

## Chapter 8

### Sports Product Concepts

#### Multiple Choice

1. Sports products, in general, tend to be more \_\_\_\_\_.  
a. goods oriented  
b. ideas oriented  
c. services oriented  
d. marketing oriented  
e. none of the above

Answer: c                      Page: 218-219                      Difficulty: Easy

2. If a team won every game, this would best exemplify \_\_\_\_\_.  
a. tangibility  
b. perishability  
c. standardization  
d. separability  
e. none of the above

Answer: c                      Page: 219                      Difficulty: Medium

3. Which of the following is the sports marketer's best defense/strategy to combat the intangible nature of sports?  
a. Highlight the competition.  
b. Discuss the great ushers and stadium personnel.  
c. Highlight the stadium factors or sportscape.  
d. Discuss the great athletes on the team,  
e. none of the above

Answer: c                      Page: 219                      Difficulty: Medium

4. When the athletic shoe chain, Athlete's Foot, demonstrates the quality of good (Reebok) compared to the quality of service (sale associate), this would be an example of \_\_\_\_\_.  
a. perishability  
b. separability  
c. tangibility  
d. standardization  
e. both a and c

Answer: b                      Page: 220                      Difficulty: Medium

5. An example of a sports product would be \_\_\_\_\_.

- a. baseball cards
- b. Martina Hingis (tennis player)
- c. WNBA
- d. Ricky Martin (NASCAR driver)
- e. all of the above

Answer: e

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Difficulty: Medium

6. The total assortment of product lines that a sport organization (Nike, Reebok, Wilson) sells is the \_\_\_\_\_.
- a. product characteristics
  - b. product brand
  - c. product mix
  - d. product trademark
  - e. product line

Answer: c

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Difficulty: Medium

7. The \_\_\_\_\_ interact(s) with each other to produce the total product and include(s) branding, quality, and design.
- a. product mix
  - b. product line
  - c. product trademark
  - d. product characteristics
  - e. none of the above

Answer: d

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Difficulty: Medium

8. Branding is used to \_\_\_\_\_.
- a. differentiate a brand from its competitors
  - b. increase tangibility
  - c. avoid trademark infringement
  - d. increase trademark blending
  - e. protect players from getting lost in the dark

Answer: a

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Difficulty: Easy

9. According to the text, a brand mark can also be known as the \_\_\_\_\_ or \_\_\_\_\_.
- a. logo; logotype
  - b. product; service
  - c. mix; line
  - d. model; trend
  - e. none of the above

Answer: a

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Difficulty: Medium

10. Which of the following is the best team nickname, given the guidelines discussed in the text?

- a. Cleveland Indians
- b. San Jose Blue Jackets
- c. St. Louis Blues
- d. Macon Whoopee
- e. None of the above

Answer: c

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Difficulty: Medium

11. A(n) \_\_\_\_\_ identifies that a sports organization has legally registered its brand or brand mark and thus prevents others from using it.
- a. prototype
  - b. sport product
  - c. image
  - d. trademark
  - e. both a and b

Answer: d

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Difficulty: Medium

12. \_\_\_\_\_ is the value that the brand contributes to a product in the sport market place.
- a. Brand equity
  - b. Brand image
  - c. Brand awareness
  - d. Branding loyalty
  - e. None of the above

Answer: a

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Difficulty: Medium

13. Licensing allows one company to use the \_\_\_\_\_ of another.
- a. stadium
  - b. trademark
  - c. marketing manager
  - d. service reliability
  - e. both a and b

Answer: b

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Difficulty: Easy

14. Which of the following is NOT a dimension of service quality?
- a. tangibles
  - b. responsiveness
  - c. empathy
  - d. durability
  - e. assurance

Answer: d

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Difficulty: Easy

15. Product design for sports products includes \_\_\_\_\_.
- a. aesthetics, style, and functionality

- b. aesthetics, style, and color
- c. style, functionality, and usefulness
- d. aesthetics, usefulness, and color
- e. none of the above

Answer: a

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Difficulty: Medium

## **True/False**

16. A sports service is usually defined as a tangible, physical product.

Answer: False

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Difficulty: Easy

17. According to the sport goods-services continuum, a pure good would be a basketball, football, or golf equipment and a pure service would be a football game or golf tournament.

Answer: True

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Difficulty: Easy

18. When Nike advertised its F.I.T. apparel, it not only highlighted the comfort of the product, but also the way the apparel made you feel (“ready to take on the challenges of wild and wicked workouts”). This advertisement referred only to the tangible benefits of the product.

Answer: False

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Difficulty: Medium

19. According to the text, the sport product characteristics include branding, quality, and design.

Answer: True

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Difficulty: Easy

20. Branding is a name, design, symbol, or any combination that a sport organization uses to help differentiate its products from its competitors.

Answer: True

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Difficulty: Easy

21. The first step in the sport branding process is brand image.

Answer: False

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Difficulty: Medium

22. Brand loyalty is one of the most important concepts for the sport marketers because it refers to repeat purchases of one brand over others.

Answer: True

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Difficulty: Easy

23. Licensing is a contractual agreement whereby a sport organization may use another sport organization's trademark in exchange for a royalty fee.

Answer: True

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Difficulty: Medium

24. The 2003 retail sales of licensed sports products for the four major professional sports leagues and college and universities were in the multi-millions of dollars.

Answer: False

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Difficulty: Medium

25. From the sports marketing perspective, the consumer's perception of product quality is of primary importance.

Answer: True

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Difficulty: Medium

## Essay

26. List and discuss the three characteristics of the sport product.

Suggested Answer:

1. Branding—a name, design, symbol, or any combination that a sport organization uses to separate itself from competitors. Under branding, you will have: a name (Nike Air Jordan, Florida Gators, Atlanta Hawks), mark or logo (Nike Swoosh), a trademark (legal register to prevent others from using name or logo), the branding process (awareness, image, equity, loyalty), and also licensing (letting others use your brand for a royalty fee).
2. Quality—two different types: 1) *Product Quality* is based on how well the product conforms to specifications that it was designed for, and whether the consumer views the product as worthwhile. 2) *Service Quality* is usually explained in the positive and negative views of the sport consumer (TEAMQUAL).
3. Design—the aesthetics (physical surroundings, atmosphere), style (way the product or athlete/team/sport performs), and function (what the product is designed for and how it accomplishes this).

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Difficulty: Challenging

27. List and describe the four steps in the branding process for a sport product.

Suggested Answer:

1. Brand awareness—refers to making the consumer in the target market recognize your product.
2. Brand image—refers to the consumers' beliefs about the sport product.
3. Brand equity—refers to the value the brand contributes to the sport product in the marketplace.
4. Brand loyalty—refers to the consistent preference or repeat purchase of one brand over others.

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Difficulty: Medium

28. List and describe the five dimensions of TEAMQUAL.

Suggested Answer:

1. Reliability—ability to perform promised services dependably and accurately
2. Assurance—knowledge and courtesy of employees and their ability to convey trust and confidence
3. Empathy—the caring, individualized attention provided by the sport organizations for its customer.
4. Responsiveness—willingness to help customers and provide prompt service.
5. Tangibles—appearance of equipment, personnel, materials, and venue.

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Difficulty: Medium

29. Describe how TEAMQUAL would be useful to an expansion franchise of a AA minor league baseball team.

Suggested Answer:

The five dimensions that would be used are:

1. Reliability—The franchise needs to make the public aware that they stand behind their agreements. If the team promises to make up rain days or refund money, then they do it; if the team makes agreements with sponsors that there will be five address announcements at the game, then they make the announcements.
2. Assurance—The employees for the team are knowledgeable in the area in which they are hired, so if an employee is hired to deal with the public in the area of security, they should have a working knowledge in this area.
3. Empathy and Responsiveness—Employees for the team are people oriented, ready to deal with any problem that arises. New franchises will have problems, but knowing how to deal with these problems and in a timely fashion will ensure a favorable view of the team.
4. Tangibles—Related to physical facilities; the sport fan wants to see professional facilities, and the idea of these facilities are sometimes high. The facilities and personnel appearance will improve the public's ideas of return visits.

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Difficulty: Medium

30. Describe how the branding process would be used for a newly formed team in the National Basketball Association.

Suggested Answer:

The first step is brand *awareness*—getting the consumers in the target market to know that there is a new basketball team in the area. This could be done in a number of ways through the media. *Image*—the consumers' idea about professional basketball is generally set from the success of the NBA. The sport fans for basketball will expect a certain level of play. *Equity* is determined by the value of the brand. The NBA has an extremely high value level with the general sport fan in the U.S. *Loyalty* is very important for sport marketing. There are certain teams in the NBA that have a very strong fan base, but for a new team it will be at least 3-7 years before they can start to measure how loyal a fan base they have.

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Difficulty: Medium

## Chapter 9

### Managing Sports Products

#### Multiple Choice

1. Brand new sports innovations, such as the first time two-man beach volleyball, or the advent of women's boxing, all represent \_\_\_\_\_.  
a. new-to-the-world sports product  
b. new category entry  
c. addition to a product line  
d. product improvement  
e. none of the above

Answer: b

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Difficulty: Medium

2. The purchase of the LA Dodgers by the Fox Network can be described as a(n) \_\_\_\_\_.  
a. new-to-the-world product  
b. new category entry  
c. addition to a product line  
d. product improvement  
e. both a and b

Answer: b

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Difficulty: Medium

3. According to the text, sports products, such as bowling and billiards, are trying to \_\_\_\_\_ themselves as "yuppie sports activities" by creating trendy and up-scale environments for sports.  
a. develop  
b. position  
c. reposition  
d. create  
e. none of the above

Answer: c

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Difficulty: Medium

4. The creation of a large pool of ideas for potential new products is the primary goal of \_\_\_\_\_.  
a. idea generation  
b. idea screening  
c. concept development  
d. prototype development  
e. concept screening

Answer: a

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Difficulty: Easy

5. Potential customers are first exposed to a firm's potential new products during \_\_\_\_\_.

- a. market testing
- b. business analysis
- c. concept development
- d. idea screening
- e. none of the above

Answer: c

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Difficulty: Medium

6. Product prototypes and marketing strategy can be evaluated in simulated or actual market situations through the use of \_\_\_\_\_.
- a. test marketing
  - b. commercialization
  - c. concept development
  - d. concept testing
  - e. both c and d

Answer: a

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Difficulty: Easy

7. The introduction (new sports product) process begins with \_\_\_\_\_.
- a. evaluation
  - b. interest
  - c. awareness
  - d. adoption
  - e. marketing

Answer: c

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Difficulty: Medium

8. Nike has just introduced a new product. To encourage successful adoption, the firm must first \_\_\_\_\_.
- a. make sure the consumer is satisfied
  - b. motivate the consumer to try the product
  - c. emphasize product advantages
  - d. communicate the availability of the new product
  - e. none of the above

Answer: d

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Difficulty: Challenging

9. The market becomes saturated during the latter part of the \_\_\_\_\_ stage.
- a. introduction
  - b. growth
  - c. maturity
  - d. expansion
  - e. both c and d

Answer: b

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Difficulty: Medium

10. NASCAR today is in the \_\_\_\_\_ stage.
- a. introduction
  - b. expansion
  - c. decline
  - d. maturity
  - e. growth

Answer: d

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Difficulty: Easy

11. With any new sport product, sales are usually slow at first, but with the onset of the \_\_\_\_\_ stage, sales will start to increase.
- a. maturity
  - b. growth
  - c. expansion
  - d. introduction
  - e. decline

Answer: b

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Difficulty: Medium

12. When a sports product starts the \_\_\_\_\_ stage, marketing goals must be made with regard to what to do with a failing product.
- a. growth
  - b. maturity
  - c. introduction
  - d. decline
  - e. expansion

Answer: d

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Difficulty: Medium

13. The \_\_\_\_\_ life cycle is found in most sports where the sales of sports products rise and fall with the opening and closing of that sport.
- a. classic
  - b. seasonal
  - c. expansion
  - d. introduction
  - e. none of the above

Answer: b

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Difficulty: Medium

14. According to the text, the rate at which new sports products spread throughout the marketplace is referred to as the \_\_\_\_\_.
- a. growth stage
  - b. introduction stage
  - c. maturity stage
  - d. decline stage
  - e. diffusion of innovation

Answer: e

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Difficulty: Medium

15. Those consumers most willing to adopt new sports products are called \_\_\_\_\_.
- a. laggards
  - b. buyers
  - c. innovators
  - d. adopters
  - e. thinkers

Answer: c

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Difficulty: Easy

### **True/False**

16. Sports products that are new to an organization, but not to the world, are referred to as *new product category entries*.

Answer: True

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Difficulty: Easy

17. *Product line extensions* are current products that have been modified.

Answer: False

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Difficulty: Easy

18. According to the text, dynamically continuous innovations are new sports products that represent changes and improvements but do not strikingly change buying and usage patterns.

Answer: True

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Difficulty: Medium

19. When sports organizations develop new products by using a systematic approach, this is referred to as the new product development process.

Answer: True                      Page: 256                      Difficulty: Medium

20. The first phase of the new sports product development process is *idea screening*.

Answer: False                      Page: 257                      Difficulty: Medium

21. *Test marketing* allows the sports organization to determine consumer response to the product, and also provides information that may direct the entire marketing process.

Answer: True                      Page: 260                      Difficulty: Medium

22. The final stage of the new sports product development is *commercialization*, or introduction.

Answer: True                      Page: 260                      Difficulty: Easy

23. From the time a sports product begins the new product development process to the time it is taken off the market, it passes through a series of stages known as the *seasonal life cycle*.

Answer: False                      Page: 262                      Difficulty: Medium

24. The primary marketing objective at the *conceptual stage* is to maintain whatever advantages were captured in growth and offer a greater number of promotions to encourage repeat purchases.

Answer: False                      Page: 264                      Difficulty: Medium

25. The groups of consumers (adopters) that follow the innovators are known as the early adopters.

Answer: True                      Page: 273                      Difficulty: Medium

## Essay

26. List and describe the six stages of the new product development process.

Suggested Answer:

1. Idea Generation—all ideas for new products are considered and come from many sources, such as employees, product development teams, salespeople, and consumers.
2. Idea Screening—all new product ideas are evaluated and while the poor ones are eliminated, the good ones are considered to see if they fit with the organizational goals.
3. Analysis of the Concept—the organization begins to analyze potential new products in terms of how they will fit with existing products and how consumers respond to these new products.
4. Developing the Sports Product—based on the conceptual stage, the design of the product begins so as to move the product to the testing stage. During this stage, a prototype is developed so as to get the product to the consumers for testing.
5. Test Marketing—this stage allows the sports organization to determine consumer response to the product. There are three types of test marketing that may be conducted—standardized test markets, controlled test markets, and simulated test markets.
6. Commercialization—this is the last stage, and at this point, the decision has been made to launch the product into production and distribution.

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Difficulty: Challenging

27. Define the product life cycle and discuss some of the major objectives at each stage of the life cycle.

Suggested Answer:

From the moment a product begins the new development process to the time it is taken off the market, there are four stages:

- a. Introduction—during this stage, the marketing goal is to generate awareness and to stimulate consumers to be willing to try the new product and to distribute the product to selected target markets.
- b. Growth—sales are expected to increase and the marketing goal is to build consumer preference for your product. During this stage, differentiation occurs by making minor changes or modifications to the product or service.
- c. Maturity—product sales begin to stabilize and the level of competition increases. The primary marketing objective is to maintain the advantages that were in the growth stage and offer promotions to encourage repeat purchases.

- d. Decline—the product begins to lose sales steadily and a decision has to be made; to delete the product (completely shut down), to harvest (milking) the organization by retaining the product but offering little to no marketing support; or to maintain the product at its current level of marketing in hopes that competitors will withdraw from the market that is already in decline.

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Difficulty: Medium

28. You are a current sales/marketing executive for AND ONE athletic shoe company. The company has seen tremendous growth with their basketball shoe product line, and now you want to branch out into other athletic shoe ware. Choose a major U.S. sport (football, baseball, basketball) and apply the new product development process.

Suggested Answer:

Student will choose a football, baseball, or basketball shoe and go through the six-step new product development process—idea generation, idea screening, analysis of the concept, develop the product, test market the product, and commercialize (introduce) and distribute the product.

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Difficulty: Challenging

29. Under the Model of the Rate of Diffusion in the text, list the three factors that influence the new sports product.

Suggested Answer:

1. New Product Characteristics.
  - a. Trialability—can consumers try your product?
  - b. Observability—can consumers see the benefits of your product?
  - c. Perceived complexity—does the product appear to be difficult to use or understand?
  - d. Relative advantage—does the product seem better than existing ones?
  - e. Compatabilty—is the product consistent with consumers' values or beliefs?
2. Perceived Newness of Innovation.
  - a. Discontinuous—this represents the most innovative or original new products.
  - b. Dynamically continuous—new products that represent changes and improvements but don't change the buying or usage patterns.
  - c. Represent ongoing commonplace change such as the minor alteration of a product or the introduction of an imitation product.
3. Rate of Acceptance of Sport Innovation—the way the information is shared about the new product—mass media (television, print, radio, Internet) and word of mouth.

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Difficulty: Medium

30. List and describe the four types of adopters.

Suggested Answer:

1. Innovators—the consumers that are first to adopt a new sport product as it enters the marketplace.
2. Early Adopters—perceived as the most important group to sport marketers, characterized by high social status, carry high degrees of opinion of the product, and influence the word-of-mouth market.
3. Early Majority—above average in social status, and is heavily influence by innovators and early adopters.
4. Laggards—oriented toward the past and tend to be very traditional in sport product purchases; prices must be reduced and promotions encouraged for trial of the product.

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Difficulty: Medium

## Chapter 10

### Promotion Concepts

#### Multiple Choice

1. The promotion mix is composed of all the following EXCEPT \_\_\_\_\_.
- advertising
  - sales promotion
  - propaganda
  - public or community relations
  - sponsorship

Answer: c

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Difficulty: Medium

2. Which of the following forms of promotion is typically intended to produce immediate sales?
- publicity
  - advertising
  - sales promotion
  - direct marketing
  - both a and b

Answer: c

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Difficulty: Medium

3. The process of establishing shared meanings, exchanging ideas, or passing information between a source and a sender is at the heart of \_\_\_\_\_.
- advertising
  - communication
  - personal selling
  - direct marketing
  - publicity

Answer: b

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Difficulty: Medium

4. The Lexus car company has just produced a series of commercials to be aired during the NCAA March Madness men's basketball tournament. The firm would be considered to be the \_\_\_\_\_ for those messages.
- presenter
  - source
  - channel
  - encoder
  - receiver

Answer: d

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Difficulty: Challenging

5. According to the text, decisions on which \_\_\_\_\_ to choose depend largely on the overall promotional objective.
- decoding
  - encoding
  - medium
  - personal selling
  - advertising

Answer: c

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Difficulty: Medium

6. The intended target of any basic marketing communication is called the \_\_\_\_\_.
- sender
  - channel
  - media
  - receiver
  - encoder

Answer: d

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Difficulty: Easy

7. Distractions or distortions during the communications process that prevents the message from being effectively communicated are called \_\_\_\_\_.
- noise
  - interruptions
  - “glitches”
  - static
  - none of the above

Answer: a

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Difficulty: Challenging

8. Promotion planning begins with \_\_\_\_\_.
- a situation analysis
  - target market considerations
  - communication process analysis
  - budget development
  - financial acquirement

Answer: b

Page: 287

Difficulty: Medium

9. The emphasis is on convincing channel members to move the product through the channel to the ultimate consumer in a(n) \_\_\_\_\_ strategy.
- a. pull
  - b. implicit
  - c. push
  - d. explicit
  - e. both b and d

Answer: c

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Difficulty: Medium

10. An advertiser's influence on consumers is typically explained through use of the \_\_\_\_\_ model.
- a. basic communication
  - b. advertising alert
  - c. hierarchy of effects
  - d. message percentage
  - e. none of the above

Answer: c

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Difficulty: Medium

11. In which of the following budgeting approaches can the previous year's sales most strongly influence the current year's advertising budget?
- a. all-you-can-afford
  - b. percentage of sales
  - c. competitive parity
  - d. zero-base budgeting
  - e. none of the above

Answer: b

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Difficulty: Medium

12. The NBA Denver Nuggets set their promotion budget to equal the percentage allocated by other companies in its industry. The firm is employing the \_\_\_\_\_ approach.
- a. competitive parity
  - b. percentage of sales
  - c. percentage of forecasted sales
  - d. zero-base
  - e. all-you-can-afford

Answer: a

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Difficulty: Challenging

13. Which of the following promotional budgeting approaches is the most difficult to implement?
- a. objective and task
  - b. competitive parity
  - c. percentage of sales
  - d. all-you-can-afford
  - e. percentage of forecasted sales

Answer: a

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Difficulty: Medium

14. Major League Baseball seeks to ensure that its advertising message is consistent with the message of its personal selling and sales promotional efforts. This emphasis upon consistency is most consistent with the concept of \_\_\_\_\_.
- a. integrated marketing communications
  - b. target advertising
  - c. direct market communications
  - d. sales promotion targeting
  - e. mega-marketing communications

Answer: a

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Difficulty: Challenging

15. The coordinated use of television, print ads, videos, billboards, direct mail, and other media is called a(n) \_\_\_\_\_.
- a. systematic promotion punch
  - b. cooperative marketing effort
  - c. integrated marketing communications program
  - d. global marketing campaign
  - e. both b and d

Answer: c

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Difficulty: Medium

### **True/False**

16. According to the text, communication is the process of establishing a commonness of thought between the sender and the encoder.

Answer: False

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Difficulty: Medium

17. According to the text, in sports marketing the sender or source is usually a star athlete.

Answer: True

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Difficulty: Medium

18. Credibility is the source's (athletes, teams, leagues) perceived expertise and trustworthiness.

Answer: True                      Page: 280                      Difficulty: Easy

19. The element in the sports communication process that develops the exact content of words and symbols to be transmitted to the receiver is the message.

Answer: True                      Page: 282                      Difficulty: Medium

20. According to the text, a one-sided message only states the positive features of the sports product, whereas a two-sided message includes both the benefits and weaknesses of the product.

Answer: True                      Page: 283                      Difficulty: Medium

21. Encoding, performed by the receiver, is the interpretation of the message sent by the source through the channel.

Answer: False                      Page: 284                      Difficulty: Easy

22. The target audience for a push strategy is not channel intermediaries but the ultimate consumer.

Answer: False                      Page: 287                      Difficulty: Medium

23. The broad sports promotional objectives are to inform, persuade, and remind the consumer, but the ultimate promotional objective is to induce the consumer to action.

Answer: True                      Page: 288                      Difficulty: Challenging

24. In practice, promotional budgeting is an active and scientific process by which the sports marketer determines the amount spent based on maximizing the monies available.

Answer: False                      Page: 290                      Difficulty: Medium

25. If the Tampa Bay Lightning made \$10 million during the 2003-2004 season, and then budgeted \$500 thousand for promotions in the 2004-2005 this would be an example of percentage of sales promotional budgeting.

Answer: True                      Page: 291                      Difficulty: Medium

## Essay

26. List and describe the promotion mix elements.

Suggested Answer:

1. Advertising—a form of one-way mass communication (TV, radio, print) about a product, service, or idea, paid for by an identified sponsor.
2. Personal Selling—an interactive form of interpersonal (seller to buyer) communication designed to build customer relationships and produce sales or sports products, services, or ideas.
3. Sales Promotion—short-term incentives usually designed to stimulate immediate demand for sports products or services.
4. Public or Community Relations—evaluation of public attitudes, identification of areas within the organization in which the sports population may be interested, and building of a good ‘image’ in the community.
5. Sponsorship—investing in a sports entity (athletic, league, team, event, and so on) to support overall organization objectives, marketing goals, and more specific promotional objectives.

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Difficulty: Medium

27. List and discuss the elements of the communication process.

Suggested Answer:

1. Sender of Source—where the message originates and in sport marketing is usually a star athlete and should have credibility (expertise and trustworthiness).
2. Encoding—translating the sender’s thoughts or ideas in the message, must have effort to make sure the receiver understands and comprehends.
3. Message—refers to the content of the words and symbols transmitted to the receiver; can be one sided or two sided, one sided translates positive features, two sided translates both benefits and weaknesses. Message can have an emotional appeal, which is used as an attempt to make the customer feel a certain way about the product versus a rational appeal to help the customer arrive at a careful analytical decision. Comparative message is used to compare one sport product to a competitive product.
4. Medium—refers to the channel through which the message travels from the sender to the receiver. Channels can be personal selling, television, radio, billboards, newspapers, magazines, athlete’s uniforms, and the Internet.
5. Decoding—refers to the receiver interpreting the message from the source about the product.
6. Receiver (audience)—the object of the source’s message should be a well-defined target audience.

7. Noise—this refers to the interference of the message to the receiver; can be the wrong media or too much competition, or the message can be stopped by ambush marketing.

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Difficulty: Challenging

28. Define ambush marketing, and discuss how it relates to the communication process.

Suggested Answer:

Ambush marketing is where organizations attempt to confuse consumers and try to make them believe that they are the official affiliated with a sporting event. This process comes into play at the noise element of the communication process and is used to gain an equal footing with an official sponsor of the sporting event; some in the marketing industry believe it to be unethical.

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Difficulty: Easy

29. List and describe the two basic strategies of the target market consideration step in promotional planning.

Suggested Answer:

1. Push strategy—emphasis on having the channel intermediaries “push” the sports products through the channel of distribution to the final customer. A manufacturer might direct initial promotional efforts to a wholesaler who then promotes the sport product to the retailer and the retailer promotes the product to the final user. The objective is to get as much of the product into the warehouse or store. This strategy generally ignores the customer. The promotion mix element that is most prevalent is personal selling (salesperson of the manufacturer to wholesaler or retailer).
2. Pull strategy—the target audience is the customer. The broad objective is to stimulate demand of the sport product, and with this, the retailers are forced to stock their shelves with the product. This is the more common of the two strategies.

Page: 287

Difficulty: Medium

30. List the four types of information that must be available to begin to measure return on investment (ROI) for integrated communications.

Suggested Answer:

1. Identification of Specific Customers—specific households, including information on the composition of those households to make inferences.
2. Customer Valuation—placing a value on each household based on either annual purchases or lifetime purchases.
3. Track Message Delivery—understanding what media consumers or households use to make their purchase decisions, and how a household receives information and messages over time.

4. Consumer Response—to establish the best ROI, behavioral responses are captured; consumer responses such as attitudes, feelings, and memory are deemed unimportant and purchases, inquiries, and related behaviors are evaluated.

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Difficulty: Medium

## Chapter 11

### Promotion Mix Elements

#### Multiple Choice

1. Which of the following types of advertising is primarily aimed at stimulating action or purchase?
- a. corporate advocacy advertising
  - b. direct-objectives advertising
  - c. cooperative advertising
  - d. corporate image advertising
  - e. public service advertising

Answer: b

Page: 299

Difficulty: Easy

2. Advertisers use color, sexual images, attractive celebrity endorsers, and humor as ways to increase \_\_\_\_.
- a. consumer attention
  - b. message exposure
  - c. media industry awards
  - d. selective comprehension
  - e. novelty attention

Answer: a

Page: 301-302

Difficulty: Medium

3. Typically, creative strategy emphasizes \_\_\_\_.
- a. entertainment
  - b. novelty
  - c. the product's competitive advantage or benefits
  - d. media selection
  - e. none of the above

Answer: c

Page: 301

Difficulty: Medium

4. "What is said" and "how it is said" are goals in \_\_\_\_.
- a. determining advertising budgets
  - b. competitive interference efforts
  - c. implicit communications
  - d. designing creative strategy
  - e. message exposure

Answer: d

Page: 301

Difficulty: Medium

5. The \_\_\_\_\_ should answer the appeal that the advertiser is trying to target.
- a. advertising execution
  - b. message exposure
  - c. emotional appeal
  - d. entertainment value
  - e. none of the above

Answer: a

Page: 303

Difficulty: Medium

6. The sponsored product is directly pitted against rivals on specific points under \_\_\_\_\_ advertising.
- a. subjective
  - b. cooperative
  - c. comparative
  - d. direct
  - e. both a and b

Answer: c

Page: 304

Difficulty: Easy

7. The Tampa Bay Lightning is preparing an advertising campaign in which it will contrast its products with those of named competitors on a point-by-point basis. The team is employing \_\_\_\_\_.
- a. misleading advertising
  - b. unethical business practices
  - c. comparative advertising
  - d. a push strategy
  - e. none of the above

Answer: c

Page: 304

Difficulty: Medium

8. \_\_\_\_\_ show(s) a “common” athlete or consumer in a common, everyday situation where the consumer might be using the advertised sports or non-sports product.
- a. Slice-of-life advertisements
  - b. Comparative advertising
  - c. Scientific advertisements
  - d. Non-specific advertisements
  - e. Subjective advertising

Answer: a

Page: 305

Difficulty: Medium

9. Source credibility refers to \_\_\_\_\_.  
a. power  
b. expertise and trustworthiness  
c. attractiveness  
d. exposure rate  
e. the repetition factor

Answer: b

Page: 306

Difficulty: Easy

10. \_\_\_\_\_ addresses two basic questions about the channel (medium) of communication.  
a. Comparative advertising  
b. Slice-of-life advertising  
c. Scientific advertising  
d. Media strategy  
e. Promotional strategy

Answer: d

Page: 309

Difficulty: Challenging

11. Which of the following media is probably best for presenting complex or factual information?  
a. television  
b. radio  
c. magazines  
d. outdoor advertising  
e. Internet

Answer: c

Page: 310

Difficulty: Medium

12. The number of times a person or household is exposed to a communication vehicle is called \_\_\_\_\_.  
a. reach  
b. frequency  
c. exposed rate  
d. the repetition factor  
e. the novelty factor

Answer: b

Page: 315

Difficulty: Easy

13. The following are all media scheduling alternatives EXCEPT \_\_\_\_\_ schedule.
- a. continuous
  - b. flighting
  - c. pulsing
  - d. seasonal
  - e. All of the above are media scheduling alternatives.

Answer: e

Page: 316

Difficulty: Medium

14. Which of the following is NOT considered a role that influences the buying process?
- a. economic buying role
  - b. user buying role
  - c. professional buying role
  - d. technical buying role
  - e. coach's role

Answer: c

Page: 318

Difficulty: Medium

15. All of the following are common sales promotion tools EXCEPT \_\_\_\_\_.
- a. rebates
  - b. coupons
  - c. buy one get one free
  - d. contests
  - e. publicity releases

Answer: e

Page: 320-325

Difficulty: Medium

## True/False

16. *Advertising* is one tool of the sport marketer, but it has its limitations, especially in the area of visibility.

Answer: False

Page: 298

Difficulty: Medium

17. When the NBA uses advertising such as "I Love this Game," they are trying to enhance their image. This is an example of *indirect objectives* in promotional advertising.

Answer: True

Page: 300

Difficulty: Medium

18. According to the text, the sport marketer should remember that advertising budgeting should ideally stem from the objectives the advertising is attempting to achieve.

Answer: True

Page: 301

Difficulty: Challenging

19. Today's sport marketer should be aware of *emotional appeals* in advertising. This type of advertising is not an effective way of conveying the benefits for health or pleasure.

Answer: False                      Page: 302                      Difficulty: Medium

20. *Pleasure or fun appeals* are designed for those target audiences that participate in sports or watch sports for fun, social interaction, or enjoyment.

Answer: True                      Page: 303                      Difficulty: Easy

21. A *one-sided message* conveys both the positive and negative benefits of a sports product or service.

Answer: False                      Page: 304                      Difficulty: Medium

22. *Reach* refers to the number of people exposed to an advertisement in a given medium.

Answer: True                      Page: 315                      Difficulty: Easy

23. When the sport marketer is considering an advertisement schedule, *seasonal scheduling* is the most prevalent because most sports, like running or jogging, are seasonal.

Answer: False                      Page: 316                      Difficulty: Challenging

24. Baseball cards, NASCAR model car replicas, water bottles, hats, refrigerator magnets, and posters are items that can be given away with the sports product or at events and are known as *premiums*.

Answer: True                      Page: 321                      Difficulty: Medium

25. *Sampling* is the element of the promotional mix that identifies, establishes, and maintains mutually beneficial relationships between the sports organizations and the various publics on which its success or failure depends.

Answer: False                      Page: 324                      Difficulty: Medium

## Essay

26. List and describe the two categories of advertising objectives.

Suggested Answer:

1. Direct advertising—this is used to elicit a behavioral response from the target audience. This response may be purchasing tickets to a sporting event (game, tournament, etc.), buying a certain sporting good, or involvement in some type of athletic event.
2. Indirect advertising—this is used to establish pre-behavioral responses by the consumer. This is accomplished by increasing awareness, enhancing image, improving attitudes, or educating the consumer. This type of advertising should lead to direct behavioral responses.

Page: 299-300

Difficulty: Easy

27. Define the creative process, and list the three desired outcomes.

Suggested Answer:

The creative process is generating the ideas or the concepts for the advertisement. The desired outcomes are (1) identifying benefits of the sports products, (2) designing the advertising appeal—what to say, and (3) developing the advertising execution—how to say it.

Page: 301

Difficulty: Easy

28. List and describe the five types of advertising appeals for sport marketing.

Suggested Answer:

1. Health appeals—markets to the concern of the value that society places on a desired lifestyle, is becoming more prevalent in advertising; an important consideration in this type of advertising is demographic profiling.
2. Emotional appeals—such humor, sex, pleasure, and drama are associated with athletic competition and are used in sports marketing promotions. This is exploited with the emotional attachment that consumers develop for sports products; recognizing this strong emotional component, sport marketers use it to their advantage.
3. Fear appeals—this is an emotional appeal but it is used to communicate negative consequences if the sport product or service is not used or is used improperly.
4. Sex appeals—these advertisements rely on the adage that “sex sells”; these are used for products that are sexually related such as perfumes and clothing; but are also used to sell other products (Sports Illustrated, Swimsuit Ed.). and even league and types of sports, women’s beach volleyball with Gabrielle Reece and women’s tennis with Anna Kournakova.
5. Pleasure and Fun appeals—these target audiences participate in sports or watch sports for fun, social interaction, or enjoyment. These types of advertisements stress the positive relationships that can develop with family members, friends, or business associates by attending games or participating in sports.

Page: 301-303

Difficulty: Medium

29. According to the text, there are four guidelines for using sports celebrities as endorsers. List two of these guidelines.

Suggested Answer:

1. Advertisements using athlete endorsers who appear during contests or events in which the athlete is participating are less effective.
2. Long-term relationships or associations between the product and the endorser are key—cannot be short-term or one-shot deals to be effective.

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Difficulty: Medium

30. From the text, list the four benefits of personal selling (Table 11.5).

Suggested Answer:

1. Personal selling allows the salesperson to immediately adapt the message they are presenting based on feedback received from the target audience.
2. Personal selling allows the salesperson to communicate more information to the target audience than other forms of promotion. Moreover, complex information can be explained by the salesperson.
3. Personal selling greatly increases the likelihood of the target audience paying attention to the message. It is difficult for the target audience to escape the message because communication is person to person.
4. Personal selling greatly increases the chances of developing a long-term relationship with consumers, due to the frequent person-to-person communication.

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Difficulty: Challenging

## Chapter 12

# Sponsorship Programs

### Multiple Choice

1. Investing in a sports entity to support overall organizational objectives, marketing goals, and/or promotional strategies is called \_\_\_\_\_.
- sales promotion
  - advertising
  - sponsorship
  - personal selling
  - image building

Answer: c

Page: 330

Difficulty: Easy

2. The sponsorship process stems from the larger promotional strategy and includes all of the following EXCEPT \_\_\_\_\_.
- sponsorship budgeting
  - sponsorship evaluation
  - sponsorship design type
  - sponsorship acquisition
  - All of the above are part of the sponsorship process.

Answer: c

Page: 333

Difficulty: Medium

3. When budgeting for sponsorship, a general rule of thumb is to be prepared to spend \_\_\_\_\_.
- 1-2 times the amount of the sponsorship on promoting the sponsorship
  - 2-3 times the amount of the sponsorship on promoting the sponsorship
  - 3-4 times the amount of the sponsorship on promoting the sponsorship
  - 6 times the amount of the sponsorship on promoting the sponsorship
  - No extra promotional dollars are required.

Answer: b

Page: 333

Difficulty: Medium

4. According to the text, the final stage of the sports sponsorship process involves \_\_\_\_\_ and \_\_\_\_\_.
- implementation; segmentation
  - implementation; evaluation
  - evaluation; segmentation
  - implementation; processing
  - processing; marketing

Answer: b

Page: 334

Difficulty: Medium

5. Sponsorship objectives that have a short-term impact on sales are called \_\_\_\_\_.  
a. indirect  
b. direct  
c. implied  
d. stimulant  
e. both a and b

Answer: b

Page: 337

Difficulty: Easy

6. Some of the indirect sponsorship objectives include \_\_\_\_\_.  
a. awareness  
b. image building  
c. relationship building  
d. reaching new target markets  
e. all of the above

Answer: d

Page: 337

Difficulty: Medium

7. One of the basic objectives of any sport sponsor is to generate \_\_\_\_\_.  
a. competition  
b. awareness  
c. image building  
d. relationships with its product  
e. none of the above

Answer: b

Page: 337

Difficulty: Medium

8. Ambush marketing is an example of \_\_\_\_\_ in the communications process.  
a. encoding  
b. decoding  
c. sponsorship  
d. noise  
e. both a and b

Answer: d

Page: 339

Difficulty: Challenging

9. Evidence of relationship marketing as a sponsorship objective can be seen by \_\_\_\_\_.  
a. new advertising  
b. point of sale displays in stores  
c. luxury boxes at the events  
d. implied advertising  
e. all of the above

Answer: c

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Difficulty: Medium

10. A model of how corporations select and choose sponsorship opportunities is called \_\_\_\_\_.  
a. sponsorship seeking model  
b. sponsorship acquisition model  
c. sponsorship contact model  
d. sponsorship relationship model  
e. none of the above

Answer: b

Page: 352

Difficulty: Easy

11. The sports event pyramid is best described as a way to \_\_\_\_\_.  
a. categorize the scope of the sponsorship  
b. look at the sponsors objectives  
c. evaluate the sponsorship return on investment  
d. build public image for the sponsorship  
e. none of the above

Answer: a

Page: 353

Difficulty: Medium

12. The World Cup is considered a(n) \_\_\_\_\_ event.  
a. international  
b. global  
c. world  
d. regional  
e. both a and c

Answer: b

Page: 353

Difficulty: Easy

13. The state high school baseball championship would be best described as a \_\_\_\_\_ event.  
a. regional  
b. local  
c. national  
d. community  
e. worldwide

Answer: b

Page: 353

Difficulty: Easy

14. The athletic platform can be divided on the basis of \_\_\_\_\_.  
a. athlete  
b. team  
c. league  
d. event  
e. all of the above

Answer: e

Page: 354

Difficulty: Easy

15. The athletic platform most commonly associated with sports marketing is \_\_\_\_\_.  
a. team

- b. athlete
- c. event
- d. league
- e. level of competition

Answer: c

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Difficulty: Medium

## **True/False**

16. According to the text, the sponsorship program plays no part of the sport promotional strategy.

Answer: False

Page: 333

Difficulty: Medium

17. Not unlike advertising objectives, sponsorship can be categorized as either direct, indirect, or neutral.

Answer: False

Page: 337

Difficulty: Challenging

18. According to the text, a primary objective of sport sponsorship is to stamp out or meet any competitive threats.

Answer: True

Page: 337

Difficulty: Medium

19. Ambush marketing is a planned effort by an organization to associate itself directly with an event to gain at least some of the recognition and benefits that are associated with being an official sponsor.

Answer: False

Page: 338

Difficulty: Challenging

20. Relationship marketing is one of the most important issues for sports marketers in today's competitive marketing environment.

Answer: True

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Difficulty: Medium

21. According to the text, the eventual objective for nearly all organizations involved in sponsorship programs is to increase sales.

Answer: True

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Difficulty: Medium

22. The *purchase decision* is at the center of the Sport Sponsorship Acquisition Model.

Answer: False                      Page: 352                      Difficulty: Medium

23. In the Sport Sponsorship Acquisition Model, the influencers are individuals who can impact the decision-making process.

Answer: True                      Page: 352                      Difficulty: Medium

24. According to the text, *international events* are at the apex of the Sports Event Pyramid.

Answer: False                      Page: 353                      Difficulty: Medium

25. According to the text, the most commonly associated athletic platform for sport marketers is the *event*.

Answer: True                      Page: 358                      Difficulty: Easy

## Essay

26. List and describe the sponsorship objectives.

Suggested Answer:

1. Direct sponsorship objectives—these have a short-term impact on consumption behavior and focus on increasing sales.
2. Indirect sponsorship objectives—they lead to enhancing sales through awareness, meeting and beating competition, reaching new target markets, building relationships, and improving image.

Page: 337                      Difficulty: Easy

27. List and describe the five elements of Indirect Sponsorship Objectives.

Suggested Answer:

1. Awareness—most basic objective of the sponsor is to generate recognition of its products and services, product lines, or corporate name.
2. Competition—a primary objective of the sponsor is to meet or stamp out its competitor. Many corporations are not interested in sponsorship, but cannot afford to let their competitor get any more of an edge on sponsorship recognition.
3. Reaching Target Markets—allows corporations to reach certain people who are attracted to sports. These sport events represent a natural forum for psychographic segmentation of consumers.
4. Building Relationships—building long-term relationships with corporate and sport entities has become a prime objective in sponsorship, especially in professional and big

time collegiate athletic community. This is done on an expensive level with prices exceeding the hundreds of thousands of dollars.

5. Image Building—perhaps the most important reason for sponsorship of a sports entity. This is a two-way process for both the sponsor organization and the sports entity—the organization associates itself and/or its brands with the positive image generated by the unique personality of the sporting event.

Page: 337-345

Difficulty: Challenging

28. Define the concept of ambush marketing, and give a specific example within the sport marketing industry.

Suggested Answer:

Ambush marketing is the planned effort of an organization to associate itself indirectly with an event to gain at least some of the recognition and benefits that are associated with being an official sponsor. The text gives some examples; one is the Nike commercial of 1984 “I love LA,” before the Summer Olympics, even though Nike was not an official sponsor.

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Difficulty: Medium

29. At the center of the Sport Sponsorship Acquisition Model is a group of individuals that play a unique role (buying center composition) in the actual acquiring of the sponsorship. List and describe the roles of this group.

Suggested Answer:

1. Gatekeepers—control the flow of information to the other members of the buying center.
2. Influencers—individuals that have information regarding the sports entity requesting the sponsorship; this information has been acquired through contacts they have in the community or industry.
3. Decision Maker—the individual within the buying center that has the responsibility to accept or reject the proposal.

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Difficulty: Medium

30. List and describe the five levels of the Sports Event Pyramid (from top to bottom).

Suggested Answer:

1. Global event—at the apex of the pyramid, it has the broadest coverage and is viewed extensively around the world. The Summer and Winter Olympics are the only true examples of this type of sport event.
2. International event—the next level in the pyramid and has two distinctions—a high level of interest abroad, but not global; or truly be global in scope but have a lower level of interest. Wimbledon, European Cup Soccer, American’s Cup, and the Pan-American Games are examples of this level.
3. National event—this level has high interest in a single country or two countries. Examples are MLB World Series, NCAA Final Four, and Super Bowl.

4. Regional event—has a narrow geographic focus within the region. The SEC football championship game, the Big East basketball tournament, and the Boston Marathon are all examples.
5. Local event—lowest level and has a narrow geographic focus, such as a city, county, or state segment of consumers. City baseball tournaments, school county championships, and high school state tournaments are good examples.

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Difficulty: Challenging

## Chapter 13 Distribution Concepts

### Multiple Choice

1. The ability of consumers to gain access to sports in a timely fashion at a convenient location is the essence of (a) \_\_\_\_\_.  
a. marketing mix  
b. distribution  
c. promotion  
d. promotion mix  
e. none of the above

Answer: b

Page: 365

Difficulty: Medium

2. The individuals or organizations that route the sports product to the final consumer are known as the \_\_\_\_\_.  
a. channel of distribution  
b. delivery chain  
c. channel captains  
d. distribution team  
e. distribution mix

Answer: a

Page: 368

Difficulty: Easy

3. New sports delivery systems include which of the following?  
a. the Internet  
b. direct mail  
c. hand delivery  
d. interactive billboards  
e. all of the above

Answer: a

Page: 368

Difficulty: Easy

4. Middlemen are more formally known as channel \_\_\_\_\_.  
a. captains  
b. distributors  
c. intermediaries  
d. blockers  
e. mixers

Answer: c

Page: 370

Difficulty: Medium

5. The \_\_\_\_\_ function is the first channel function and is performed mostly by sporting goods retailers.
- inventory
  - marketing communications
  - physical distribution
  - information
  - direct

Answer: d

Page: 371

Difficulty: Medium

6. Ordering the correct assortment of merchandise and storing merchandise is a function called \_\_\_\_\_.
- inventory management
  - intermediary management
  - physical distribution
  - inventory distribution
  - channel management

Answer: a

Page: 372

Difficulty: Easy

7. Without the \_\_\_\_\_ function, products would not be moved from producer to consumer.
- marketing communications
  - information
  - physical distribution
  - direct channel
  - none of the above

Answer: c

Page: 372

Difficulty: Medium

8. The Internet affords consumers with a(n) \_\_\_\_\_ channel of distribution.
- indirect
  - direct
  - single
  - fast
  - none of the above

Answer: b

Page: 372

Difficulty: Medium

9. Nike shoes being sold in a wide variety of outlets is an example of \_\_\_\_\_ distribution.
- a. exclusive
  - b. selection
  - c. selective
  - d. intensive
  - e. channel

Answer: d

Page: 373

Difficulty: Challenging

10. The total number of sports retailers in the U.S. is \_\_\_\_\_.
- a. growing
  - b. shrinking
  - c. staying the same
  - d. expanding in size
  - e. none of the above

Answer: b

Page: 374

Difficulty: Medium

11. Which of the following factors influences retail image?
- a. atmospherics
  - b. location
  - c. size of the store
  - d. clientele
  - e. All the above are influences.

Answer: e

Page: 379

Difficulty: Medium

12. Activities that take place before, during, and after the sale are known as \_\_\_\_\_.
- a. customer satisfaction
  - b. customer delight
  - c. customer service
  - d. service quality
  - e. all the above

Answer: c

Page: 381

Difficulty: Medium

13. Purchases made outside of traditional sports outlets and usually in the home are considered \_\_\_\_\_ retailing.
- a. non-sports
  - b. non-store
  - c. in-home
  - d. point-of-purchase
  - e. none of the above

Answer: b

Page: 382

Difficulty: Medium

14. One of the primary advantages of web shopping for sports marketers is \_\_\_\_\_.  
a. it is easier to promote  
b. it can sell more products  
c. highly uniform target audiences  
d. the number of audiences are restricted  
e. All of the above are advantages.

Answer: c

Page: 382

Difficulty: Medium

15. According to the text, modern \_\_\_\_\_ distribution tasks include marketing the game, advertising, sales force management, sales force operations, technical support, and customer service.  
a. channel  
b. selective  
c. exclusive  
d. ticket  
e. intensive

Answer: d

Page: 387

Difficulty: Challenging

### **True/False**

16. Those individuals or organizations that take part in the distribution process are referred to as channel members.

Answer: True

Page: 368

Difficulty: Medium

17. Channel intermediaries are organizations or individuals that are at the beginning process of producers and consumers.

Answer: False

Page: 370

Difficulty: Medium

18. According to the text, the marketing communications function involves a number of activities, such as advertising and promotion, personal selling, and public relations.

Answer: True

Page: 372

Difficulty: Medium

19. Direct channels of distribution are longer in length because of the intermediaries between the producer and consumer.

Answer: False

Page: 372

Difficulty: Medium

20. Exclusive distribution occurs when only one outlet is used to market products per geographic market.

Answer: True

Page: 373

Difficulty: Easy

21. The most critical sports retailing distribution decision is the first-year budget.

Answer: False

Page: 377

Difficulty: Medium

22. According to the text, the term that best encompasses the many facets of in-store image is *atmospharics*.

Answer: True

Page: 379

Difficulty: Medium

23. Promotional activities a sports retailer implements can affect a store's image.

Answer: True

Page: 381

Difficulty: Easy

24. Database marketing measures customers' buying behavior so the sports marketer is able to distinguish loyal fans from first-time purchasers.

Answer: True

Page: 382

Difficulty: Medium

25. Network and cable television, radio, and the Internet can all be considered as producers in the sports distribution process.

Answer: False

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Distribution: Challenging

## Essay

26. List, describe, and give examples of the three degrees of market coverage for sports products.

Suggested Answer:

1. Exclusive distribution—when only one outlet is used to market the sport product per geographic market. The TV network of NBC is an exclusive distributor of the Winter and Summer Olympics.
2. Selective distribution—refers to making sports products available in several, but selectively chosen outlets. The NFL selectively distributes its regular season games on FOX, CBS, ESPN, and ABC.

3. Intensive distribution—refers to selling sports products in a large number of outlets. Nike athletic shoes are sold in Foot Locker, Footaction, and Niketown retail stores.

Page: 373

Difficulty: Medium

27. List and describe the five consumers for price orientation.

Suggested Answer:

1. Brand-Loyal—believe their brand is superior to others and are willing to pay a fair price even if it is slightly higher
2. Status-Seeking—will only purchase the highest-quality, most prestigious, name brand and will pay higher prices. Higher prices are welcomed because of status associated with the price tag.
3. Service-Seeking—willing to pay slightly higher prices if compensated by higher levels of service. This is important for consumers who require higher levels of information from store personnel.
4. Convenience Customers—value the location of the store and the ease of purchasing products that this offers. They are less likely to “shop around” and thus more likely to pay above-average prices.
5. Price-Shopping—will “shop around” for the best deal at the lowest possible price.

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Difficulty: Challenging

28. In the text, there are five general guidelines for choosing a store location. List and describe three.

Suggested Answer:

1. Consider the types of stores that will be around yours. You would not want to start an upscale athletic store around discount stores like K-mart or Dollar General Store.
2. Consider the number and quality of competitors in the area.
3. Consider the cost (rent, taxes, maintenance) of the potential location.

Page: 378

Difficulty: Medium

29. Discuss the stadium as a “place” for the distribution concept in sports marketing.

Suggested Answer:

The game is a primary place of distribution, and as such the stadium becomes the factory or place where the product or service is consumed. In the past decade, sport facilities have seen a great boom in building, and with these new facilities, an increase in the total sport experience has been a major thrust by sport marketers. The

sport stadiums are used to the utmost degree to capture all available outlets for the sports to be marketed.

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Difficulty: Medium

30. Discuss the “sports media” as a distribution concept.

Suggested Answer:

Network and cable television, radio, and the Internet have been the dominant form of venue for sports games, tournaments, or events. With sports media leaders being seen as the most powerful people in sports, there seems to be no letup of sports media being the biggest and most influential distributor for sport marketing. This type of distribution is still being expanded to new geographical areas of the world, and has maintained a solid hold on existing outlets.

Page: 388-390

Difficulty: Medium

## Chapter 14

### Pricing Concepts

#### Multiple Choice

1. A statement of value for a sports product is (a) \_\_\_\_\_.  
a. price  
b. discount fee  
c. exchange process  
d. contract  
e. value

Answer: a

Page: 396

Difficulty: Easy

2. The most central tenet in pricing is understanding the concept of \_\_\_\_\_.  
a. discounting  
b. merchandising  
c. value  
d. deals  
e. both a and d

Answer: c

Page: 398

Difficulty: Medium

3. The internal factors determining the price of a sports product include all of the following EXCEPT \_\_\_\_\_.  
a. consumer demand  
b. promotion  
c. product  
d. distribution  
e. cost

Answer: a

Page: 401

Difficulty: Medium

4. The external factors that determine the price of a sports product include which of the following?  
a. competition  
b. cost  
c. organizational objectives  
d. economy  
e. both a and b

Answer: e

Page: 401

Difficulty: Medium

5. According to the text, the \_\_\_\_\_ component of the promotional mix that is a part of the internal factors affecting price is important in the launch of a new sports product.
- a. production
  - b. technology
  - c. public relations
  - d. consumer demand
  - e. none of the above

Answer: c

Page: 402

Difficulty: Challenging

6. Exclusive distribution of a sports product is usually associated with \_\_\_\_\_.
- a. higher pricing
  - b. lower prices
  - c. penetration pricing
  - d. discount merchandising
  - e. value pricing

Answer: a

Page: 402

Difficulty: Challenging

7. Most professional sports teams at the Major League level engage in \_\_\_\_\_.
- a. price competition
  - b. non-price competition
  - c. price wars
  - d. cost-plus pricing
  - e. value pricing

Answer: b

Page: 404

Difficulty: Medium

8. Rent or lease on an arena for a minor league hockey franchise is considered a(n) \_\_\_\_\_ cost item.
- a. total
  - b. fixed
  - c. variable
  - d. intermediary
  - e. limited

Answer: b

Page: 405

Difficulty: Medium

9. Packaging costs for a new pair of rollerblades represent a \_\_\_\_\_ cost item.
- a. total
  - b. fixed
  - c. variable
  - d. intermediary
  - e. none of the above

Answer: b

Page: 405

Difficulty: Challenging

10. Most professional sports teams are LEAST concerned about what type of organization objective?
- a. income
  - b. sales
  - c. competition
  - d. revenue
  - e. promotion

Answer: c

Page: 409

Difficulty: Medium

11. There are four categories of organizational objectives that influence pricing decisions. Which of the following is NOT one of those categories?
- a. income
  - b. consumer
  - c. sales
  - d. competitive
  - e. social

Answer: b

Page: 409

Difficulty: Medium

12. The quantity of a sports product that consumers are willing to purchase at a given price is known as \_\_\_\_\_.
- a. consumer demand
  - b. consumer price curve
  - c. consumer price index
  - d. consumer supply curve
  - e. none of the above

Answer: a

Page: 410

Difficulty: Easy

13. All of the following are ways to estimate demand EXCEPT \_\_\_\_.
- a. consumer income levels
  - b. consumer tastes
  - c. organizational objectives
  - d. availability of substitute products
  - e. All of the above are ways to estimate demand.

Answer: c

Page: 410-412

Difficulty: Challenging

14. An average ticket price to a single NY Jets game is reduced from \$65.00 to \$55.00 and the number of units sold increases dramatically. The demand is considered \_\_\_\_.
- a. unitary
  - b. inelastic
  - c. appealing
  - d. elastic
  - e. both a and d

Answer: d

Page: 411

Difficulty: Medium

15. The \_\_\_\_ that may affect a consumer's acceptable range of prices include the presence or absence of time, the usage situation, and social factors.
- a. situational factors
  - b. elastic demand
  - c. variable cost
  - d. price perception
  - e. value factors

Answer: a

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Difficulty: Medium

### **True/False**

16. Internal (or environmental) factors are controlled by the sports product organization.

Answer: False

Page: 401

Difficulty: Medium

17. Coupons and rebates are price discounts designed to encourage purchase of the sports product, and are another way for consumers to get money back from the original purchase.

Answer: True

Page: 402

Difficulty: Medium

18. According to the text, most sports product prices are negotiable.

Answer: False

Page: 402

Difficulty: Easy

19. With the sports pricing concept, costs are those factors associated with producing, promoting, and distributing the sports product.

Answer: True

Page: 404

Difficulty: Medium

20. Advertising and promotional costs for a local minor league baseball team that can increase or decrease from month to month would be a good example of variable cost.

Answer: True

Page: 405

Difficulty: Medium

21. According to the text, many sports organizations, particularly amateur athletic organizations, determine the pricing of their sporting events based on social concerns.

Answer: True

Page: 409

Difficulty: Medium

22. Consumer demand is one of the least critical factors in determining the price of sports product.

Answer: False

Page: 410

Difficulty: Easy

23. Unitary demand is defined as a situation where price changes are offset exactly by changes in demand; in other words, price and demand are perfectly related.

Answer: True

Page: 411

Difficulty: Easy

24. The mob effect (or the crowd effect) describes a situation in which consumers believe it is socially desirable to attend “special” sporting events.

Answer: True

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Difficulty: Easy

25. When it comes to external factors putting constraints on sports pricing, legal issues are an area that has little effect on sport products.

Answer: False

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Difficulty: Medium

## Essay

26. Using the box entitled *The Value of a Seat*, explain what Personal Seat Licenses (PSL) are, and give the pros and cons for this type of sport ticket pricing.

Suggested Answer:

Personal Seat Licenses—when individuals pay for the future rights to purchase tickets at a new stadium for seats in desired locations within the stadium. This is a relatively new marketing tool to help offset new stadium building. PSL’s can be purchased and

in many cases passed on to family members or can be sold by the first purchaser to others.

The Pros—this has been a way of minimizing the need for public money needed to build major sport facilities, and in return fans receive something of value—the right to control the sport facility seats.

The Cons—some feel this is a marketing gimmick that escalates sport ticket costs, with these proceeds going to already wealthy team owners and players.

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Difficulty: Easy

27. Explain the mathematical equation  $TC = FC + VC$  in terms for a minor league baseball team.

Suggested Answer:

Total cost (TC)—refers to the total cost that an owner would realize, with this being equal to the fixed costs (FC) and the variable costs (VC). The fixed costs (more in number) are the expenses that are stable and do not change. For example, rent on the stadium, salaries, and transportation. The variable costs (fewer in number) are expenses that vary and change as a result of the product being consumed. For example, advertising and game promotions for a minor league baseball team can and do vary depending on team performance.

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Difficulty: Easy

28. List and describe the four categories of organizational objectives that influence the sport pricing decisions.

Suggested Answer:

1. Income objectives—are expressed in achieving maximum profits or organizational survival. Professional sport organizations seek to achieve the highest profit and having good returns on investments; with amateur athletic associations seeking to stay in business.
2. Sales objectives—maintaining or enhancing market share and encouraging sales growth. This is the concern of sport products (baseballs, shoes) and sport teams (ticket sales), and can be accomplished by lowering ticket prices, discounting products, and special prices for season tickets.
3. Competitive objectives—organizations may want to meet competition, avoid competition, or even undercut competition. This is accomplished by affecting final pricing decisions. Most professional sport franchises are “the only game in town,” so competition is less likely to affect their prices.
4. Social objectives—many sport organizations, especially amateur athletic associations, determine their pricing based on social concerns. For example, a local city road race would be to encourage as many people as possible to participate in the community event, and as such the cost to enter the race is minimal and only used to offset the expense of having the race.



29. List and describe the three types of consumer demand.

Suggested Answer:

1. Inelastic demand—refers to the changes in price that have little or no impact on sales; for example, the text refers to the NFL Green Bay Packers having sellouts since 1960 and have had dramatically increased ticket prices but with no change in number of tickets sold.
2. Elastic demand—refers to small changes in price producing large changes in quantity demand; for example if the MLB Los Angeles Dodgers drops their average ticket price from \$30 to \$20 and the number of tickets sold increases dramatically, then the demand is considered elastic.
3. Unitary demand—refers to a situation where price changes are offset exactly by changes in demand; where price and demand are perfectly related.

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Difficulty: Medium

30. The text lists 5 laws that have affected the pricing of sports products. List and describe three of these laws.

Suggested Answer:

1. Sherman Act of 1890—establishes legality of restraint/price of trade and fixing. It also restricts the practice of predatory pricing to drive competition from the marketplace through pricing.
2. Wheeler-Lea Act of 1936—ensures pricing practices are not deceiving to consumers.
3. Consumer Goods Pricing Act of 1975—eliminates some control over retail pricing by wholesalers and manufacturers. It allows retailers to establish final retail prices in most instances.

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Difficulty: Medium

## Chapter 15 Pricing Strategies

### Multiple Choice

1. A common pricing strategy is \_\_\_\_\_.  
a. differential pricing  
b. psychological pricing  
c. cost-based pricing  
d. new sports product pricing  
e. all of the above

Answer: d

Page: 420-427

Difficulty: Medium

2. Selling the same product to different buyers is known as \_\_\_\_\_.  
a. psychological pricing  
b. pricing segmentation  
c. differential pricing  
d. new sports pricing  
e. cost-based pricing

Answer: c

Page: 420

Difficulty: Easy

3. Golf courses that offer different green fees on the weekend versus the weekday are practicing \_\_\_\_\_.  
a. psychological pricing  
b. pricing segmentation  
c. new sports pricing  
d. differential pricing  
e. penetration pricing

Answer: d

Page: 420

Difficulty: Medium

4. \_\_\_\_\_ occurs when different prices are charged to different segments of consumers.  
a. Second market discounting  
b. Penetration pricing  
c. New sports pricing  
d. Price skimming  
e. Cost plus pricing

Answer: a

Page: 420

Difficulty: Medium

5. The WNBA wanted to attract as many fans as possible in the early years of the league by using \_\_\_\_\_.  
a. psychological pricing  
b. pricing segmentation  
c. penetration pricing  
d. differential pricing  
e. cost-based pricing

Answer: c

Page: 421

Difficulty: Easy

6. The risk of using a \_\_\_\_\_ approach is that competitors of “knockoff or imitation” products may quickly enter the market and attempt to grab sales and market share by offering a comparable product at a substantially lower price.  
a. cost-based pricing  
b. second-market discounting  
c. penetration pricing  
d. price skimming  
e. prestige pricing

Answer: d

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Difficulty: Challenging

7. When a sport customer would pay \$200 for a Penn Gold 300 series (deep sea fishing reel), \$700 for a Taylor Made R510TP golf driver, or \$1000 for courtside seats to a Los Angeles Lakers game, this would fall under \_\_\_\_\_ in sport marketing.  
a. psychological pricing  
b. price skimming  
c. cost-based pricing  
d. product line pricing  
e. seasonal discount pricing

Answer: a

Page: 423

Difficulty: Challenging

8. When a sport customer would rather pay \$48.97 than \$49.00 for a Wilson Basketball, then this customer falls under the \_\_\_\_\_ type of psychological pricing concept.  
a. cost-based pricing  
b. reference pricing  
c. odd-even pricing  
d. customary pricing  
e. traditional pricing

Answer: c

Page: 424

Difficulty: Medium

9. Keeping bleachers seats at baseball games around the same low price they have been for years is called \_\_\_\_\_.  
a. customary pricing  
b. same season pricing  
c. cost stable pricing  
d. referent pricing  
e. psychological pricing

Answer: a

Page: 424

Difficulty: Easy

10. In \_\_\_\_\_, sports manufacturers or organizations sell products and services used in conjunction with, or in addition to, the primary product.  
a. two-part pricing  
b. differential pricing  
c. price skimming  
d. odd-even pricing  
e. captive product pricing

Answer: e

Page: 425

Difficulty: Medium

11. Family packages, season ticket packages, and golf balls sold with tees are all examples of \_\_\_\_\_.  
a. price bundling  
b. price skimming  
c. captive pricing  
d. differential pricing  
e. referent pricing

Answer: a

Page: 425

Difficulty: Medium

12. Sports organizations that set higher than market prices to target consumers who are price insensitive are using \_\_\_\_\_.  
a. psychological pricing  
b. price skimming  
c. differential pricing  
d. cost-based pricing  
e. penetration pricing

Answer: b

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Difficulty: Easy

13. Sports organizations that determine the number of units it will have to sell at a given price to recoup the costs are practicing \_\_\_\_\_.  
a. price bundling  
b. economic pricing  
c. break-even pricing  
d. cost-plus pricing  
e. penetration pricing

Answer: c

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Difficulty: Medium

14. (The) \_\_\_\_\_ is the point at which consumers detect a change between two stimuli (prices).  
a. price skimming  
b. cost-based pricing  
c. psychological pricing  
d. just noticeable difference (JND)  
e. penetration pricing

Answer: d

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Difficulty: Medium

15. Ski equipment that is discounted in the summer to stimulate sales is known as \_\_\_\_\_.  
a. quantity discounting  
b. sales  
c. special discounting  
d. seasonal discounting  
e. referent discounting

Answer: d

Page: 433

Difficulty: Easy

### **True/False**

16. Penetration pricing occurs when total cost (fixed + variable costs) is added to an additional cost in order to achieve the desired profit.

Answer: False

Page: 421

Difficulty: Medium

17. Psychological pricing is based on the consumer's emotion and image, rather than economics.

Answer: True

Page: 423

Difficulty: Easy

18. Reference pricing is when sport marketers provide consumers with comparative information on various brands so consumers "feel" like they are getting a deal.

Answer: True

Page: 424  
Difficulty: Medium

19. Product line pricing is another form of psychological pricing that may be used in conjunction with other strategies.

Answer: False

Page: 424  
Difficulty: Easy

20. The opposite of bundle pricing strategy is captive product pricing where multiple sports products are separated and sold at a single price.

Answer: True

Page: 425  
Difficulty: Easy

21. A target pricing strategy refers to the grouping of individual sports products and services into a “single package” price.

Answer: False

Page: 427  
Difficulty: Medium

22. Cost-plus pricing is when a new sports product is being introduced at a low initial price relative to the competition.

Answer: False

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Difficulty: Medium

23. In sport marketing, price adjustments may be made in order to stimulate demand for sporting products when sales expectations are not currently being met.

Answer: True

Page: 430  
Difficulty: Easy

24. Price reductions are efforts to enhance sales and achieve greater market share by directly increasing the original price.

Answer: False

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Difficulty: Easy

25. Seasonal discounts are prevalent in sports marketing because of the nature of most sports (snow skiing, water skiing, fishing, football, baseball).

Answer: True

Page: 433  
Difficulty: Easy

## Essay

26. List and describe the five types of psychological pricing strategies.

Suggested Answer:

1. Prestige pricing—setting a high price to provide a certain image that will appeal to a certain type of customer. This high price will set them apart from the regular customers.
2. Reference pricing—the customer carries a frame of reference in which they evaluate other sport products. The sport marketer will give this customer other comparative prices so that this customer “feels” like they are getting a good deal.
3. “Lure of the middle pricing”—this type of pricing fits itself into already existing products’ prices by pricing itself in the middle (price).
4. Odd-even pricing—this type of pricing appeals to the customers that feel like they are getting a good price even though the price is just a few cents less; for example, this customer would buy a Nike shoe at \$55.95 but not \$56.00 even if it is the same exact shoe.
5. Customary or traditional pricing—when customers have expectations set in a historical sense; for example, MLB has a history of cheaper seats (bleacher seats) and if MLB would change, then traditional baseball fans would be upset.

Page: 423-425      Difficulty: Challenging

27. Define cost-based pricing strategies and discuss why these are considered the simplest way of establishing prices.

Suggested Answer:

Cost-based pricing strategies—when a sport organization examines all the costs (rent on facility, advertising, cost of material to produce the product, etc.) associated with producing the sporting good or event before determining the price. This type of strategy is easiest to use because of the bottom line. For example; 1) Cost-plus pricing represents the mathematical equation of total cost = fixed + variable ( $TC = FC + VC$ ); 2) Target profit pricing is when the price is based on the target profit set by the sport organization; 3) Break-even pricing is when the sport organization determines the number of units it will have to sell at a given price to break even (or recoup costs).

Page: 427-430      Difficulty: Easy

28. Using the following information, solve the break-even pricing scenario. Calculate the break-even point for a Wilson baseball glove for catchers. The fixed costs for the glove are estimated to be \$3.7 million, the variable costs per unit are \$7, and the suggested selling price is \$37.50.

Answer:

$$\begin{aligned}\text{Break-Even Point} &= \frac{\text{Fixed Cost}}{\text{Price} - \text{Variable Cost per Unit}} \\ &= \frac{\$3.7 \text{ million}}{\$37.50 - \$7.00}\end{aligned}$$

Break-Even Point = 121,312 gloves (rounded up)

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Difficulty: Easy

29. Discuss all the costs associated with “running” a mini-marathon and then describe whether these costs are fixed or variable in nature.

Suggested Answer:

The first cost would be to acquire the place to start. Most cities have a fee associated with holding this type of event; this cost would include the beginning point (eg., park, outside a city building –courthouse, etc.) and also fees for security, which would be a fixed cost. The next type of cost could be advertising, which could be done on local TV, radio, and newspaper. This represents variable costs. Another type of cost could be furnishing liquid refreshment (Gatorade and bottled water) and supplying a tee shirt. This could be offset by having a sponsor or be paid for by the association with fees to enter the marathon. These costs would be fixed.

Page: 427-430            Difficulty: Medium

30. Define price discounts and list and describe the types.

Suggested Answer:

Price discounts—these are incentives offered to buyers to stimulate demand or reward behaviors that are favorable to the seller.

1. Quantity discount—this rewards the buyer for purchasing large quantities of a sport product; for example, Nike shoe company may offer the customer an incentive to purchase a pair of shoes and get the second pair free, or the Wilson Co. may offer a retailer a discount on basketballs if the retailer buys a large quantity.
2. Seasonal discount—most sports are seasonal so a retailer may offer end-of-season discounts; for example, fishing equipment like rods and reels may be a set price and by the end of the fishing season, the retailer may offer 25% to 30% off.

Page: 433            Difficulty: Easy