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The Sports Industry's marketing Strategies in the United States

Case: How The National Football League is going to maintain their status as a leader of the sports market industry in North America

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<p>The sports league organisations have to develop their marketing strategies as the time goes by. When it comes to sports marketing there are different theories on how to find the perfect customer segment and market. As the time goes by sports marketers need to implement current trends to their marketing models. This thesis aims to explain the marketing theories, that are crucial to sports league organisations. The author chose to go in more depth about the National Football Leagues and what makes it so successful, that it has been able to maintain its status as leader in the major sports leagues in the United States. The study also examines the possible challenges of trends to the sports industry. The study examines into some extension sports industry in general and what are the differences between other industries.</p>	
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1 Introduction

The rise of sports industry in the United States is expected to continue at a compound annual rate of three percent across four different segments, media right, gate revenues, sponsorship and merchandise (Greg Pepitone, 2018). The US economy is almost on a standstill and investors are looking to invest on something that is stable and predictable. Sports industry's organisations have large loyal customer base and are growing popularity globally and professional sports leagues and their franchises have become multibillion industries. Sports leagues are able to gain emotional connection with their audiences and consumers, in other industries there aren't many companies that can have that intense brand loyalty as athletes in leagues. Technology is changing continuously, and professional sports leagues have been able to adapt and use as an advantage in marketing (Abraham, 2019).

The National Football League has two revenue streams categories; national and local revenue. First category, national revenue, includes television deals, merchandising and licensing deals, these are negotiated by the NFL itself. Money gained from deals are divided between the 32 teams equally. Teams own earned revenues are called local revenues, these consist of ticket sales, corporate sponsor and concessions (Eckstein, 2019).

Social media is growing and marketing through that is crucial for sports organisations as more people are using more social media platforms and expect to see full content on the platforms.

This thesis' research purpose is to have insight about the sports industry in the United States and establish the functions that sports organisations need to apply when creating a marketing strategy. The research took the National Football League as a case study to answer the research question; How The National Football League is going to maintain their status as a leader of the sports market industry in North America. The author chose the NFL due to the fact, that it has been able to stay the most popular professional league through its difficult times.

2 Literature review

This section will focus on the sports industry in the United States and what are the marketing strategies for sports in theory. This section talks roughly about in what sports industry and other industries do have in common as well as how it differs from other industries. This section gives the framework for the topic that is going to be investigated in more depth. The research is based on theory and literature found on the internet; hence it qualifies as quantitative.

2.1 The similarities of sports industry and other business industries

Sports industry and other business industries have in common the importance of having a top management, strong leadership and executing well-developed strategies. In business industries, the executives face a twin challenge of creating value and after that distributing it. Sports industry does not differ from this, they also have a value chain activities and every party of the value chain can increase value for the company and thereby increasing total sales and profits.

The business executives continually pursue different opportunities to grow revenue and so does sports. In sports, pursuing the revenue is including all the levels; league, club, players and broadcast network channels. Sports industry aims to create and launch new product innovations that would fuel the revenue growth, this is something that you can see in multiple levels of sports. For example, World Wrestling Entertainment with NBC created The Extreme Football League in 2001 and it was completely new league. There was The Super 12 rugby competition that was a league that was evolved in the mid-90s in Southern Hemisphere and had new teams from Australia, New Zealand and South Africa. Some of these products did succeed and some did not.

Business managers combine innovative product strategies with contracts that helps them to capture a big part of the gains and at the same time helps not being exposed to inordinate risks from those strategies. In the sports industry many of the contracts are made to last many years these are for example stadium contracts, player contracts and television contracts.

Sports clubs have been able to avoid the high cost of the new stadiums by creating contracts concerning stadium naming rights and the sale of personal seat licenses to fans. Like in any other industries, quality of the product and branding has a huge impact for success. A key success factor is delivering a quality product in the sport industry and the on-field product is the central one. When it comes to branding in sports industry, it happens in many levels i.e. it can be found in the league level, club level and player level. For example, leading soccer clubs such as Real Madrid have built a global brand that turns into merchandising revenue and make high attendances when playing international games. Fans in sports industry is extremely important, because they usually have emotional connection to sporting leagues, clubs or players. Those who successfully build this emotional linkage have created a sustainable relationship over extended periods. What is in common across many industries is that how effectively they have built, retained and monetarized customer fan base. Many industries a big effort is invested in globalisation strategies, in sports there is growing interest to adopt a global perspective in the leagues and clubs (George Foster, 2006).

2.1.1 How the sports industry differs from other industries

In sports industry professional sports in a league are competing with each other and cooperating together. For a league to succeed it is somewhat affected by the uncertainty of outcome of its contestants and its seasonal competition, usually in leagues it means the balance of its teams. The sports industry gains more public exposure than other industries due that daily game results are reported in every way possible such as video media, local print and to remember that results are being discussed by millions of fans. It has been argued also that club owners are behaving differently, because of their motive. Leonard Koppett in 1973 in the New York Times Magazine said that the club owners are not like ordinary businessmen, because profit is not their first motive. (Scott R. Rosner, 2011). There is a highly public “thumbs up” or “thumbs down” indicator of success in after every game in sports. This effects on the business side of sports organisations as well as the playing-team side. This is something that other industries rarely have in public domain. Senior front office management faces challenges of building a long-term business culture and a focus that can last extended periods of limited on-field success that is most likely to occur in sports clubs.

Other industries often compete for similar objective that are shareholder wealth maximisation, but in sports industry possible objectives that one or more owner have in the same league are for example winning on the field, financial gains and trophy status of owning a sporting club. For owners to have different objectives can create unstable equilibriums unless there are tight constraints on player salaries and other outlays.

In sports industry the media does not only focus on the playing team and coaches, but also on the front office executive of sport organisations. This is difference that business executives transferring to sports organisations have noticed. Most of other industries operate under the Darwinian principle of survival of the fittest, there are rarely any attempts to prop up companies that performing badly if there are many other competitors in the marketplace.

In sports, when there's player draft in where the poorest performer in the prior year gets the highest draft pick. In some leagues the revenue-share rule is aiming to give extra sources for struggling clubs. Why does sports industry have revenue pools and allocation rules, it is because club with low revenue can be able to meet minimum payrolls. Several companies say that people are most important asset, but how sports differs from this is that, individual athletes attain the emotional feels that fans feel. Because many high-profile athletes reach success at a very young age, they can be exposed to temptations e.g. drugs, alcohol abuse. This is what media gets attention and for that there need to be resources to prevent such problems.

In many industries detailed audited financial statements are available for companies. In sports industry, most part of the North America, this is not the case, because many club are privately owned so the owner rarely place those in the public domain. Sports industry is an extreme example of how they incorporate entertainment industry to one another. The activities such as cheerleaders and the music played during stops are part of the mix of sports and entertainment. In this, the key challenge is to give a memorial event and still retain the uncertainty of outcome (George Foster, 2006).

2.2 The Sports industry in the United States

Sports has always been a very important factor in America's culture and have been played ever since they were established. Baseball's National League was the first professional sports league to be founded in 1876, after that many associations of other different sports were founded (Quora, 2016).

In the United States, each major professional sports have public policy implications that are important, and the sports leagues are expected to follow them. Leagues have a closed league structure that has been criticised. The structure allows the leagues teams to constitutions that governs the locations of their franchises, conditions of entry into the league and relocation within the league, labour market for players, rules of the game and permitting teams to pool their broadcast right for negotiation and sale. This structure, that gives the teams a chance to cooperate in off-field makes the on-field competition between teams to last. All the American sports leagues have the single-entity structure. This means, that the entire league is being controlled by a single operating company and the investments are made in this company, that controls, rather than in a particular franchise. This format was develop, because it helps avoiding in other nascent sports leagues' self-destructive behaviour displayed by its owners, whose minds are to win and pay more, that they could afford, for athlete services. The structure also helps leagues to avoid problems that could arise from conflicts in managerial expertise across teams and more specifically in the talent evaluation and marketing acumen areas. The single entity structure is said to be quite helpful for a league to survive its start-up phase (Scott R. Rosner, 2011).

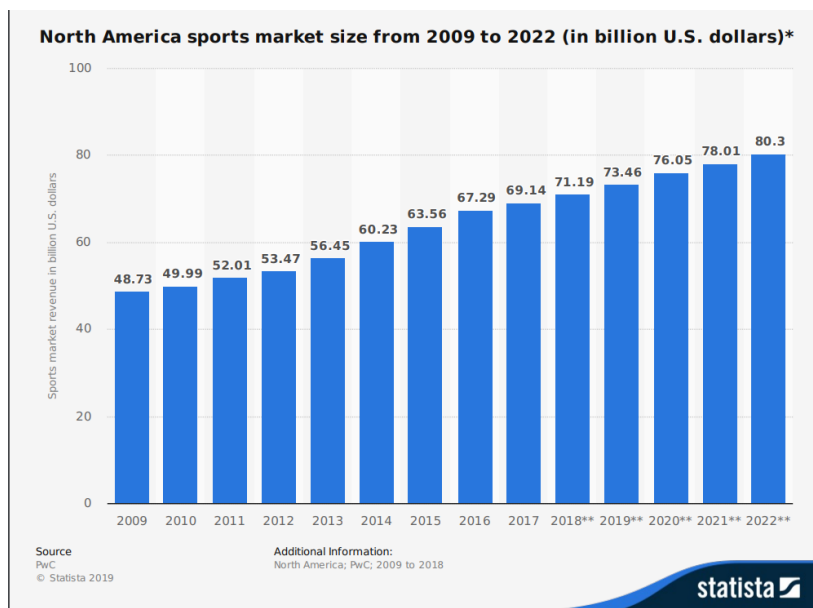


Figure 1 North America's sports market size 2009-2022 (Statista, 2019)

Figure one above shows the North American sports market size from 2009 to 2022, by the year 2022 sports market is expected to rise 11.61 billion US dollars. The United States sport market size is expected to grow strongly by the year of 2022, because it has developed worldwide industry in the past decades. There are four main segments where the sports market can be divided: media rights, gate revenues, sponsorship and merchandising (Statista, 2019).

The media rights growth was expected already in 2015-2016, revenues from rights were expected to surpass gate revenues, new distribution partners such as social media sites i.e. Twitter. These social media platforms will lift the competitive environment for the media rights deals and driving up the prices and still having consumers and advertisers to remain engaged with live game broadcasts. It has said that the media rights fee premiums might abate when the cable bundle breaks down. Forbes magazine stated that PwC said in their report that the broadcast rights are remained to be a priority in the industry through the next deal cycle. PwC also stated in the report that this “would lead most of the properties would avoid large disruptions of the existing distribution and potential dilution of the rights fees” (Heitner, 2016).

In 2016 National Football League and Twitter created a relationship together, on Thursday nights the NFL streams live ten games without having to pay to watch. About

243,000 people tuned in with Twitter of the first 2016 NFL Thursday Night Football game. still about 15.4 million people watch the games on CBS or the NFL Network, this shows that at this moment traditional TV is not threatened, but new digital advancements will prove more opportunities to tune in the games (Heitner, 2016).

North America sports market by segment

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	CAGR
US\$ millions											
Media rights	12,262	14,595	16,305	18,372	19,073	20,141	20,944	21,752	22,655	23,803	4.5%
Gate revenues	17,142	17,448	17,963	18,649	19,015	19,311	19,750	20,298	20,723	21,167	2.2%
Sponsorship	13,900	14,689	15,481	16,301	16,658	17,169	18,030	19,057	19,538	20,089	3.8%
Merchandising	13,144	13,493	13,806	13,966	14,390	14,565	14,739	14,938	15,091	15,238	1.2%
Total	56,448	60,225	63,555	67,288	69,136	71,186	73,463	76,045	78,007	80,297	3.0%
% change year on year											
Media rights		19.0%	11.7%	12.7%	3.8%	5.6%	4.0%	3.9%	4.2%	5.1%	
Gate revenues		1.8%	3.0%	3.8%	2.0%	1.6%	2.3%	2.8%	2.1%	2.1%	
Sponsorship		5.7%	5.4%	5.3%	2.2%	3.1%	5.0%	5.7%	2.5%	2.8%	
Merchandising		2.7%	2.3%	1.2%	3.0%	1.2%	1.2%	1.3%	1.0%	1.0%	
Total		6.7%	5.5%	5.9%	2.7%	2.9%	3.1%	3.4%	2.5%	2.9%	

CAGR - compound annual growth rate

Source: PwC Sports Outlook (October 2018)

Figure 2 North America sports market by segment. (Greg Pepitone, 2018)

As seen in the figure two, media rights have official become the largest segment in the sports industry in 2017 and it is expected to maintain its position all the way to 2022. The media rights it became a year earlier than expected because gate revenues slow growth. The media rights segment has been locked until 2022, national deals and run-off of 16 regional sports network deals with NBA, MLB and NFL are a big part of the growth. In second comes gate revenues and it is expected to increase at a compound annual rate of 2,2 percent from 2017 to 2022. Gate revenues are befitting from the expansion of the leagues and new stadium and facility developments still have a huge competition with game broadcasts (Greg Pepitone, 2018).

In 2016 sponsorship segment was expected to grow with compound annual growth rate of 3,9 percent and from the figure two it can be seeing that not much has changed. New inventory deals through digital media platforms, in-venue signage, naming rights, uniform rights and gambling are expected to be in supporting role for sponsorship to grow (Heitner, 2016) (Greg Pepitone, 2018). NIKE and the National Basketball Association, in 2015, announced an eight-year deal with merchandising and marketing partnership, this

made NIKE the official uniform and apparel provider for the NBA. In the Forbes article tells the NBA allowed each team to make their own three-year deal with brands in the first years. There were concerns that if this would pay off to the brands, because there was no message attached. Later on, it became clear that these sponsorships are creating major advances, it has been estimated, that this new advertising opportunity will generate over 350 million Us dollars to the sponsors just in social media. After apparel sponsor this is much better signage placement compared to i.e. basketball court (Heitner, 2018). At that time the NFL, Major League Baseball and National Hockey League did not have the same jersey sponsorship as the NBA did.

Jeffrey A. Citron wrote in sports business daily journal, that in 2017 the NHL did not accept sponsorships on game jerseys, but in between 2010 and 2011 allowed sponsorships on practice jerseys. This was caused fear of fans and consumers to feel that the sports would become too commercialised. This argument from the NHL was quite interesting since there were no evidence of reducing fan interest (Murphy, 2018) (Citron, 2017). The NFL has also as its big sponsorship and in 2018 they announced that they are continuing their partnership for another eight years when the current expires in 2020. Nike will be setting up the game-day uniforms and side-line apparel that carries the Nike swoosh logo (Garcia, 2018).

The Major League Baseball commission Rob Manfred told in 2017 in an interview that they are openminded to the idea and informed that they were planning to have front of the jersey branding deal with Under Armour (Murphy, 2018). This deal was set to star in 2020 and was agreed with Under Armour in 2016, but in recent years the company had some financial issues and were unable to hold the on-field team. The MLB made a deal with Nike with on-field apparel rights, this includes jerseys, warmups and base layers. This means that Nike will be supplying official game-day uniforms for the NFL, NBA and MLB and will have major TV exposure (Lefton, 2018) (Novy-Williams, 2019). For the compound annual rate of 1.2 percent increase is licensed merchandise, this segment remains relatively same, this increase comes from key consumer product categories and voluminous penetration of traditional buyer segments (Greg Pepitone, 2018).

2.3 The Sports Industry Marketing

The American Marketing Association has defined marketing as a set of institutions, the activity and processes for creating, delivering, communicating and exchanging offerings that have value to the customers whether they are clients, partners or a society at larger. As sports industry is expected to grow, marketing in sports has an important role in this dynamic industry. In order to succeed in marketing sports, it must be understood both, the sports industry and the specific application on marketing principles and processes to sports contexts (Matthew D.Shank, 2014).

Sports industry is to be said one of the most profitable industry. People are watching different kind of sports from all over the world and are willing to spend money nonstop to watch sporting events and spend on new innovative sports products. Companies increase sales by using athletes to endorse these products, because it appeals to larger consumer base. It is common to advertise products during sporting events, that are televised, this is a common marketing technique. For example, companies that have made collaborations with sports clubs and athletes, increase sales by promoting their products with athlete and sports team endorsement. Companies and organisations that are sponsoring big sport events have competitors promote their products and usually have their products placed in huge banners and ads in arenas where events are taken place. For the sports industry to maintain sustainable new athletes, they must enter the field periodically (Bhasin, 2018).

According to Malcom Sullivan in “The Business of Sport Management” book the working definition is:

“The fundamental aim of the sport marketing activity is to satisfy the right sport customer needs with sport products or services that offer benefits in excess of all other competitor offerings whilst making the maximum sustainable profit.” (Sullivan, 2004).

Sports marketing is mostly about the satisfaction of sport customers' needs. Sport fans' needs and values have been identified to be diverse and to stand out in the challenging and swiftly changing sports industry's environment. In order to achieve customer satisfaction sport marketers, have to analyse customers and environment efficiently to successfully find the key issues and opportunities. The key aspects of analysing

customer profile include geographic, demographic and behavioural factors. These factors allow sports marketers to define the customer segment and build up the marketing strategy, which will determine the most competent and successful environment for the company.

Geographic factors, such as environment where individual spends time or has spent, are one of the prime influencers in individual's decision. It is common for a fan to support their hometown team or players. Demographic factors are i.e. gender, age, level of education, these factors can effect what sport is dominantly watched.

Behavioural factors are how individual lives and how individual behaves. As it has been established most important individual factor is benefits sought, because benefits are what individuals wants to get from consuming the sports product, benefits that customers want can be quite complex and hard to uncover because of its diversity. Perception is important behavioural factor as it relates how individuals make sense of things, to demonstrate, if a fan hears some negative comment about the team that they are supporting or a player, fan will normally react like its personal. Perception is related to what fans choose to feel, think and remember. Motives and needs are the ones, that driving an individual to act. There can be different kinds of motives such as biogenic motives and psychogenic motives, hunger, discomfort and thirst are related to biogenic motives, and pride, love and belonging are related to psychogenic (Sullivan, 2004).



Figure 3 Maslow's hierarchy of needs. (Sullivan, 2004)

Figure three shows Maslow's hierarchy of needs, he created this hierarchy to understand what motivates people, in 1943 Maslow stated, that certain needs motivates people to achieve. Motivation comes from when the most basic need that is not satisfied and from that moving to a higher level when satisfaction is occurred. Motives and needs can be divided into groups and rank in order of importance (Sullivan, 2004) (McLeod, 2007).

The relative importance of motives can be assessed with the concept of involvement, involvement is mostly depended on perceived risk or negative factors that are associated with the decision to support. There are different kinds of risks such as physical, financial or psychological. When the perceived risk increases so does the involvement, and so fan increases the importance of supporting activity. When it comes to sport context the psychological risk is usually the most important.

Individuals such as fans have memories of perceptions and associated responses. This is process where learning relates to, and it helps fans to learn supporting their individual or team with possible interactions with other fans. Personality is one of the important behavioural factors. Personal characteristics are assumed to influence behaviour, an individual's mental picture of himself or herself based on the characteristics that he individual thinks they have. When an individual is supporting team, sport or player and it fits to the mental picture, individual is more likely to increase purchase. Fans behaviour inside the sport stadiums and outside are strongly connected to culture, and it is said that culture is "pattern of life", this also generally determines boundaries what is acceptable behaviour. One big part of culture is social life and contains people who have similar values, behaviour and interests. How a fan purchases products can give valuable insight; extreme purchases are usually identified as an impulse purchase. Impulse purchase behaviour means that fan has not considered what sport to watch, when planned behaviour shows careful thought about both sports and specific team. When a decision has been made about a sport, but not about the team or game, this kind of purchase behaviour is called semi-impulse. (Sullivan, 2004).

After connecting these four factors, discussed above, sports marketers can now start building a profile of sports fans, this will give valuable information. Behaviour and motivation differ depending of the type of the fan, Hunt et al. (1999) suggested that there are five types of fans. There are temporary fan, local fan, fanatical fan, devoted fan and

dysfunctional fan. Next, the author will go more in depth of the five types of fans and its characteristics.

The temporary sports fan has limited engagement which does not lead to high loyalty or so-called fan-like behaviour. Individual who is a temporary fan shows interest for example in specific events such as the Olympic Games. Temporary fan would be under influence of behavioural factors and purchase behaviour would normally be impulse or semi-impulse. Individual who supports certain team or an athlete based on where the individual live or were born is identified as a local sports fan, because this fans support is based on location geographic factors are highly on display. Devoted fan has a high level of loyalty, usually, for a team, but can be personality-based, individuals with high level of loyalty are not influenced to retract their support because of a bad season. Social factors for these individuals are an important part such as culture and reference group. Because these individuals have strong devotion purchase behaviour is planned. More extreme version from devoted fans is fanatical, this type of individual is addicted and the object, in this case team or an athlete, is a key part but not most important. Typical behaviour for these individuals spending a lot money to attend sport events and buying and wearing the team's costumes and apparel, this is always planned purchase behaviour. When an individual obtains aggressive and anti-social behaviour it falls under dysfunctional type. A team or an individual is the most important thing to a fan, hooliganism is an example of this kind of behaviour and the fan sees team in all five levels of Maslow's hierarchy (Sullivan, 2004) (Johannes A. Wiid, 2015).

2.3.1 PESTLE analysis on the sports industry in the US

The sports industry might be facing challenges in future, and it is vital for organisations to make pestle analysis to discover those challenges from them to prepare. By preparing for the challenges, it allows organisation to keep ahead of competitors. The analysis is there to support organisation's ability to profit on the current conditions (Kenton, 2018). The author has created pestle analysis, that covers factors and rules, which sports organisations would follow.

Political factors	<p>Political factors are driven by government initiatives and has power on the operations and administration of sports. Political environment is to be limited to the country where the business operates. Pro sports teams finance isn't well known.</p> <p>Government regulations, IRS regulation that sport teams with other service aren't qualified for 20 percent income tax deduction. In 2017 was made a Senate bill proposal that would eliminate the tax-exempt status for professional sporting leagues (Konish, 2017), (Ebert, 2019).</p>
Economic factors	<p>Economic drivers influence the industry and it is tied together with consumer behaviour. Economic situation such as depression has an impact also sport businesses turnover. It was debated whether the latest recession affected on the sports industry, but for the first-time sports industry faced an economic dilemma. The industry is on a boom and is expected to grow \$75.7 billion by 2020 (Riper, 2008), (Heitner, 2016).</p>
Social factors	<p>Social factors are affected by consumers behaviours, which are combined by demographics, influence by</p>

	family member or friends, social status and current trends.
Technological factors	More consumers expect to see different games online in live on the internet. Consumers want to access quickly information about games and their favourite teams. Social media platforms increasing usage and makes fans to connect with their favourite athletes and teams.
Legal factors	There are many of legislations that effect on sports industry such as antitrust law, major sports leagues' own policies for players and coaches, constitutional, labour, criminal and tax issues (The Free Dictionary by Farlex, 2008).
Environmental factors	Nowadays people are more aware of our environmental situation and evade any plastic or non-recyclable materials and carbon emission.

Table 1: PESTLE Analysis on Sports Industry

On table one the author created PESTLE analysis on sports industry that it should follow when marketing and selling its products. The Internal Revenue Service has applied tax-exemption to all the professional sports leagues and had been exempt from tax since 1966. In 2017 there was a Senate tax bill proposal which meant that professional sports

leagues would not get the tax-exempt status (Konish, 2017). January 18th in 2019 the IRS delivered a final regulations, that teams aren't qualified for a 20 percent income tax deduction (Ebert, 2019).

The Depression according to Forbes and Federal Reserve Bank of Atlanta are claiming, that the sports industry is quite resilient to the Great depression in 2008. The industry took a slope with their attendance at game and sales turnover decreased. Sports market in the Unites States is experiencing strong growth despite financial difficulties and is forecasted to hit \$75.7 billion by the year of 2020 (Heitner, 2016) (Davidson).

As for the social factors, change in the society such as structure and attitudes can create or obstruct marketing opportunities. Hence, for example when a consumer has his/hers preferred star athlete promotes a brand, they start to consume that brand. The usage of internet a social media has grown over the years and has remodelled the sports industry. Consumers now can watch live games from streaming sites and applications and engage with their teams in social media. The trend of being eco-friendly has awoken the sports industry. Sports event are causing environmental problems, the Green Sports Alliance was formed to create partnerships with sport teams and help them reduce their footprint. The trend doesn't necessarily only evolve from consumers, but from the corporate world. Thus, for example the Cleveland Cavaliers started expanding vegetarian menu in their Quicken Loans Arena. Philadelphia Eagles used 25 ton of paper in the early 2000s and now the personnel are working on reducing paper usage, by the year of 2010 paper usage came down by 50 percent (Pfahl, 2013).

2.3.2 SWOT Analysis on the sports industry in the US

The sports industry in the US has, since the beginning, been huge and profitable continues to be so. Since, sports industry is competitive, sports organisations need to update their marketing strategies for on one occasionally. For a marketing strategy to success, sports organisations need to identify key factors such as behaviours and changes. A SWOT analysis can support sports organisations to find the key issues, that they need to address and this way organisations are able to form their weaknesses and threats (Parker, 2004).

Strengths	<p>To this section a sports organisation would list their strengths:</p> <ul style="list-style-type: none"> - Loyal fan base - Franchise products in multiple areas - Easy access to games
Weaknesses	<p>For all time sports industry has been enormous and it keeps growing. It is unavoidable for a sports organisation to have weaknesses. Therefore, an organisation should try to diminish their weaknesses, as weaknesses can put a brand in risk. Weaknesses in the sports industry could be:</p> <ul style="list-style-type: none"> - Athletes bad reputation - The differentiation in consumption of consumers
Opportunities	<p>Opportunities gives the chance for a sports organisation to expand their business, for example:</p> <ul style="list-style-type: none"> - Attracting new customer base by expanding to a different geographic location. - Increase sponsorship and getting new deals with popular sporting brands. - Raise media and internet presence - Cooperating with celebrities

Threats	<p>The sports industry is very competitive, there are threats that sports organisation are facing such as:</p> <ul style="list-style-type: none"> - New emerging leagues - Illegal streaming - Alternative entertaining formats i.e. Netflix (Around The Rings, 2019).
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Table 2 SWOT Analysis on Sports Industry

The US professional leagues are gaining more attention internationally, therefore sports organisations need to examine their products and improve their product to become more attractive to markets. Thus, this gives a competitive advantage for an organisation comparing to rival organisations. With creating internal analysis, sports organisations are able to provide its strengths and weaknesses. The author created on table two SWOT analysis, that sports organisations should examine in order achieve the wanted target.

2.4 Sports Marketing Strategies of major sports leagues in the US

Other than sports leagues using merchandise, sponsors and stadium to market their brands, they want to engage with their fans and create content for them. Because social media is a huge thing in today's world sports leagues need to pay attention to that and how to market through social media platforms. The National Basketball Association, the National Football League and the National Hockey League are taking advantage of social media. They all use YouTube to upload videos of highlights and montages. The NBA has much more persistent marketing strategy and has much more going on than other leagues. They post videos also about interviews and talk shows with the players. The league is making sure that they reach both American and international audiences by having talk shows with hosts that are from different countries and from America (Oberai, 2017).

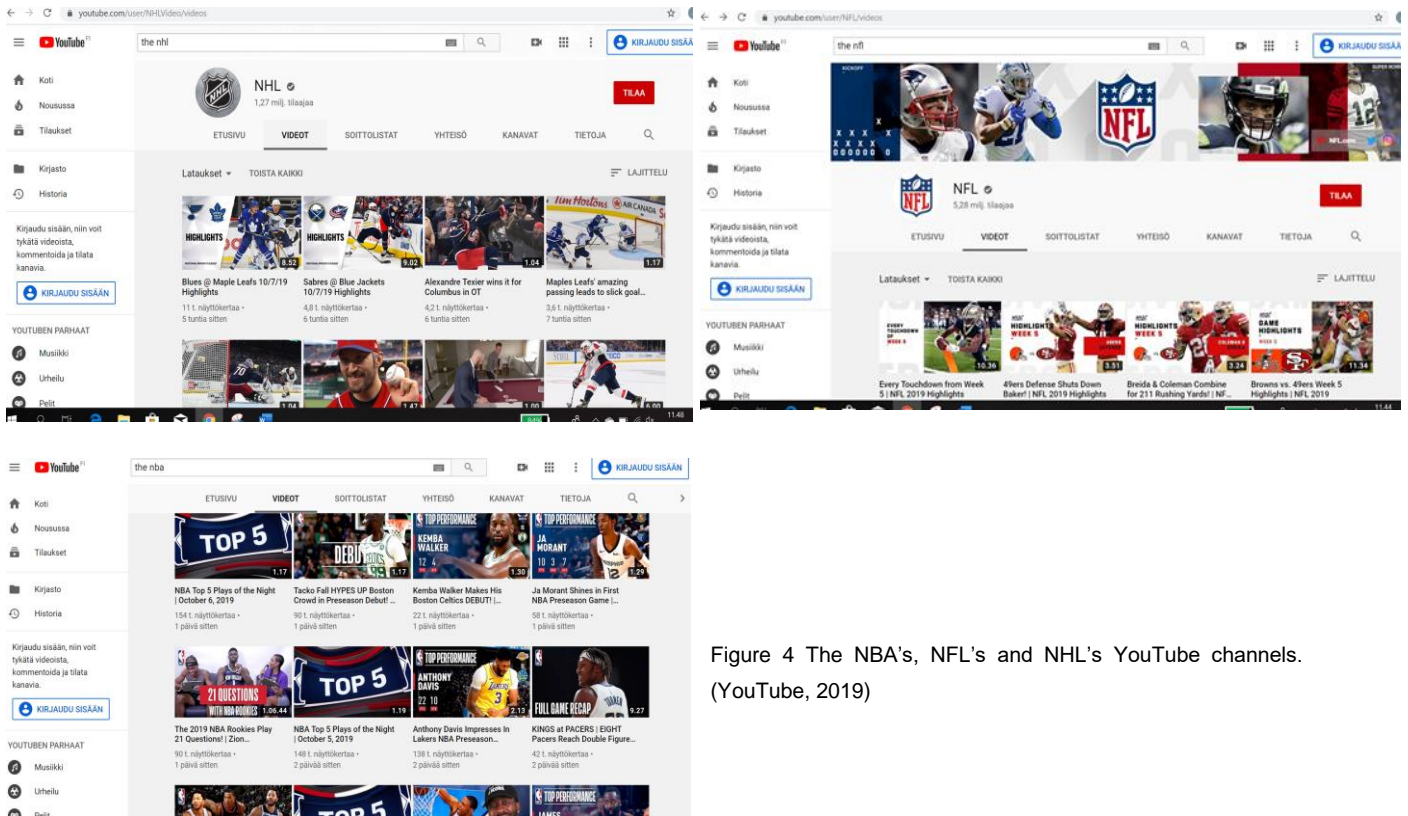


Figure 4 The NBA's, NFL's and NHL's YouTube channels. (YouTube, 2019)

The figure four above shows us three major leagues YouTube channels in the US. The NFL and the NHL are updating their channels as often as the NBA, but most of their videos consists highlight of the games when the NBA has questionnaire videos with new players and talk shows. The NBA has really put more focus on marketing and is now growing more. They are focusing on their content what they are posting on their website and teams' websites. Having a specific cycle of posting articles, blog posts and videos has been great for having new visitors, getting more engagement and more people to subscribe. The league has also big presence in Facebook, they make sure that fan users are replied to and create surveys for fans to engage with them (Samuelson, 2019).

Major sports leagues are using their own star players as a marketing advantage. By marketing and endorsing single players they are creating new opportunities to influence more people. LeBron James is someone, that the world listens to when speaking about racism. In today's world American athletes are thought as powerful people and are in the front of sport, culture and entertainment. More players' unions are taking back group

licensing rights, which meant that sports leagues had control over group deals, and those covered merchandise, video games etc. In the year of 2017 National Basketball Players Association took back those licensing rights and came up with new arrangement that the league still continues to control the use of its own team's names and logos, but the players would be in charge of their individual endorsements. Jordan Schachter the NBPA's chief marketing officer and president of Think450 said that the group licensing agreements that the NBPA had with the NBA took away doing new business opportunities that the NBPA wanted to do. This was modelled by using the NFL Players Inc., which is the National Football League's licensing and marketing accessory (Carp, 2018). The NFL Players Inc is a company that was founded in 1994 and offers exclusively group licensing rights to over 1,800 thousand active National Football League players. The company having about 70 licensees that includes likes of EA sports, the video game publisher, collectibles giant Panini and Fanatics and the SoftBank-backed apparel a merchandise firm. The NFL Players Inc. generated US\$150 million in revenue in 2015 and it is estimated to rise to over US\$200 million by the year of 2020 (Carp, 2018) (NFLPA, 2014).

The National Football League has managed to make football America's favourite sport, a major reason for this is how they are all the time finding way to keep their fans engaged. The league has made their product accessible which this means, that no matter where in the world fans are if they have access to the internet fans can watch every Sunday their favourite team. This is something that the league has worked on for years. To get more viewers on their games the league starts playing games on Monday nights, putting players' names on jerseys, building larger stadiums to meet the demand and giving additional content to fans. The League also makes their fans feel like they are part of the team and in some cases, fans are part of the teams' identity such as Seattle Seahawks call their fans "The 12s". The NFL is constantly improving fan experience, when fans are going to a game, there are huge screens for fans to see the action better, some stadiums are providing Wi-fi access to their fans so, that they can update their social media accounts and go look at their fantasy teams. The league is very strongly present in the social media and every team has Facebook, Twitter and Instagram accounts. These platforms are there to give fans with up to date news and engages fans by highlighting specific fans and giving them a chance to win prizes. The NFL is always wanting to expand its brand and has several profitable partnerships throughout the years. To bring football excitement to video game players EA Sports has an exclusive deal with the

League. The league has also a partnership deals with DirecTV, Google, and Verizon and these deals make easier for fans to follow all the latest news and watch their favourite teams while on the run (Rampton, 2015).

The National Hockey League's Chief Content Officer Steve Mayer said that he wants the league to produce more content, market its stars and have more connection with celebrities. To create more content the league is changing their broadcasts from focus on league rivalries to celebrating their best teams and players, they are also adding to the NBC broadcasts player focused features to highlight a player from on the 31 teams. Mayer said also, that they are planning to have watch parties outside arenas and NBC to have their studio sets outside and inside the arena. The league together with the NHL Network to produce first preseason show " Behind the Glass: New Jersey Devils Training Camp" from that they will be continuing "Road to the NHL Winter Classic" series and have series that show behind the scenes and what is road to playoffs and finally to the Stanley Cup Final. The NFL is also trying to reach out to younger audience by having a show for children that introduces players and teaches about playing hockey (Thomas, 2018). Besides the NHL having YouTube channel they are making sure that the teams are focusing on other social media platforms that the millennials use, such as Twitter and Snapchat. On Snapchat The NHL is delivering weekly highlights shows by recapping the top ten plays of the late week and is producing Curated Our Stories on the platform for selecting games and marquee events. This makes the NHL the first professional sports league to use Snapchat's third-party curation tools. By using the Curated Stories, it allows the league to show every aspect of the hockey experience starting from behind the scenes to intermittent highlights and fan submissions (Spangler, 2019).

2.5 Consumer Behaviour in the sports industry

Sports organisations that execute fan engagement are more like to gain people to regularly consume its product and services. Thus, fans that are engaged to a sports league or teams carry out financial resources and energy pursuing interaction with their favourite sports league or team. Customer engage theory reasons, that when a consumer is considering of purchasing a product or subscribing on something, consumer will evaluation that is cognitive and/or affective. The evaluation is there to tell whether the offered product coordinates with his/her personal values and morals. This sums up,

engaged fans are more likely to turn consumers and purchase leagues or teams' products i.e. game ticket, merchandise (Edson Countinho da Silva, 2017).

Every sport team has team loyalty is their substantial goal, since, it is a fact, that team loyalty has a significant positive influence on consumption behaviours and attitudes of a fan. What does team loyalty include? Well, it includes such elements as fan support, fan avidity and sport customer loyalty. By a fan being loyal to a league or at team, when expending their money to support the team, fans are more likely to as a way to support its team rather than paying money in exchange of goods or services. Hence, high loyal fans are more likely to be less price sensitive when purchasing merchandise of a team or a player. As consumers, the sports fans have created multiple opportunities and challenges for sports leagues to handle. These opportunities and challenges are about television viewing, customer service and loyalty towards a team or an athlete. For a sport organisation successfully develop and deliver a sport product, it is essential for them to understand their fans as consumers. What are the things, that motivates him/her to consume on a sport product and how does the peripheral and psychological perspectives (Edson Countinho da Silva, 2017).

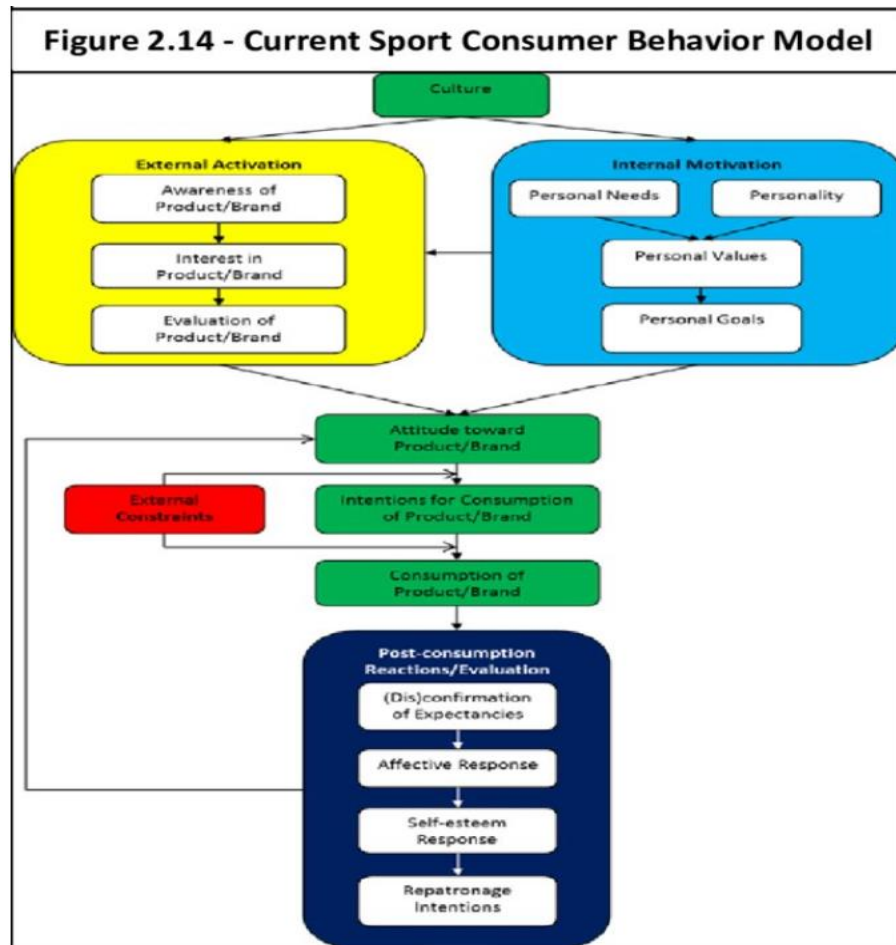


Figure 5 Current Sport Consumer Behaviour Model (Trail, G.T., 2018)

Figure five shows all the aspects, that can effect on sport consumer behaviour. This pattern has yet to be tested but is still able tell what the key factors for consumer behaviour are. A person's can culture be huge part of what league is being watched and more specifically what team is being rooted for i.e. family can impact on how much time is being used for sports or geographic location. The next step is usually internal motivation, which contain person's values, need and motivations. This meaning if a person is interested enough and the organisations services and products match to their values, people are more assumable to purchase and become more aware of their merchandise products. Now that the consumer pattern for buying is established, the next step is to examine what are the consumer's intention to buy the specific product and what are the volumes of consumption. The final step is for a sport organisation to keep their consumer engaged (Trail, 2018).

Now that the consumer sport customer behaviour has been examined, the next step for sports marketers is to determine the marketing mix and hot position it. The research

supports marketers to create effective marketing strategies and identifies sport products or services opportunities to achieve desirable outcomes. Thus, a fan or a consumer behaviour defines for sports organisations how individuals allot available resources towards sport consumption activities. Teams that are able to transfer the loyalty concept to the fan behaviour, activities such as consuming other team-related media, purchasing team merchandise and wearing the logos or colours of their supported team, creates loyal behaviour in the team sport context. Most professional teams are continually develop their brand extension strategies and are expanding their range of branded products and services above team merchandise. Leagues and teams are doing expansion, because fans the form of cross buying. It refers to a fan buying further products or services from their favourite team brand in addition to the ones that he/she presently own. This is important part for the sports marketers to understand. Hence, behaviour consumption research is recommended to use so, that fans and consumer can be segmented by using factors like social, cultural and demographic perspectives. Through this marketers are able to define exact marketing mix, which supports the behaviour of consumer. The one difference between sports fans as consumer and consumers of other products is, that fans are mainly dedicated their loyalty towards one sports team (Edson Countinho da Silva, 2017).

3 Challenges in sports industry

Challenges that managers in sport are facing, have developed only over the ten to twenty years. In sports industry the issue is how to seek target new customers, secure new market entry or build a global fan base whereas in other industries brand managers are expected to normally achieve. There has been question about is sports business management a rational economic activity, because some executives are engaging sport sponsorship based on the hobby motive and the involvement of corporate benefactors around the world (Chadwick, 2009).

The millennial generation is one of the main challenge, because technology has evolved, and it has made easier to view sporting events from their own couches. Also, i.e. NBA and NFL have made their own TV stations to mobile applications. Technology is growing

all the time and sports network is a significant member of the technology. It has grown that much there has been a cultural change among consumers who demand relevant content delivered on-demand now. Also, many fans want to connect with their teams through media, so that puts lot of pressure to teams to keep up their social media channels. These challenges are also effecting to the venues, not having a Wi-Fi can be a turn on for the fans that want to share throughout games. Mobile technology usage accumulates the need to fill electronic media space with meaningful content is growing. Sport can provide this kind of content, but the problem is to create other, more creative content, that enables sports organisation to secure a differential advantage over their rivals.

Sports industry faces challenges in making gamedays memorable for their fans. For achieving the goal, this means that organisations in the sports industry need to collaborate entertainment business industries, these are for example pregame shows, halftime entertainment Super Bowl and in-game experience too, i.e. kiss cam, chants. Sports managers are in the business of uncertainty, this means that no one knows what team, or an athlete is going to win the game, the race or the championship and many people are drawn into that. The uncertainty of the result is what defines competitive sport and fills up with the strengths and qualities that consumers and organisations find attractive. Therefore, competitors need to collaborate with each other for example scheduling contests. Sports industry needs to try to predict upcoming trends, next large idea, that will capture their audience (Sport Management Degree Guide, 2016) (Chadwick, 2009) (Chadwick, 2011) (Sport Business Journal Issues, 2016).

3.1 Today's trends in the sports business industry

When people think sport, usually they are thinking leagues, championships and races where men are competing, because sports industry is male dominated. But now, women as athletes and fans have elevated their stature and the sport business community is paying attention to it. Sports marketing campaigns that used to be predominantly male are now becoming female-centric. In today's sport world, being a fan is full-time job, and fans expect to be connected to their teams and want relative content of their teams across all devices and platforms in real time. Social media is the key driver for fans to engage with their favourite players.

Virtual reality is something, that sports business is already using, while other businesses are trying to discover how to put this on the market. More leagues and teams are experimenting with this 360-degree environment, VR is poised to revolutionise sport by bringing every aspect of the game to the fans without the need to leave the house or the couch.

Technology has evolved a lot in the past years and people are demanding for their leagues and teams to keep up with it. One of the most important thing to fans is, that at the stadium there is a Wi-fi which is working properly. Sports business has evolved the needs and created smart stadiums, that offer high technology through their app e.g. virtual escort to help locate seats and finding the nearest restroom with shortest line. Data collection gives sports business an unimaginable direction. For social media platforms and television networks the entertainment value of data sharing creates a multitude of new opportunities. For stadiums to capture the unique in-arena camera angles they are using drones. Although the Federal Aviation Administration regulations have limitations deploying drones in fan-filled big events and stadiums. Sponsorship in sports is no longer just attaching a corporate name to a stadium, it has now become a key association between teams, the sponsors and the passionate fans of the teams (Antoniacci, 2016) (Sport Kings, 2016) (Loren Mooney, 2014).

4 Case Study: The National Football League

In this section the study will include a case study of the National Football League through its marketing strategy. The author will include social media presence and how their consumers are responding to that. The Author will also talk about how the NFL is managing the current trends in the sports industry and have they faced any challenges in them. The main objective for this section is to answer the thesis question and gain knowledge of their marketing strategies.

4.1 The National Football League company investigation

The American Professional Football Association was founded in Canton, Ohio in 1920, later on in 1922 the name was changed to National Football League. Jim Thorpe, a professional athlete in the league was appointed as its first president. In the beginning

the league contained few teams from four different states. Over the years the NFL has survived many years of instability and competition from its competitive organisations. One of the biggest challenges, that stood in the way of leading, was the American Football League in the 1960s (Encyclopaedia Britannica).

The AFL had teams in eight cities and three of the teams were directly in competition with the NFL franchises. By achieving a television contract with NBC, which gave financial security to the AFL, that its forerunners didn't have. In the year of 1966 the NFL and AFL settled to a merger. The agreement stated that the new league would be called the National Football League. The league was split into two conferences; the American Football Conference and the National Football Conference (History, 2009) (Oriard).

Super Bowl was born out of the merge agreement and became the most popular and profitable sports event in the United States, the first Super Bowl was played between Kansas City Chiefs and Green Bay Packers. By the ending of the first season over 40 percent of the country's television sets tuned in to the that was broadcasted by two networks. The percentage was growing, and it hit almost to 50 percent in the 1982, and the game watched by 130 million Americans and adding the worldwide audience (Oriard).

The author talked in the PESTLE analysis about how the United States major leagues lost their tax-exempt status, the NFL gave up on that status in 2015 because of the criticism that were facing. The league is now a trade association formed by its 32 member teams also as financed by them. Green Bay Packers are the only team that withholds the non-profit status. The NFL earns revenues from ticket sale, merchandise, sponsorship and licensing right, but TV deals brought over 50 percent of the league's \$12 billion revenue in 2015 (Eckstein, 2019). The Super Bowl in 2019 viewer ratings on CBS were by 5 percent compared to last year on NBC and down by 9 and 12 percent from 2017 on FOX. The 2019 final was fifth-lowest rating since 1992. (Paulsen, 2019)

While the viewership is abating and late controversies over concussions and the national anthem, the NFL is growing turnover more than before. There isn't certainty of how much the league makes because of its private status, but it has been estimated that in the season 2018 the league earned \$15 billion. The National Football League's

Commissioner Roger Goodell informed that they have targeted \$25 billion in revenue by 2027 or six percent of annual growth (Eckstein, 2019).

4.1.1 The National Football League's marketing investigation

Marketing in the sports industry is evolving all the time and to keep up, sports organisations need to improve their strategies constantly. Technology has been the latest changer in marketing, for sports the impact has been enormous. Hence, the industry's attention has had an increase and through that increase in revenue (Agrawal, 2015).

The NFL franchises are the most valuable one compared to the other three major professional sports leagues (NBA, MLB and NHL). Dallas Cowboys were the most valuable franchise in 2018, its estimated value was \$5 billion according to Forbes. On average the other franchises average worth were about \$2.57 billion (Gough, 2018).

The NFL has suffered many different controversies from team scandals, to officiating mistakes and to domestic violence. The National Anthem protest was one of the most talked about in the media since 2016. NFL players from all 32 teams protested the national anthem from 2016 to 2018. This protest was about police brutality, racial inequality and controversies around politics. The controversy resulted ratings to drop and negative conversations in social media. This year the season opened with one the New England Patriot's players lawsuit about sexual assault (Licata, 2019). Even though the league has been under fire the viewership of the games on digital platforms and television has been growing four percent from last year's season. The NFL leaders didn't think that there was a connection between TV viewership decrease and controversy over the protests. Instead they had their focus on on-field product quality and the health of start quarterbacks. Last season the controversy of the national anthem calmed down and the focus were on quarterback health and high-scoring on-field game, this attracted more viewers (Maske, 2019).

Below, the author has created SWOT analysis of the National Football League that states factors what should be taken into consideration when the NFL is making its marketing strategies.

Strengths	<ul style="list-style-type: none"> - Loyal fan base in the USA - Large revenues, estimated \$15 billion in 2018 (Eckstein, 2019) - The Super Bowl is one of the watched sporting events - Deals with popular sponsors - Attention globally
Weaknesses	<ul style="list-style-type: none"> - No huge international fan base - Credibility due to lawsuits and illegal substance use - No association with Asia
Opportunities	<ul style="list-style-type: none"> - To earn more global fan base in Europe - Potential market in Asia (China) (Flannery, 2019) - Attracting more women as fans - Attract younger fans
Threats	<ul style="list-style-type: none"> - Other major leagues popularity such as the National Basketball League, National Hockey League and Major League Baseball - The US economy is slowing down, might effect on revenue (Elizalde, 2019)

Competitors	<ul style="list-style-type: none"> - The National Basketball Association - The National Hockey League - The Major League Baseball - The Major Soccer League
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Table 3 SWOT Analysis on The National Football League

Next the author will go more in depth about the factors, which are displayed above in table three where bullet points are seen.

The NFL has had created huge and loyal fan base from the beginning. To this point the league has a monopoly on the sport and doesn't have major direct competition in the same field. However, the Xtreme Football League rose as a competitor in the early 00s, but after its first season it was cancelled. The XFL will make a comeback in February 2020. The league informed, that they have actively market testing in order to develop safer on-field product (Barrabi, 2018). Even though in the past years the league had decrease in viewership television rating increased. (Brown, 2019)

When the NFL is talked about people usually automatically think Super Bowl, because it's most recognisable brand of the league. It is a known fact that Super Bowl is one of the most watched sporting event in the world. In 2017, according to Nielsen, 111.3 million people watched the Super Bowl on Fox, it was the most watched television event in that year, but fell short on viewership in past years (Huddleston, 2017).

The league has been able to gain sponsorships with the biggest brands such as Nike, Bud Light, Gatorade and Verizon and other large brands. Since, advertising especially during the Super Bowl is expensive, the opportunity is mostly open for the biggest companies (Crochet, 2019).

Even though the NFL is trying to expand its market geographically it will be difficult, because i.e. soccer as a sport has a larger interest over people globally. There has been issues due to the usage of illegal substances and criminal lawsuits against athletes. Hence, these have been decreasing credibility away from the sport. The NFL has taken this seriously and have a substance abuse policy, which was established in 2014. The NFL and NFLPA also agreed to have a separate policy for performance enhancing substances (Bostick, 2018).

American football as a sport is very domestic and so is the leagues brand. The NFL has a great opportunity to expand their market in Europe and Asia. The league's commissioner Roger Goodell stated that Asia, especially China, is their new priority market. In February 2019 Super Bowl was broadcasted in Asia and was expected to appeal to millions of new viewers (Flannery, 2019). For the European market, the NFL announced four games would be played in London later in 2019 (NFL UK, 2019). The league has been targeting London, because they're hoping to have a permanent presence and the city is popular as a destination (Thomas, 2019).

To fast forward to current the NFL's fan base is 45 per cent of women. Past years the NFL has tried to grow its number of female fans by target marketing, they've had annual breast cancer awareness activities and the launch of its apparel line geared toward women. The league is trying to reach women with producing unisex jerseys that are sized to women too. The league has also new ways of reaching women, they started its second women's summit, which is an interactive experience for young women to discuss how to achieve goals, prepare for challenges, and utilize tools critical for personal and professional development. Women are important for the growth of the league and among women citing data has increased with 26 percent (Shotsleeve, 2017) (Ourand, 2014).

The NFL and TiKToK have announced a two-year content partnership together. TiKToK is owned by ByteDance, Chinese company, it is a short form video social network. The app was reported to be third-most downloaded in the US in 2019 after the first quarter. Due to the partnership, the NFL has their own account on the app and will be posting content that includes i.e. behind the scene materials and highlights. They are losing younger viewer due to the fact that millennials aren't watching television and are playing less, because of the awareness of injuries that the sports can cause. This partnership has a target to attract more younger viewers (Graham, 2019).

Other major professional sport leagues such as the NBA, NHL and MLB have a huge follower base. Especially the NBA has paid more attention to current trends on sport industry and are increasing their social media presence. Other threat for the league is the US economy slowing down. The question is how much the growth rate can slow down without going into a recession. The Federal Reserve estimated 1.9 percent of potential growth, it has been argued whether the growth continues in a stalling speed or will it slow down even more in the next year (Pickert, 2019).

4.1.2 Challenges for the National Football League

The NFL has had some problems with gaining women as fans, because there have been issues such as high-profile domestic violence cases, lawsuits alleging unfair pay by cheerleaders. These are issues that influence in women and how they are viewing the league. The biggest case, that affected in lot of women was the Ray Rice scandal, this made the NHL difficult to attract new female fans. The NFL has attempted to address some of these issues by having players appear in PSA's for NO MORE, a group that raises awareness around ending domestic violence and they have also donated Super Bowl airtime to broadcast commercial and through those giving attention to domestic violence in both 2015 and 2016 (Shotsleeve, 2017) (Harwell, 2014) (Ourand, 2014).

For the most part you can watch a live game with virtual reality from i.e. NBA and NCAA, but this is not possible in NHL. Fans can only use virtual reality to watch highlight packages from virtual reality companies NextVR and Voke. The NFL is still experimenting the viability of virtual reality, one of the main reasons why they haven't started to use this properly is, because they want their fans to see the action clearly. Thus, they want to make sure that cameras are agile enough to follow the action efficiently and the virtual reality headsets to be comfortable enough for fans to want spend hours inside them (Jr. Nelson, 2017).

Star athletes are marketing strategy for the NFL, stars are the ones that keeps their fans and consumers coming back and purchasing products. The challenges for this, that how much the league can rely. When, from 2016 to 2018 TV ratings decreased this problem was connected to star athletes' injuries. This theory can be applied to star teams, ratings decline when fewer popular teams proceed to playoff (Eckstein, 2019).

5 Conclusion

The thesis' study objective was scrutinise marketing strategies of the sports industry in the United States and how organisations need to adapt with current trends. This thesis also includes a case study about the National Football League and how they have been able to maintain as the most watched sport in the United States. Study will analyse to some extent what are the challenges that the sports industry will face and how the challenges are effect on the NFL. Altogether, the study suggests that how sports organisations are able to create fan engagement effects on the consumer behaviour. The key factors, to achieve the goal, are such as behaviour, geographic and demographic factors. These factors and customer's values and motives are important when analysing customer profiles. Social media has had enormous impact on sports organisations marketing strategy. By being more available in social media sources and having connection with fans increases more loyal consumers.

Since, social media has been growing many of the major sports leagues in the United States have been focusing how to market and bring their brand to people's knowledge. The professional sport leagues are focusing on platforms such as Twitter, Facebook, Instagram, Snapchat and YouTube. Thus, being available on these platforms and not only on the internet, there is chance to attract more younger viewers. With technology and social media comes challenges, more people are demanding technological features on stadiums and more memorable content. Problems or scandals about the professional leagues can cause controversies in social media, which can cause negative publicity to a sports organisation. The result of controversies can be damaging and decrease rating or fan base.

The National Football League's marketing has been efficient and have retained its status as one of the watched sports in the United States. The NFL is a timeless brand and know how to connect people. Even though its controversies about the national anthem protest, lawsuits that concern about sexual assault or domestic violence, substance abuse and serious head injuries, people are still drawn to the sport. Then again, the league has

addressed these situation and taken action, especially, on head injuries and substance abuse.

The league next strategy has been entering to new markets in Europe and Asia, more specifically in China and London. Because of the domination of other sports such as soccer, the NFL might have to modify their strategy. They have tried to enter in Europe's markets before with poor results. In the early 2019 the NFL announced four different game that would be played in London. One the reason for having games in London is to possibly expand in there. The league has been planning to start streaming upcoming season in China and even play games in the country. The strategy for this is still unknown due to the fact that it is in planning level.

The research gives information about sports industries marketing strategies and what theories are applied when creating one. It also investigates of how current trends and social media are effecting to the strategies. It is recommended to do more research about the topic, particularly about the United States major professional leagues' strategies and how technology and social media is effecting on them. To gain more information, it would be substantive to create questionnaires about i.e. what platforms people are using to watching sports, what things do effect on boycotting certain sports and are there something that sports leagues should improve.

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