

# Marketing Practices of a Sportorganization – The marketing value of Falco – Vulcano KC Szombathely Basketball Team

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**Abstract:** *In this study I have been examining the marketing activity and value of the Falco-Vulcano Energia KC. The team does not have a huge legacy or past considering the other teams in the league. The organization is going to be only 40 years old this season (Komodi 1999). Falco has been established in 1980 by „some fanatics”, for instance, György Gráczner and István Németh. Due to their enthusiasm, the organization is flourishing ever since. My aim is to introduce the Hungarian sport marketing status and within it, I would like to focus on the Falco Vulcano Energia KC men’s basketball team in the 2017th season in particular. A very similar study had been published in this respect [8], but numerous reasons are supported me to carry out this research again. First of all, I would like see what had happened during the past eleven years. Because of this I presume that I can observe some kind of a change, which I can record, whether if it is showing a positive or a negative trend. Once I have done this, I would like to inspect the performance in the international stage and its effects. These two have never been studied before. Therefore, my research definitely provides some new, unknown information.*

**Keywords:** *sport economic, sponsorship, satisfying the sponsors*

## 1 Introduction

The Hungarian sports funding system had been changed during the past period, by which we can observe certain signs connected to this. At first, we can see that the supporting mediums of sports are being created still to this day, and their existence are supported [9][18]. Secondly, the adjustments in the taxation system, provided an increase in the founding sector, which of course contributed to the welfare of the clubs in general. On top of this, a serious amount of government funds have been transferred to the sport sector. These actions mentioned above, contributed significantly to the income of the Sports Non-Governmental Organizations (NGO), and in parallel the sports businesses earnings are multiplied, however it is worth to mention that this is not just a Hungarian trend. We can see this worldwide [9][12]. It is absolutely important, that the organizations and the league must use these increased funds to cover the long term goals, and to think in longevity, not just in short term expenditures. Racking up talented players in one team, does not mean a championship trophy immediately, but the amount of talents has an effect on the performance. They go side by side. [5][6][17].

Agreeing with the thoughts above, in professional sport, the performance or efficiency is vital. In order to maintain the funding of these organizations, they have to

win. These organizations are based on business funding, which means they can create their own income from the 5 markets of sport [1][2].

In my research, I had been looking for numerous answers for my questions. First of all, I would like to know that, one of the oldest member of the Hungarian first league, which had been established by today's president György Gráczer in 1980 [13], whether they were able to successfully utilize the opportunities, which these changes provided throughout these years. And how big is the marketing value of the organization.

The team begin their competition in the international series back in the 2015-2016 season, where they could achieve notable victories, but in the perspective of my research, the effect of these victories on the sponsors were relevant and significant.

## **2 Literature research**

### **2.1 Advertiser or sponsor**

For my study, these terms - sponsor, advertiser and patron - or in other words supporters, are inevitable to understand. Unfortunately, these terms are mixed in many literature and they are confusing in terms of difference related to each other. The common sense thinks, that these terms are synonyms. That is why I would like to clarify their exact meanings, in order to avoid any kind of confusion.

“In a sponsorship agreement the sponsor commits liability to support the selected athlete, team organization or the federation via funds or provides “benefits in kind”, the sponsored, in turn allows that, his sporting activity can be and will be used in the sponsor's marketing activity” [19]. Within the sponsor law, this definition is specified, that the sponsor can expect some kind of a counter service, for their marketing activity. The sport itself is a vital and important tool for the companies to advertise, because the traditional media had become very expensive. [4][11].

The sport events and matches are extremely good platforms to the advertisers and sponsors [12]. The advertisers main goal is the create a connection between the spectator in the easiest way possible. They want to use the team, to advertise those goods, definitely to put some charming in it. They can earn financial and emotional benefits against their rivals or competition. [3][4][8][10][11].

The advertiser is orientated in the selling of the goods, whilst a sponsor is interested in the development of the image, and to raise awareness or gain acquaintance. Besides of these two, the patron also plays an important role in the life of a sports organization. The main difference between lies deep in the

mutuality. While the sponsor and the advertiser gets back some value, the patron's and organization's relationship is one-sided and there is no return value. [7][8][14][15][16].

Nowadays patrons expect social capital in exchange for the donation. The sponsors can be divided into sub groups by numerous principles. Which can be seen in the 1st table. According to Brooks (1994) there are four types.

1. table: Types of sponsors, based on Christine M. Brooks (1994) own editing

Type of Sponsor	Characteristics	Advantages	Disadvantages
<b>Exclusive Sponsor</b>	The denominator of the events or teams.  They have full rights and say.	They merge with the team  Can reach a lot of spectators.  They have the full income	Way too much commitment  Big responsibility  Enormous amount of investment
<b>Primary Sponsor</b>	A team has numerous primary sponsors  They have good display platforms	Not a huge financial commitment  They share the risks  They got the media's attention	They have to cooperate with the other primary sponsors
<b>Secondary Sponsor</b>	The sponsor's goods are connected to the sport.  Like stopwatch - running	Spectators might associate to other things  Small financial commitment	Weaker appearance platforms  Moderate attention from spectators
<b>Official Supporter</b>	Their goods are not connected to the team. That is the main difference between the Official and the secondary sponsor	Can be anything <ul style="list-style-type: none"> <li>• Alcoholic drinks</li> <li>• Beverages</li> <li>• Tobacco goods</li> <li>• Credit card</li> </ul>	It is worth during bigger events <ul style="list-style-type: none"> <li>• Olympics</li> <li>• Football World Championship</li> <li>• etc.</li> </ul>

### 3 Survey of the sponsorship research framework

In this current season Falco has more than 100 sponsors. With my study, I wanted to understand, the motivation of the sponsors and advertisers. To achieve my goal, I have created a survey which contained 12 short questions connected to this

subject. I had sent over 100 e-mails to the backers of the Falco-Vulcano Energia KC. The reply rate was low, so the results are not representative, however from the received answers I was able to figure out some intriguing facts, which I want to show with some diagrams.

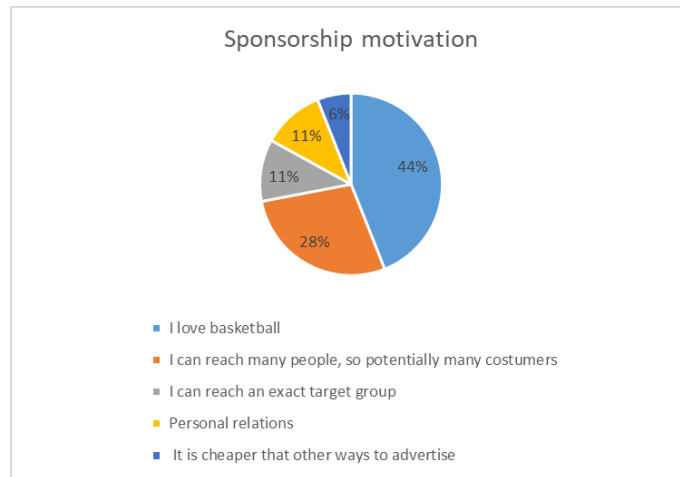
### 3.1 Motivation of the Sponsors

In my research I have previously mentioned that the terms of sponsor, advertiser or patron are easily mixed or confused. I wanted to know that those sponsors whom I asked, that what are they thinking about themselves or what are they considering themselves? As a patron, as an advertise or as a sponsor? I was really curious about it. I would like to show you a graph connected to this.



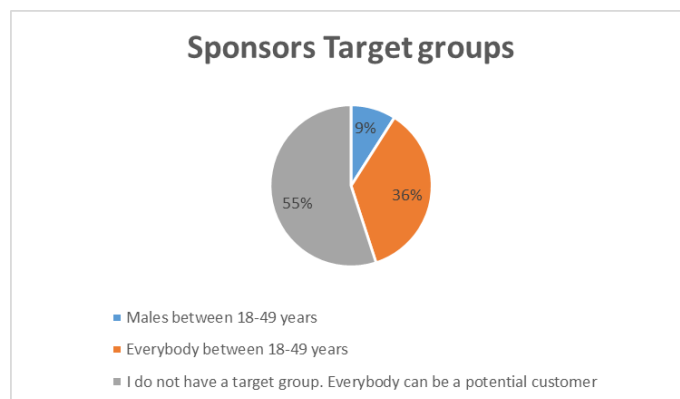
1. diagram: A Falco-Vulcano Energia KC's backers distribution (self created diagram)

The majority of those who had done the survey, made their decisions based on business goals, because they think about a team as an opportunity to advertise. It is a good thing that those wealthy people can and want to support their beloved team. Szombathely has the reputation of being a sport lover city. This statement is backed by the businessmen's support. As you can see on the diagram above. One question was about their exact motivation. I have created an another diagram to show you the results.



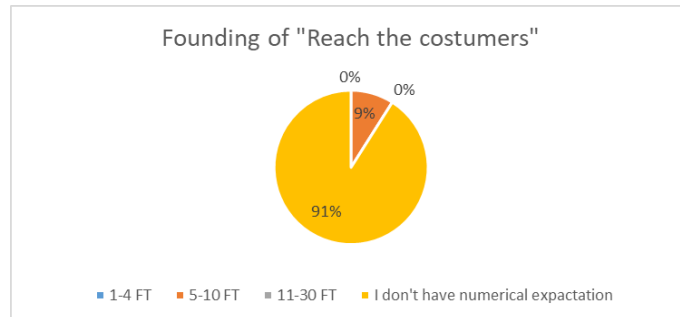
2. diagram: A Falco-Vulcano Energia KC' sponsor's motivation (Self Created diagram)

It is clear from the given answers that the love of sport plays an important role in Szombathely, and in the business life instead. The other main motif is the number of the attendance. When the team plays at home, the spectator's number can reach over 2000 and 2500. During the game, the attendance can meet numerous advertisement throughout the 2 hours' average length of the game. Plenty of companies choose this type of advertising because of the crowd. By the help of my survey I got an answer to this as well.



3. diagram: A Falco-Vulcano Energia KC' target group distribution (Self created Diagram)

However, it is important, to reach a specific target group, but plenty of companies do not have this kind of a requirements.



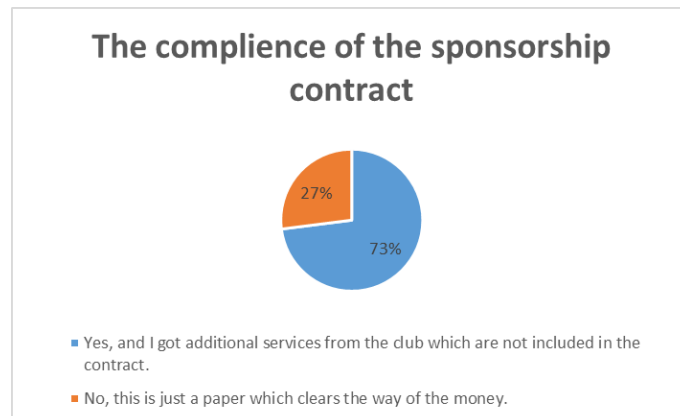
4. Diagram: A Falco-Vulcano Energia KC's sponsor's fund to reach I costumer (Self created diagram)

It is very similar to the target groups, because there are also a lot of companies who do not have a numerical requirement. This is not a business mindset, because the sponsors do not care about the funding of reaching 1 individual.

According to Muszbek (2016)- in the case of football, considering the watchers in front of the television- the funding amount / 1 individual can reach about 0,5-3 HUF, so it is interesting that some of the sponsors have highlighted the amount of 5-10 HUF.

### 3.2 Satisfaction of the sponsors

I have another aim which is I want to show the satisfaction of the sponsors. My survey's second half included some questions about these factors. In what ways the requirements of the club and sponsors met.



5. diagram: A Falco-Vulcano Energia's sponsoral contrants (Self created diagram)

The diagram shows that the responder's 72% got the facts included in the contract. Moreover, there are additional services from the club. The team provides 4 extra or additional services to their sponsors and backers, so is certain that those man leave with a positive picture about the team. This is a great initiative from the

team, because this can mean an attracting force to other sponsors, to build a social capital during the games of Falco. The team has acted already to create such an atmosphere with the establishment of the VIP room, where members can have conversations before and after the games.

## 4 Discussion

In my research, my aim was to learn and introduce how the professional basketball team works with their sponsors. We can say that Falco-Vulcano Energia KC's marketing activities is enough and they potentially maxed out. In my opinion, there is still much to learn, but we have a great example. The North American sport teams are the best in every aspect. Of course we cannot draw a parallel between the North American and the Hungarian market, but we can get some inspiration from them. It is also a big problem that because of the TAO (financial support for the visual and team sports) system, the teams are not dealing with the advertising. I would like to do an another research about this topic in the future, which will give us a more specific picture for the teams and the sponsors. During marketing studies there is a method which applies the eye tracking camera in order to figure out what and where to look. Some spectators will apply these "go-pro" like cameras and the researcher can see where are they looking real time. This is important because the advertisers can adjust their advertisements to be more attractive. Muszbek Mihály and the Sportunio have developed a video analyzing system, which can track eye movement and which advertisement catches the spectators' attention. In my opinion it worth a try to initiate such an action during a basketball game, because we can learn a lot new from the results.

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