wreaths which represents Olympic spirit. The TOP companies obtain several privileges through the designation, including the unique right to associate their brands with the image of Olympism, to utilize all Olympic imagery and to appropriate Olympic designations on their products and services.

3 Sports marketing should be in accordance with brand positioning

Sport activities have their own participants and audiences. Sport marketing only works when the target customers are just the same participants of the event. Brands need a brand positioning, which is how a product appears in relation to other products in the market (http://tutor2u.net/business/marketing/brands_positioning.asp). The purpose of sports marketing is to leave special preferences in the mind of target customers. Generally, different scale and character of sports activities determine different audiences. For example, the Olympic Games is the most popular sport event in the world, which has universal and international features. Olympic Games is one of the most important social and civil activity which are held every four years. It is well known that Olympic Game has very positive effects on the economy development of the sponsoring country. Olympic Games is not only spreading Olympic spirit, but is also a world-wide stage for spreading a brand. Therefore, the enterprises have to find the main point of the sport events in reality while performing sports marketing, which is a method to satisfy the spiritual needs of the public. The most important thing is that human spirit brought from Olympic Games adds an additional value to a brand,

which will create a positive relationship between Olympics and the brand (Mullin & Sutton, 1999).

With the development of Olympic, it becomes a unique economic system which we call it Olympic economy. Olympic economy comprises marketing of International Olympic Committee, the host country's development and participating departments in the economic market.

From the global research, Olympic value is well-known as: friendship, peace, justice, globalization, honor and aspiration. These are the values most of enterprises seek for.

4. Sports marketing is able to deepen the relationship of brands

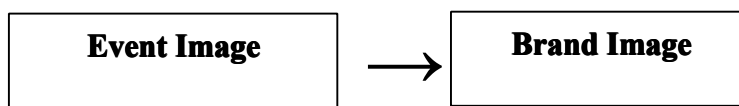


Figure 2.2 Process of transfer in sports marketing

Sports marketing is carried around sponsorship, which integrates event image and brand image. The transfer from event's image to the brand's image starts from sponsorship. It engenders knowledge, brings interest and favor, and enhances the desire. The process of transfer is done when the customer decide to purchase. It is known that brand is made for customers. With a famous brand, an enterprise is easy to get and maintain customers. Sponsorship is the primary factor in carrying out sports marketing. But only sponsorship is not enough. How to create and manage a brand's value are more important for an enterprise.

Sports marketing makes products and sport event together to produce a culture. The real implementation of sports marketing is not only sell products but spread a culture. To make products resonate with consumers, the effective way is to make full experiences of the brand. The brand relationship refers to the relationship between

brands and consumers, which could be enhanced by sports marketing. The most important target is to bring a resonance between consumer and brand so that a special emotion is generated between consumers and brand. These are what an enterprise should do to make the brand connected to customers.

Sports marketing should create a brand relationship by letting customers experience it in the whole atmosphere. For example, in the stadium, beside Coca-Cola cups are filled everywhere, the "Coca Cola" fans are distributed in a hot condition. In addition, Coca-cola established sales offices inside and outside of the stadium. The supermarkets around the stadium also carried out promotional activities in order to sell their products. All of the activities are the full experiences for the customer. Therefore, it is quite easy to experience the spirit of Coca Cola which is "make people cheer up"

5. Sports marketing could help an enterprise to create a strong brand

The ultimate goal of brand strategy is to create a strong brand. The sports marketing should serve for the brand strategy. A strong brand means a strong and accurate brand positioning, high level of brand awareness, distinctive brand personality, strong brand associations and characteristic brand emotion.

An effective way to create a strong brand is Integrated Marketing Communications (IMC). IMC is the coordination and integration of all marketing communication tools, avenues, functions and sources within a company into a seamless program that maximizes the impact on consumers and other end users at a minimal cost. (Clow, Kenneth E.; Baack, Donald (2007).

Sports marketing that requires IMC relies on physical activity which could integrate marketing communications. Enterprises should not only adapt to the model of world's sports integrated marketing, but also innovates the form of marketing, marketing performance, transmission and marketing activities. Successful business marketing includes innovation of brand images, marketing strategies and techniques of how to

keep a customer.

2.3 Current situation and problems of sports marketing in China

2.3.1 Problems of sports marketing in China

- **Corporate focus on short-term goals**

In fact, Chinese sports market has just started. Lack of the strategic planning is a key problem for these enterprises.

While major international enterprises took sponsorship as a chance to build and improve their brand, most Chinese enterprises only concerned about short-term benefits and sales targets. In China, businesses usually attract customers by cutting prices and blustering hype. Although this may create some visible increases on sales and market share in the short period of time, there is no benefit to their own development and brand building if the enterprises ignore the real meaning of sports marketing.

- **Out-of-date positioning mode, sports marketing is not enough diversified.**

Most of Chinese enterprises still adopt a strategy of traditional positioning. In this kind of strategy, although technologies, products and customer perceptions exist, but the change is very slow.

2.3.2 Problems of sports brands and their developing opportunities in China

- Domestic brand only cover a small proportion of the market in China and most of them are low-end products. The high-end products are mainly imports from foreign country. There is a superficial phenomenon that the export of Chinese

sports goods keeps growing. In fact, half of them are processing with supply material and 40% are general trade. The products under domestic brand are rarely exported. Chinese companies should strengthen the competition power in the world market by raising the output, improving the quality and developing the brand.

- China is still a world factory. This means that the companies concentrate their most efforts on manufacturing, not on developing brands and innovation of new products. Even after Beijing Olympic Game, this situation has not changed. Lacking of advanced technology is the main factor that blocks the development of Chinese sports brand.
- Too many Low-tech products and lack of innovation. Most Chinese enterprises do not have enough ability to do research and development. The products cannot meet the international standard. Although Chinese enterprises can survive by manufacturing, they lose core competitive power very easily. It is known that the high-end market has the high added value, therefore Chinese sporting brands need to fight for a place in the high-end market.
- Chinese enterprises have improper product structure and lack of core products. Most of them cannot put their brands in a precise position, therefore, it is difficult to find an efficient way to promote their brand in the public. Also, Chinese enterprises have no ability to make core products but produce the common products only.
- Simple brand promotion. At present, most Chinese companies do not have an integrated brand marketing system. Sellers are not professional enough and promotion strategies are not effective enough as well.
- Chinese enterprises have enormous pressure from foreign brands. Since China joined WTO, there was a chance to help China opening-up to the outside world. But at the same time, international enterprises and products entered Chinese

market and start compete with Chinese brand. This situation get even serious after Beijing Olympics.

- Sports goods manufacturing is a labor-intensive industry. China has a large population and hence plentiful labor resources. According to common international practice, when a country's GDP per person is above USD 1,000, people will spend more and more money on sports entertainment. At present, Chinese sports goods industry is still in its initial stage. It has tremendous potential and numerous business opportunities.

Along with the development of economy, China has improved civil living condition. As a member of WTO, Chinese enterprises have an opportunity to learn advanced technology from overseas to improve the technology contents in their products. In recent years, export of Chinese sports goods increased by 20%. At the same time, according to a website research (SGMA.COM), 33% of American manufacturer would like to choose China as their processing trade base. Research shows that China will be a reliable base of sporting goods manufacturer in the world.

In 2008, China hosted the Olympic Games successfully. This injected great vitality into Chinese sport goods industry and made Chinese sports goods shining in the world's market.

2.4 Economic Characteristics of Sports Products

Based on the principle of economy and sport itself, sports products have the following features:

1. Inseparability of production and consumption.

This means that the production and consumption cannot be separated in time and space. In general, sports products are difficult to store. The production and consumption usually happened at the same time, for example, game watching process and sport counseling services. However, with the development of modern science and

technology, the production and consumption can be somehow separated. Two examples are a) Watching live sports through television (separated in space). b) Getting personal training from video. (Separated in both time and space)

2. Non-physical.

In general, the sports products are in non-physical form, such as performance, competition, consulting and personnel training.

3. It has both natures of Club goods and private goods.

In the modern economic, the products are divided into public good, private good and products between them. A private good is a good that exhibits these properties:

- Excludable - it is reasonably possible to prevent a class of consumers (e.g. those who have not paid for it) from consuming the good. (From wikipedia)
- Rivalrous - consumptions by one consumer prevents simultaneous consumption by other consumers.

Private goods satisfy an individual want while public goods satisfy a collective want of the society. (From wikipedia) Club goods sometimes classified as a subtype of public goods that are excludable but non-rivalrous, at least until reaching a point where congestion occurs. These goods are often provided by a natural monopoly. Examples of club goods include private golf courses, cinemas, cable television, access to copyrighted works, and the services provided by social or religious clubs to their members. The EU is also treated as a club good. (Ahrens, Joachim, Hoen, Herman W. And Ohr, Renate (2005): "Deepening Integration in an Enlarged EU: A Club-Theoretical Perspective", in: European Integration, Vol. 27, No. 4, pp. 417 - 439.)

2.5 Sport sponsorship programme

Effective sponsorship program should be innovative. An effective sponsorship could

increase brand awareness and strengthen brand positioning.

Nowadays, numerous enterprises have recognized that huge opportunities are behind the sports marketing. An enterprise is not isolated manufacturer and distributors from others. The marketing behaviour is controlled by government and social organizations. In a long period of time, corporate has established a closer relationship with government and community, created a favorable environment to survive better. However, it is difficult to achieve ultimate goal by only taking commercial actions.

Sports marketing is not only simply sponsorship. An enterprise should select a feasible marketing strategy and a reasonable plan according to the business itself. An example is Nike, they sponsored all kinds of sports activities. Whereas in China, sponsorship is regarded as fashionable activity, they never considered the reality of the brand.

Sports marketing is mainly in the form of sports sponsorship. The sponsorship has the core influence on sports marketing. Through sponsoring, an enterprise selects a superstar as its spokesman, designs a product linked with the sports culture, campaigns through television and other advertisement to integrate the sports culture and the enterprise culture together to achieve a specific culture for the enterprise. Sports marketing should serve as an integrated part of the brand strategy. This is mainly reflected in:

1. Sports sponsorship is an important measure to spread new product and technology. Through this spreading process, it is easy to improve the value of a brand and to improve the reputation of an enterprise. Moreover, sports sponsorship makes promotional activity more vivid and interesting.
2. Sports sponsorship provides brand experience to consumers. It creates opportunities for consumer to experience the enjoyment and value of a brand, which enhances the emotion between the brand and customer.

3. Sponsorship impresses the consumer. Because sport events have distinctive features, sponsorship may enhance brand image and leave positive feedback to an enterprise.

4. Through sports sponsorship, an enterprise can enhance brand value. It is easy to create a professional, authoritative, strong image, then finally advance the brand value.

2.6 Method of sports marketing

2.6.1 Introduction of TOP Programme

The Olympic Partner (TOP) program, founded in 1985, renewed every four years, is the highest level of business plan for the International Olympic Committee.

TOP partners have exclusive rights in the area of technology, service and product. Specifically, the benefits to the Partners are:

- TOP has the right of using Olympic intellectual property. In accordance with the provisions, the partners are allowed to conduct advertising and marketing activities with Olympic logo. In addition, they can use Olympic symbols and appropriate Olympic designations during the marketing.
- In accordance with the general sponsorship, TOP have pre-emptive rights to conduct outdoor advertising during Olympic game.
- TOP has the rights to participate Olympic torch relay.
- Preferential tax policies for the enterprise who joined TOP.
- Because of the exclusive rights in the market, TOP avoided the competition from the same industry. Only one enterprise can be designated as TOP member in the same industry.

2.6.2 A strategy of "Edge ball" Marketing - Ambush marketing

Because of the exclusive nature of TOP, very few enterprises can get TOP "ticket".

Many non-sponsors try to seek for a connection to the Olympics. Therefore, the ambush marketing appears in Olympic games.

Ambush marketing can be defined as a marketing strategy wherein the advertisers associate themselves with, and therefore capitalize on, a particular event without paying any sponsorship fee. (Jacqueline A. Leimer, *Ambush Marketing*) Generally, ambush marketing is accompanied by the development of Olympic marketing. For example, the Nike Company made advertisement prior to and after the Olympic Games, which was easily made the public thought Nike was a member of TOP.

There are many indirect ambush techniques. The following are some of them:

- 1) Set up the enterprise's brand identity outside of the stadium to catch the attention of the audience.
- 2) Try to connect the enterprise's slogan with the Olympic events that could misguide the consumer to think that this enterprise is a member of TOP.
- 3) Create their own activities and events to attract consumers.
- 4) Achieve brand recognition through purchasing the right of TV broadcast.
- 5) Distribute free samples to audiences in or out of stadium.

Ambush marketing does not involve counterfeiting or the illegal use of trademarks, trade names and symbols. An enterprise usually pursued the big objectives with small expenses, ambush marketing was an approach to achieve a small costs by taking advantages of other big enterprises.

Chapter 3

RESEARCH METHODOLOGY

3.1 Introduction

This study tries to put theories into real use. The main method is case study. A case study is a research methodology common in social science. It is based on an in-depth investigation of single individuals, groups, or events. Case study is a descriptive or an explanatory research. The latter is used to explore causation in order to find underlying principles. (Robert K. Yin. *Case Study Research: Design and Methods*. Fourth Edition. SAGE Publications. California, 2009.) From the case study, the reader may comprehend specific theory and details well.

3.2 Research objectives

The main purpose of this study is to find out how Chinese enterprises can build and improve the brand through sports marketing. Two companies, Li Ning, Co. and Lenovo Group are selected as examples. The research analyses how these companies developed from a local brand to a famous international brand and what their marketing strategy are. Furthermore, the author try to give some useful constructive advises to Chinese enterprises, which could help them get more benefits from sports marketing. The following are the objectives of this study:

- To evaluate the function and method of Sports marketing.
- To find out the relationship between sports marketing and brand strategy.
- From case study, find out marketing strategies of Chinese enterprises, trace performing role of sport marketing to expand a brand.
- To analyse the barriers which could affect the sports marketing, and determine the reasons cause unsuccessful sports marketing in China.

3.3 Research approach

In this study, inductive approach is adopted. The inductive approach is a systematic procedure for analyzing qualitative data where the analysis is guided by specific objectives.

The purposes of the inductive approach are

- Condense extensive and varied raw text data into a brief, summary format.
- Establish clear links between the research objectives and the summary findings derived from the raw data. Ensure these links are both transparent and defensible.
- Develop a model or theory about the underlying structure of experiences or processes which are evident in the text and raw data. (David R. Thomas *A general inductive approach for qualitative data analysis, 2003*)

3.4 Research strategy

Case study with grounded theory approach is selected as research strategy.

- **Case study** is a research methodology common in social science. Eisenhardt (1989) suggest that case studies are particularly well suited for exploring issues in grounding theory. It can be defined as "a research strategy which focuses on understanding the dynamics present within single settings."(*Building theories from case study research*, Eisenhardt , 1989, p.534)
- Case study is based on in-depth investigation of single individuals, groups, or events. It might be descriptive or explanatory. They provide a systematic way of looking at events, collecting data, analyzing information, and reporting the results. Moreover, through the case study it is easy for the researcher to know what might become important to look at more extensively in future research. (From Wikipedia)

The purpose of a case study is to gain an in-depth understanding of the situation and meaning for those involved.

The case study approach to a research is a way of conducting mainly qualitative inquiry, commonly used when it is impossible to control all of the variables that are of interest to the researcher. The unique strength of case study is the ability to deal with a full variety of evidence, including documents, artifacts, interviews and observations.(Florian Kohlbacher. 2006)

3.5 Methods of Data collection

When the research problem is defined and specified, the research effort logically turns to data collection (Gilbert and Jr, 1999). Data collection is an important aspect of any type of research study. There are quantitative methods and qualitative methods for data collection. Two important examples of the latter are interviews and questionnaire, which will be used in this study.

1. Interview

An interview is a conversation between two people where questions are asked by the interviewer to obtain information from the interviewee. Interview can be structured, semi-structured, or unstructured. It can be used for marketing research, academic analysis and so on. Usually, interviews in quantitative research are more structured than those in qualitative research. In this study the semi-structured interview is selected.

Semi-structured interview is usually based on a fixed number of pre-determined questions. These fully-structures questions are combined with some 'open-ended' questions. The 'open-ended' questions are easy to design and to ask, but require more of the respondent in answering. Because of the 'open-ended' questions, the

semi-structured interview has a great deal of flexibility. Not only the form but the contents of the interview can be very flexible. Also, this kind of interview is a two-way communication. Researcher can get more complete and in-depth information. Therefore, semi-structured interview are widely used in a variety of research.

Because the research is focus on the Chinese market, the on-line interview is an effective way to adopt. It usually happened when interviews with a very geographically dispersed population and interview individuals or groups who are often difficult to reach. The advantages are low in costs to the researcher, fast and easy to get response from interviewee and reduced negative effects due to that the participants cannot 'see' each other.

In this research, author interviewed the staffs of Li Ning Co. and Lenovo Group, who are mainly from the marketing departments. Chinese is the only language used in the communication.

2. Questionnaires

A questionnaire is a research instrument consisting of a series of questions and other prompts for the purpose of gathering information from respondents. The questionnaire contains both open-ended and closed questions. It is easy to analyze and process the data collected with most statistical analysis software. Written questionnaires reduce interviewer bias because there is uniform question presentation (Jahoda, et al., 1962). In order to design an effective questionnaire, it is important to define the connection between the theories to test and the variables.

In this research of Chinese enterprises, author sent 120 copies of the questionnaire by E-mail to the employees who are mainly from marketing department of the enterprises, 98 copies was returned. The questionnaire contains 4 questions, which are presented in the appendix.

3.6 Data analysis

Data analysis is a process of inspecting, cleaning, transforming, and modeling data with the goal of highlighting useful information, suggesting conclusions, and supporting decision making. (From Wikipedia)

In practical, the data analysis could help people make judgments and take appropriate action. Data analysis aims to collect data purposefully and to transfer data into information. For example, by doing market research and analyzing the collected data, a leader of an enterprise can determine the trends of the market and then establish the appropriate production and sales plan. Therefore, data analysis has a very wide range of applications.

The data analysis is based on the findings from the interview and questionnaire. The analysis and findings from the interview and questionnaire will be presented in the following chapters. Finally, the author will draw conclusion on the analysis results of the study.

Chapter 4

CASE STUDY AND FINDINGS

4.1 Introduction

In this chapter, the case study will be introduced, and the data of the research of Chinese enterprises in sports marketing will be analyzed. The research data is gathered by way of online interviews and e-mail questionnaires. Research results are combined with case findings and previous literature.

There are two components in this chapter. The first provides general information, discusses marketing strategy, entry barriers of sports marketing, as well as success factors in Chinese enterprises. This information is gathered from online-interviews and company reports.

The second component is data from questionnaires, which reflect some useful information about Chinese enterprises.

4.2 Case study A

The case study is a research strategy. Hakim (1987) stated that case studies are the most flexible of all research designs.

4.2.1 Background of Li Ning, Co.

Company name: Li-Ning Company Limited

Location: Beijing

Established year: 1982

Li-Ning Company Limited is one of the leading enterprises manufacturing sports equipment in China. It has its own departments dealing with different matters from branding, research and development, design, manufacturing, distribution and retail. Li-Ning is now the name of a sporting article company in China. As the biggest local brand in China in this field, Li-Ning represents a dream of the nation about sports. The group's products include footwear, apparel and accessories for sport and leisure use which are primarily sold under its own LI-NING brand. The CEO of the company, Li-Ning, as the most successful Chinese gymnast in the 1980s, who has affected Chinese young generation by his mental toughness, enterprise' brand is high loyalty in the heart of populaces. As time goes by, although Li-Ning still is an influential brand, without an effective marketing strategy to rebuild brand image, this brand could fall into disuse in the mature market.

In this situation, the enterprise has decided to focus on sports marketing in hopes of rebuilding the unique characteristics of Li-Ning in the heart of its customers.

4.2.2 Analysis of Li-Ning Co. Brand's Success

- Li-Ning marketing strategy-- Made in China

In the sports market of China, Li-Ning experienced a very successful process of development. In 1995, it became the first sports brand, in the following seven years, its market was the highest in the domestic market. To sum up, the factors of Li-Ning's success are: The initiator - Li-Ning's name recognition, special permission and special sales outlets, sports sponsorship, advertisement, price, design, development, management team, etc.

- Resonate with customers

The slogan "Anything is possible" is well supported by many factors. Li-Ning has a

unique marketing strategy which is to "attract attention of customers and let them know what exactly the brand image is". Li-Ning not only provides sports equipment and services, but also advocates a healthy lifestyle. For instance, Li-Ning has claimed that "go and enjoy the outdoor sports" They have sponsored 3 versus 3 basketball matches in some of the universities in China; the purpose is to promote a healthy lifestyle for all students after school. This kind of activity is a good example to illustrate Li Ning's brand positioning.

- Sponsor large-scale events in order to achieve a professional and international image

A sports event is a big stage which can provide opportunities for both sports-related and non-sports-related brands. Li-Ning would like to build their brand image by utilizing sporting spirit such as: passion, energy, fashion, health, struggle, etc.

Sports' marketing is not a "one shot deal", the sports sponsorship and the "sports star plus advertising" marketing strategies cannot satisfy the public's recognition of a brand any longer. After years of exploration and experience, Li-Ning had their own modes of commercial operation and became a leading brand of domestic sports products.

The company formulated a professional development strategy in the beginning of 2004. First, they pioneered high- tech designed basketball shoes in the Chinese market. Then in August 2004, Li-Ning attracted worldwide attention by sponsoring a basketball team in Spain. The company also provided all equipment in the Athens Olympics. In January 2005, Li-Ning became a strategic partner of NBA, which has enhanced the professional image of the brand.

Through these activities, Li-Ning Company has combined brand positioning and professional development strategies together.

4.2.3 Interviews with Li-Ning Co.

Li-Ning's director of external affairs Xinwu Zhang asserted that the company has developed for a brand strategy in three stages. The first stage is a 5-year plan spanning 2003 through 2008, making the Chinese market the most important strategic market and get benefiting from it. The second stage spans 2009 through 2013, growing gradually and becoming more international in this period of time. In this phase, annual turnover of Li-Ning Company is expected to remain at 35% - 40% of growth. The third stage is year 2013-2018, targeting to become the world's top five sports brands.

Through the interview, the author found that Li-Ning group is not a TOP member because of the huge sponsorship fees. However, the unexpected results did not stop Li-Ning from implementing sports marketing. According to Mr. Zhang, the company began to take circuitous strategy to rescue the market, and try to find a direct marketing strategy which is to ambush marketing.

There are 4 ways to help Li-Ning to get over its disadvantageous position in the market.

1. Li-Ning set up an international brand image by sponsoring a large number of foreign players and teams, as well as supporting international sporting events.
2. Li-Ning has signed the contract with NBA "big sharks" O'Neal and then developed its new basketball shoes which they called "Flying A", "Yu Shuai", and "SHAQ". Li-Ning also signed similar agreements with basketball associations of Spain and Argentina. Subsequent exposure during the World Basketball Championships 2006, made the Li-Ning brand well known in the world.
3. Learning from the experience of this success, Li-Ning is trying to sponsor other teams in order to participate in the Olympic Games. In the Beijing Olympic Games, Li-Ning supported four national teams, in order to show Li-Ning brand sportswear during the live broadcast. This strategy increased brand recognition and strengthened

the marketing position of the products.

4. Li-Ning's use of the media platform as a shortcut to participate in the Olympics is quite creatively. Sponsoring TV channel is a way to get close to the enthusiasts and general consumers. A lot of information and news are transmitted through the media to audiences who cannot be present in the stadium. Li-Ning became the clothing sponsor of TV channels, making the news programs an additional promotional platform.

Although ambush marketing is effective for sports marketing, it is still seen as an "illegal" marketing strategy by the IOC. Moreover, the Chinese Olympic Committee plans to introduce legislation against ambush marketing to provide protection for sponsors. According to the decree, the five interlocking rings, Olympic anthem, and anything represents Olympic Games are not allowed of any infringement. Besides, such things as mascot, brand, logo and anthem which are developed by the Olympic Committee will be put under protection.

4.2.4 Additional barriers for Li-Ning Co. in sports marketing

● Less auxiliary marketing in sports sponsorship

Auxiliary marketing is a method first mentioned by Wei Tao, owner of AMIC Public Counseling Corporation in China.

It is generally believed that technologies used in network and accessory advertising are all included in auxiliary marketing and service for the marketing system.

Li-Ning spends significant money on sporting event sponsorship, but does not fully engage in other areas such as new product package and design, promotional and advertising support. In addition, Li-Ning also does not budget for auxiliary marketing, which is a standard for foreign enterprises. For example, Nike adopted

strategy of 1:3, which means if \$100 million is spent to sponsor an event, then \$300 million would be spent to promote and support it. Li-Ning has sponsored four national teams, but they did not consider about the matching bonuses when counting sponsorship fees, which caused an inversely proportional on the input and return.

Many Chinese enterprises believe that the sports marketing is only event marketing, Li-Ning participated in world famous sporting events frequently, but the brand management and brand maintenance disappeared soon after the event.

● **Deficient marketing system**

Sports marketing pursue an integration of corporate culture and sports culture. It is a strategic plan with characteristics of long-term view and global coverage. Overall, Li-Ning still lacks a systematic strategy, which has led the company to short-term behaviours and incoherent actions. Coca-Cola, for example, has supported sports for many years with the coca-cola logo presented at almost every international event. Through all the large-scale events, Coca-Cola has become a spokesperson for sports. Although Li-Ning has participated in sports marketing actively, they still need a long-term and global plan. For example: Li-Ning has sponsored the Olympic Games, Asia Sports Games and East Asia Games, but the company is absent in other areas such as the F1, the prominent football league.

Sports marketing require a systematic and comprehensive strategy, with a purpose to communicate to sports fans all over the world the culture of a brand. Thus, Li-Ning has to look toward professional games in their future plans.

Deficient marketing also was shown in not fully experiences while carrying out sport marketing. From this perspective, Li-Ning needs to provide a full and genuine experience for the customer, rather than just simply place their logo inside a stadium.

● **Lack of Brand personality**

The owner of the company, Li-Ning, was an influential gymnast in the 80's and 90's,

the company had very positive image and high awareness in the market. The considerable name recognition associated with the brand has given the company a good start. But Li-Ning has become solely associated with gymnastics and professional gymnastics equipment in customers' minds. Li-Ning advertisements sometimes ventured far from professional image and sports marketing, such as inviting a movie star to be a spokesman. Although the movie star has a certain social influence, the ad did not reflect an athletic image of Li-Ning.

As we know that the athlete Li-Ning is a patriotic entrepreneur, his image was usually more impressive than the products, which has a negative impact on sports marketing and brand management. According to the research, the company Li-Ning has spent more than RMB1.5 billion to sponsor a variety of events in the past ten years. However, consumers continue to feel that Li-Ning is a friend, familiar but lacking distinctive personality. Thus, Li-Ning needs to create new thinking, new ideas, and new plans to guide consumption.

4.3 Case study B

Company name: Lenovo Group

Location: Beijing

Established year: 1984

4.3.1 Background of Lenovo Group

Lenovo is one of the world's largest makers of personal computers. Formed by Lenovo Group's acquisition of the former IBM Personal Computing Division, the company develops, manufactures and markets reliable, high-quality, secure and easy-to-use technology products and services worldwide.

As the author mentioned before, sports marketing can be used in either sporting good brands or non-sporting good brands. Lenovo, as a global leader in the PC market, has

consistently utilized sports marketing to increase name recognition.

On March 26, 2004, as the first Chinese enterprise to do so, Lenovo Group signed a cooperation agreement to become a global partner of the International Olympic Committee. In the next four years, Lenovo has provided PC computers, notebooks, servers, printers, computing equipment, financial and technical support to over 200 Olympic delegations in Torino 2006 Winter Olympic and 2008 Beijing Olympic. In 2004, Lenovo announced that they have acquired Personal Computing Division from IBM, which means Lenovo has taken an important step in the process of globalization. In addition, sponsoring Beijing 2008 Olympic Games was the best opportunity for Lenovo to increase the brand value.

4.3.2 Marketing strategy of Lenovo Group

From an interview with Lenovo sales director Mr. Yang, the author collected the information as follows:

According to sports marketing, Lenovo's strategy was to take advantage of the global forum of the Olympics to boost the brand's global impact. On April 2003, Lenovo changed the old logo Legend to Lenovo in order to prepare a way to the international stage. Lenovo was selected as the first TOP in China, as a TOP sponsor, Lenovo started business and marketing in more than 200 countries and regions to improve their reputation. It was a risky move on their part.

The Turin Winter Games was the first time that the Lenovo brand was popularized in the overseas market. The marketing strategy of Lenovo was "focus on the Olympic Games, a specific event as a complement."

Lenovo Group has produced new products with the Olympic logo all over the world, and designed a series of Olympic themed advertisement to present Lenovo brand in public. During the Olympic Games, they established internet bars in Beijing in order

to ensure all athletes can have access to the internet. In addition, Lenovo selected 11 athletes as Lenovo ambassadors who attended Lenovo promotional events all around the world.

As a TOP member, Lenovo Group aims to establish a strong connection between customer and brand. During the games, Lenovo Group had several different strategies to achieve this.

One strategy was to offer a range of technological resources, which included providing hundreds of commemorative computer as well as on-line technical support to over five million customers. Lenovo also provided Olympic remembrances medals to over 30 million customers. Another strategy was to offer 1000 Olympic tickets and invite customers to watch the competitions, visit Olympic test events, Olympic stadium and other activities. At the same time, Lenovo Group also sponsored several opportunities to become one of the Olympic torchbearers.

4.3.3 Getting over the weaknesses of the Olympic marketing

For Lenovo, the pressure of capital scale was the utmost problem. The company spent nearly \$80 million to become a member of TOP, and the subsequent investment that was 3-5 times that for the sponsor fee. Given that Lenovo's earnings were the lowest as compared to all other TOP sponsors, the company bore great financial risk of spending almost 1/3 of its earnings. The capital barrier also badly affected further implementation of additional sports marketing. Mr. Yang emphasized that if two dollars were spent on sponsoring any of events, then there should be eight dollars to aid and follow the market, two dollars have no management, eight dollars aims to strengthen a market and manage a team. Not only to sponsor the Olympic Games, while the market is more important to be sponsored, in this sense, Lenovo has taken the first step, but a long way to develop.

4.3.4 Additional interview with Lenovo Group

The regional marketing director of Lenovo Mr.wang said, "Olympic is not the only platform for Lenovo. We will use multiple platforms to develop different strategies that are suit for us. For example, we need to focus on football, F1 and other sports competition by extending our brand in Europe. We also need to focus on NBA in the U.S. while in China the sponsorship was about table tennis and badminton. Lenovo would like to develop different strategies depending on different characteristics of different regions"

Mr. Wang also explained "Lenovo group decided to withdraw from the TOP programme after year 2008. Because of the TOP program and the acquisition of IBM, Lenovo has established strong brand recognition in the international market; the next step is promotion and additional input in other aspects of non-marketing. As we all known that the Olympic marketing effect is basically over after Olympic Games. But like NBA, F1, and Football League are held almost once a year, with features of long season, high-impact and high degree of loyalty. In addition, audiences from NBA or F1 races and potential customers from Lenovo have correlative character to some extent. Therefore, we believe turning our resources into sponsoring some events which are smaller investments but more returns would be a wise and practical choice."

Through the interview, Mr. Wang explained that sports marketing obviously had a positive effect on Lenovo Group.

Net profit for Lenovo Group in the 2009-2010 financial year increased 20%, while international market share was around 6.7% and global turnover reached \$16.9 billion, making Lenovo fourth ranked in the field of personal computer. Lenovo's profit growth was mainly due to its overseas sales.

From 2007 to 2010, Olympic marketing increased brand awareness of Lenovo in the

world (excluding China market) from 40% to 50%, consumption from 39% to 47%. By these measures, the Olympic marketing strategy was a complete success for Lenovo. The Chairman of Lenovo Group Yang Yuanqin said: "Over the past few years, Lenovo's awareness was upgraded by the TOP sponsorship program, especially in the areas of outside China, which has achieved the expected goals. Successful cooperation with the various media during the Olympics has helped the company improve the brand image in the public's eyes."

All in all, Lenovo is the first company which became a TOP member in China, though Lenovo paid a significant amount of money on sponsoring the Olympic, for the company to achieve its international ambitions, the investment was a success.

4.4 Analysis of case study

As we know, each company has different methods of marketing strategy to build and expand its brand. In this chapter, the author is going to combine and analyse all the information and data.

4.4.1 Comparison of marketing strategy of Li-Ning Co. and Lenovo Co.

	Li-Ning Co.	Lenovo Co.
Type of company	Sporting goods enterprise	Makers of personal computers
Slogan of Advertisement	Anything is possible	Lenovo, power to converge the world
Research and Development	Technology specialization	From diversity to specialization
Sales information	More than 23 Commercial network all around the world	Sales network in almost all over the world.
Sponsorship during	Sponsored national teams	Join the Olympic TOP

Olympics	(China, Spain) in Olympic games	
Sales network	Diversification of retail terminal, stability of vendor.	Acquisition of the former IBM division makes a global network retail.
Others strategies of sport marketing	Olympic ambushing marketing	Television programme sponsorship
Achievement through Sport Marketing	Global turnover reached 11.5 billion dollars per year	Global turnover reached 16.9 billion dollars per year

Figure 4.1 List of information about Li-Ning Co. and Lenovo Co.

From the information of these two companies, it is obviously that they are both involved in sports marketing and achieved a certain measure of success from it.

	Li-ning	Lenovo
TOP sponsorship	No	Yes
Participate in advertisement campaign	Yes	Yes
Ambush marketing	Yes	No
Select stars as a spokesman	Yes	Yes
Television programme sponsorship	No	Yes
Sponsor national team in Olympic	Yes	No

Figure 4.2 Marketing strategies of Li-Ning Co. and Lenovo Co. during Olympic Games

Lenovo is the first Chinese company who joined the TOP. Because the Olympic Games are worldwide platform which can impress customers so much, it is very suitable for the international brand to enhance their global sales. The more sales are achieved through this platform, the more spreading of the brand value. Li Ning, Co. is excluded from TOP sponsorship because they don't have the huge amount of capital

needed for the TOP member. Instead, they participated in Olympic by sponsoring the Chinese and foreign national teams and a large number of foreign players to shape their international image.

Advertising campaign is an important marketing strategy, which is used by both Lenovo and Li Ning, Co. The campaign usually has a theme which is the core message that will be communicated in the promotional activities. The advertisement can appear in different media: newspaper, TV, Internet, radio and outdoor advertising boards, etc. The campaign around these two companies mainly appeared in TV and outdoor advertising boards. Also, Li Ning, Co. and Lenovo group both provided their products and services during the events for the purpose of spreading brands.

As mentioned above, Li-Ning Co. is excluded from TOP sponsorship, so they adopt a strategy of ambushing marketing. Although International Olympic Committee accuses that ambush marketing is a kind of "immoral behaviour", on the perspective of Li-Ning, Co., however, they never took advantage of the events by breaking any interests of TOP sponsors. Li-Ning, Co. carried out various marketing activities to expand their influences. They attracted consumers at the expense of their competitors. One very interesting example is that Li Ning, the company's owner; himself was the last torch bearer in 2008 Beijing Olympics. When he lit the Olympic flame at the game all the audience see is "Li-Ning", although he was wearing Adidas.

Every enterprise needs a spokesman. The spokesman should be an influential person in the minds of consumers. Many companies select sports stars as the spokesman because of the "halo" effect. Both Li-Ning, Co. and Lenovo group are doing the same. The important thing is whom and when to select and how to reveal the card of voicing by the stars. Usually, the company selects a sport star who is a potential champion in the games. There are some risks by doing this, for the reason that, generally speaking, the enterprise cannot predict the final ranking in the games. The spokesmen who lose in the game might reduce the interests of consumers and even bring a negative

impression to a brand.

TV programme sponsorship is another important method in improving the impact of a brand because TV program are shown to the customers almost every day. In this kind of sponsorship, the brand needs to become part of the emotional relationship between viewer and programme. Television sponsorship used by Lenovo group is a very good example of this kind of sponsorship. They designed a special programme regarding their core value of brands and showed a strong association of the brand with the media, which greatly highlighted the brand features.

4.4.2 Comparison of marketing process in Li-Ning, Co. & Lenovo, Co.

The growth and development in Li-Ning, Co. are inseparable from the environment and the general trend of sports. From the 1992 Barcelona Olympics to 2008 Beijing Olympics, Li-Ning, Co. has provided equipments to Chinese delegation all along. With the development of sports undertaking in China, China won more and more gold medals in Olympic Games. At the same time, "Li-Ning" stands on the international sports stage with a stronger and stronger brand in recent years,

On the other hands, in recent years Li-Ning, Co. has signed a series of sport stars and teams and hence successfully entered the market in Europe, South America, and Japan. Li-Ning, Co also signed NBA players. This is the very first time the NBA players wear a Chinese brand in the campaign, which greatly enhanced the image of Li-Ning, Co. and its brands.

Since Li-Ning, Co. did not obtain TOP, its marketing efforts around the Olympic Games is mostly ambush marketing. That is, all the marketing activities are targeting the consumer in order to achieve a misguided impression of TOP. It is reported that during the Beijing Olympics, numerous consumers thought that Li-Ning, Co. was a member of TOP. Without spending a lot of money on the sponsorship fees, Li-Ning, Co. signed a contract with some athletes and established a sport centre to improve the

brand.

Li-Ning, Co. believed that they should focus on sustainable growth and keep the social responsibility for public. For example, Li-Ning, Co. helped to improve the education and infrastructure in rural area of China. They not only undertook the social responsibility, but also delivered the spirit of "everything is possible" to the whole China.

Through internationalization, public interaction, sponsorship and ambush marketing, Li-Ning, Co. has integrated both traditional model and new model of sports marketing. They developed the brand's strategy, established a professional image and kept a social responsibility. Eventually, they enhanced the reputation of the brand. Li-Ning, Co. is a quite successful case in sports marketing. It gets more and closer to become an international brand.

Lenovo group started the process of internationalization since they changed their name from "Legend" to "Lenovo". After signed with FIFA World Player Ronaldinho, Lenovo approached 19.3% of the recognition. At the same time, the advertisement of Lenovo impressed consumers in a very short period of time.

Then Lenovo cooperated with NBA in 2007, which made them became an official marketing partner of NBA and the only partner as personal computer.

For Lenovo, the most important event was became a member of TOP in Beijing Olympics. When an enterprise wants to use the Olympics as a marketing platform, they firstly need a clear goal and then find the relationship between the company's brand and Olympic Games. In the consideration of sponsoring the Olympics, an enterprise should figure out what special things the enterprise can offer to the consumers, what is the consumer's own desire, and what is the value of the enterprise's own brand. Is it possible to use some special activities to create a combination of these three aspects? Olympic Games provide an opportunity to accomplish this. Sport marketing with the

Olympic Games has been proved as a very effective means to reach this goal. Generally, to raise a brand's awareness by 1% needs to invest 2 million dollars. If by means of Olympic Games, however, the same input can make a raise of 10%.

Through TOP sponsorship, Lenovo carried out a series of marketing activities around Olympic logo in order to strengthen the brand. If an enterprise merely emphasizes its partnership with the 2008 Olympic Games, the effectiveness of sport marketing would not be achieved. Lenovo has established a common vision with Olympic logo and found a point to link their products with spirits of Olympics which were "Green Olympics and High-tech Olympics".

From the examples of the two companies shown above, we believe that improving a brand's image cannot be achieved only by sponsorship. An enterprise should carry out a full range of activities and varieties of mixed marketing methods to make maximum use of the sports marketing.

4.5 Questionnaire and Findings

In this research, author designed a questionnaire (Appendix A) which contains 4 questions. The questionnaires were sent to over 120 persons who are mostly from marketing department of Chinese enterprises. 98 copies of the questionnaires were answered and returned.

69 persons answered that the company they work for has carried out sport marketing in last three years. The others answered "No" to this question but all of them felt that the company should participate in sport marketing. 90 persons selected the answer that a company can build and expand their brand in the market easily by means of sport marketing.

Figure 4.3 shows the results of the question "Which element do you think is the most important precondition if joining TOP". Approximately 56% of the 98 respondents agreed that huge capital support is the most important precondition of joining TOP. Only 10% thought "whether the company has international brand awareness" is the most important factor. "Sufficient sport marketing experiences" and "The brand core value is the same as Olympic spirit" make 22% and 12%, respectively.

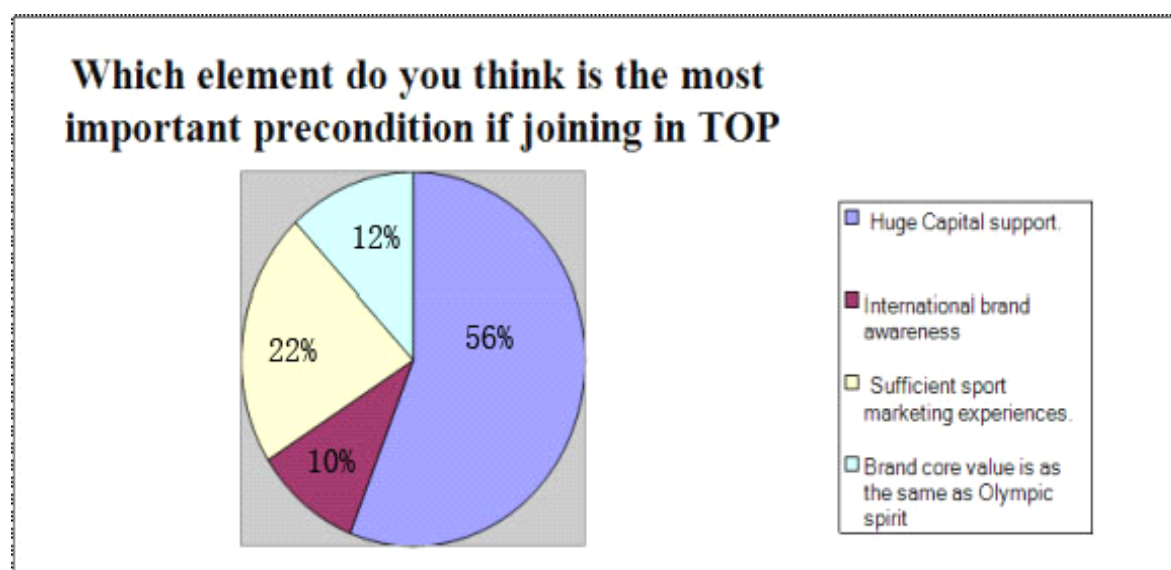


Figure 4.3 Precondition when joining TOP

It is clear that top precondition is huge capital, thus the enterprises should evaluate the business value of Olympic Games regarding to their own resources. Took Li-Ning, Co. for example, they have given up TOP because either they do not have enough capital support or they think they can get the same results by other methods, such as ambush marketing..

Figure 4.4 showed the results of responses on question 3, "Reasons that causes unsuccessful sport marketing in China". Only the top three reasons are shown here, which are: Deficient funds support (Pressure of capital), lack of sport marketing experiences, and Short-sighted of business (short-term strategy and planning). It was a single or multiple choices. 78 persons thought that "lack of marketing experiences" is

the main reason, which takes a scale of 80%. 68 persons selected "pressure of capital", which takes a scale of 70%. Finally, 49 persons agreed "lack of long-term planning", which takes a scale of 50% in the research. Compared with other reasons listed, these 3 are the most important reasons that block successful sport marketing in China.

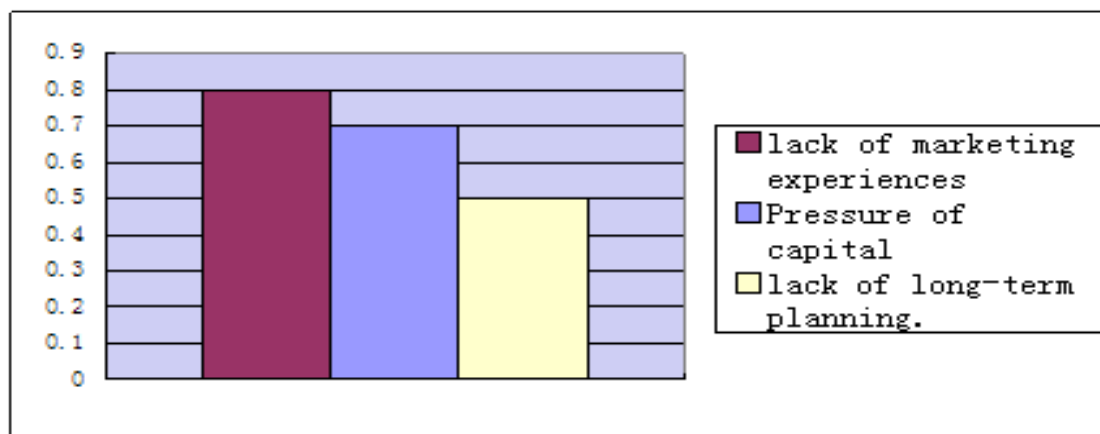


Figure 4.4 Top 3 reasons cause unsuccessful sport marketing in China

For Chinese enterprises, the top one barrier is lack of marketing experiences.

- At present, domestic enterprises have not enough marketing experiences. They often use "monotone advertising". In some major sports events, some companies use only very simple advertising, e.g. put billboards inside the stadium or print the logo on the clothes of athletes. During the 2008 Olympics, more than five enterprises used a simple "dream" slogan. The purpose was to approach the core concept of Beijing Olympic which is "One World, One Dream". On the other hand, lack of innovation is a main problem for Chinese enterprises. Many sponsors launched a kind of "Star + Sports + Olympic products" TV advertising. This kind of advertising lack of creativity and is difficult to express the information of Olympic sponsorship, What's more, a monotone ad would ignore the relationship between brand and value of consumers. The only result of the monotone ad is that consumers will quickly forget the brand after the events.

- The precondition of implementing sport marketing is capital. A report states that TOP sponsorship fees have been increased to 8,000 million U.S. Dollars. The cost of later promotion is even higher, about 10 times more than the sponsorship fees. Beside of sponsorship fee, sponsors need to invest in advertising campaigns and activities. Therefore, the sport sponsorship marketing activities need huge financial capital, How to ensure good return from the sponsorship and how to maximize the value of the sponsored sport stars is the main challenge that Chinese enterprises should consider. Take Lenovo Group as an example, they finally withdraw from the TOP programme after the Olympic Game, because of the funding reasons. They had to focus on the target market and turn to the regional events such as F1, NBA and so on.
- Customers do not care about how much money an enterprise spend on obtaining the TOP. What they really care is whether they could get good quality of products and services from the TOP. Therefore, the enterprises have to make a long-term plan and marketing strategy for the market. Branding is a strategy. Olympics are important ways of marketing. At present, majority of enterprises still focus on short-term benefits but ignore long-term interests, which may affect the actual benefit they can get from the Olympic economy. Even greatly, this may affect the brand in the process of internationalization. Many enterprises did not support correlative marketing activities after sponsored an event, a short-term behaviour would make an unsatisfactory returns for a enterprise. For example: in "Real Madrid Football Club China Tour", a corporate called "Septwolves" spend 400 million to become the only one enterprise who has been entitled to offer clothing to them in China, but the effect of the advertisement gets over while the club left China. A good example is Lenovo group. They spent two years to implement a plan, which includes several warm-up activities: the Relay Running with Torches, the Rewarding Internet Solicit Articles and the Review of Olympic Games History. These warm-up activities ensured very good public awareness and successful implementation of the main sponsorship programme. All these indicate

that short period of time could not make an impressive advertising.

In the cases mentioned before, the enterprises should evaluate the current market position of the brands, and establish a plan about the objectives they need to achieve by sponsoring a sport event and what they should do when it is over.

Still, there are some people chose "Impact from Ambush Marketing". As TOP has a character of exclusiveness, which drives a large number of non-Olympic sponsors interested in Olympic Games. Their activities are based on competing for present their goods and services in Olympics. There are some excellent cases, such as Nike, Pepsi.

Figure 4.5 present the results of question of 4. 28% of the respondents agreed that join Olympic TOP is an effective way to build and expand the brand during the short period of time. 16% of them agreed that select well-known star as a spokesman is a good way, which is in the same scale as television programme sponsorship. Advertisement campaign and sponsored well-known events are taking a scale of 20% and 11% respectively. The rest 9% of respondents selected others.

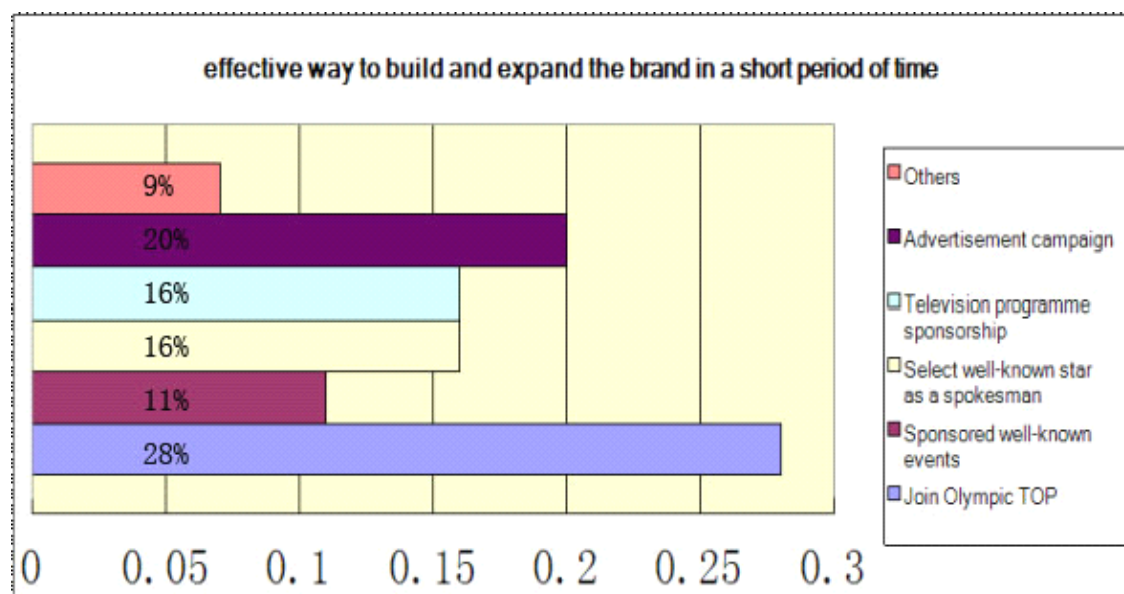


Figure 4.5 the effective way to build and expand the brand in sport marketing

TOP sponsorship could be a direct way to make the company tightly involved in Olympic Games. Although TOP required a huge capital support, the brand image and popularity can be improved in a short period of time. In fact, Joining TOP would never let a company become a world-class brand immediately, but it can greatly enhance a company's core competitiveness in the international stage, which is the most valuable experiences for Chinese enterprises to get from the Olympic opportunities.

Besides Olympics, there are some well-known events which deserve Chinese enterprises to invest. Actually, because the TOP needs a lot of money and experiences, it is more suitable for large multinational companies. For an enterprise that just starts sport marketing, it is better to participate in other events, such as national basketball games, domestic league and so on.

Advertisement campaign is commonly used in sport marketing, not only because it is an effective and direct way to improve a brand, but also because it is the cheapest way in all sport marketing activities. Television programme sponsorship spreads an enterprise and its brand in different regions very fast. Selecting well-known stars as spokesmen is also an effective marketing strategy because of the star effect. Stars are always have strong ability of convincing, e.g. if a customer is a fan of a certain star, he or she will easily be persuaded into purchasing a product which endorsed by the star.

Chapter 5

CONCLUSION

5.1 Conclusion

Sports marketing is one of the most effective marketing tools, and also it is a strategy of business. Nowadays, sports marketing is becoming the huge stage for the enterprises to show strengths, products, and propagandizing for their brands.

Sports marketing is based on sponsors, sport events and audiences. Successful sports marketing cannot be formed if any of the three factors is missing. Sport marketing is a carrier of culture. It must be able to touch the consumer.

A successful sports marketing requires a system of brand strategy. Without a good brand strategy the enterprises will encounter difficulties and barriers in implementing sports marketing. Since it has just started in China, lack of experiences is the top one issue for Chinese enterprise to establish successful sports marketing. Other problems include lack of innovation; focus on the short-term interests, advertising is not well combined with organizational culture, etc. It's still a long way for Chinese enterprises to go in getting the experiences from the oversea companies.

Two typical Chinese enterprises, Li-Ning Co. and Lenovo Group, are studied in this thesis. They are the first enterprises in China who put sports marketing into practical use. They also become successful examples for other enterprises to follow. Sport marketing, however, is not suitable for all enterprises. Because the huge capital support is a precondition, any enterprises need to carefully consider the input and output of the process before get into sports marketing.

The purpose of this thesis is to help Chinese enterprises to build and expand their brands through sports marketing. Chinese enterprises should carefully consider the specific characteristics of Chinese sport marketing before taking any action, and then they can make the action plan for the sport marketing which particular based on those characteristics.

From the perspective of the thesis, literature review provides some useful theories to help readers understand the concept of sports marketing and the steps to follow in carrying out the sports marketing. The case studies provide some good examples of sport marketing, which can be used as guidance for other enterprise. The research of questionnaire revealed some important views of the consumer, which could guide an enterprise in adjusting their marketing strategy to achieve successful sports marketing.

5.2 Some suggestions to Chinese enterprises

Most Chinese enterprises in sport marketing are still in jackeroo level.

- As an enterprise that wants to improve the brand through sports marketing, it is crucial to load the characteristics of the enterprise's culture into sports marketing, try to make consumers feel shining point in the sport events sponsored by the enterprise. Moreover, sport sponsorship should be in accordance with the enterprise's brand strategy.
- An enterprise should establish a long-term strategy of marketing and integrative marketing plan. Do not focus on the sales targets and popularity only. For instance, the contract period of a sponsorship would better be more than three years rather than only one year. Combine the products and corresponding campaign together to identify their common point and invest in that point for a long period of time. Under the guidance of marketing strategy, it requires enterprises to achieve integration of resources. The purpose of the resource

integration is to make sports culture, brand culture and corporate culture together and finally become a competitive advantage.

- Chinese enterprises need to strengthen the management of sports marketing, innovate sports marketing, mix strategy and reduce the risk of sports marketing. Facing strong competition from multinationals, Chinese enterprises should centralize superior resources. Integrated sports marketing must select some of the penetrating media, constitute an advanced planning and creativity, and make a perfect combination of products and sport's spirit. Besides, consumers and audience could feel corporate philosophy in a pleasant atmosphere, thus establishing the brand image of the corporate.
- In personnel management, Chinese enterprises should establish a staff training center to provide resources and opportunities for staff to study sports marketing strategy and learn successful experiences from others. Staff should be encouraged to attend the designing and executing activities of sport marketing. In addition, the enterprise should establish incentives or rewards for employees who contribute to the enterprise. The enterprise should regularly review the effect and results of the sport marketing and get feedback from situation of the market.

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Appendix

Questionnaire

This questionnaire aims to research the matter of sports marketing in China
(Please circle your answers)

1. The company which you are working in has carried out sport marketing in order to improve the brand awareness in the last Three years?

Yes _____ No _____

If not, do you think that the company should participate in sport marketing?

Yes _____ No _____

A company is able to build and expand the brand through sport marketing?

Yes _____ No _____

2. Which element do you think is the most important precondition if joining TOP?
- A) Huge Capital support.
 - B) International brand awareness.
 - C) Sufficient sport marketing experiences.
 - D) The brand core value is as the same as Olympic spirit.
3. Reasons that cause an unsuccessful sports marketing in China? (single or multiple choice)
- a) Impact from Ambush Marketing
 - b) Lack of sport marketing experiences
 - c) Deficient funds support (Pressure of Capital)
 - d) Short-sighted of business (short-term strategy and planning)
 - e) Enterprise's Core value is inconsistent with the sponsored events
 - f) Others if you suggested are _____
4. Which is an effective way to build and expand the brand in a short period of time?
- a) Join Olympic TOP
 - b) Sponsored well-known events
 - c) Select well-known star as a spokesman
 - d) Television programme sponsorship
 - e) Advertisement campaign
 - g) Others if you suggested _____