

# Systemic Relationship Marketing: Co-creating Sports Brand Equity with Fans and Other Stakeholders

Vlad ROȘCA<sup>1</sup>

## *Abstract*

*Relationship marketing can be a possibility for sports clubs to improve their brand equity and to deliver added value to their fans. Leading and managing the sports club by a relationship marketing philosophy can help involve the fans into co-creating value.*

*This paper begins by presenting three different types of relationship marketing that sports clubs can use: non-systemic, simply systemic and complex systemic. After making the differences between these three types, the research concentrates on discussing the two systemic marketing types, and provides ideas of how sports clubs can encourage their fans to contribute with value to the brand. Hence, the idea of co-creating value for the brand equity, is further discussed, by presenting models of how clubs could involve fans into the marketing process.*

**Keywords:** *relationship marketing, sports marketing, brand equity, sports branding, systemic relationship marketing, fan club*

**JEL classification:** M14, M30, M31.

## **Introduction**

As a phenomenon placed at the intersection of the social, politics, economy and culture, sports have to face continuous pressure and frequent changes coming from the outside. Moreover, sports clubs have to meet a competitive force from within: the competition with other clubs not only for athletic results, but also for winning fans, sponsors, and broadcast time in mass media. It becomes increasingly clear that sports clubs are characterized by complexity. In this sense, management cannot be efficient without partners. Sports clubs that want to bring added value to fans need to abort the transactional attitude that dominated the market until recently and move towards a relational approach. The latter implies that sports clubs have to shake hands with partners, interested individuals or groups (stakeholders) to jointly create value and improve sports brand equity.

This article attempts to propose and overview of relationship marketing in sport. The paper will discuss how a sports club can systematize relationship marketing to create added value for its fans. The research reveals three types of relationship marketing: non-systemic relationship marketing, simply systemic relationship marketing, and complexly systemic relationship marketing. After

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<sup>1</sup> Vlad ROȘCA, The Bucharest University of Economic Studies, Romania  
E-mail: vlad\_rsc@yahoo.com

presenting the three models of relating to fans and the differences between them, the paper proposes ideas for applying a systemic relationship marketing in a sports club.

## 1. Literature Review

Relationship marketing can be defined as a form of leading an organization by orienting it to the market; the basic principle of relationship marketing consists in building, developing and maintaining relationships beneficial to all parties involved in the deal (Morgan, Hunt, 1994). The concept emerged as a result of the high competitive pressure that arised form the phenomena that changed the economy of the last half century: deregulation, technological improvements made at high speed, and internationalization. Organizations were forced to admit that, in order to remain competitive, they needed to shake hands with people or groups interested in the smooth running of the business (Shtonova, 2011).

Unlike transactional marketing, that targeted only the brief moment of passing goods from the vendor to the buyer (Li, Nicholls, 2000), relationship marketing is interested in maintaining a long term relationship with the client. In order to build the long term relationship, mutual trust between seller and buyer is needed (Bhuvaneswari, Rau, 2010), the purpose being that, throughout the relationship, the seller and the buyer can provide each other, repeatedly, with value. As a result, many business representatives began to stretch their hands to work together to design highly-valued products or to better communicate in the market. It was thus that value in economy began to be co-created from several different parts.

A special attention received the assumption that the customer was himself a co-creator of value (Feldman, 2008; Ramaswamy, 2009; Saarijärvi et al., 2013). Traditionally, the value gained from customers was seen in terms of the money they had to pay to take possession of an offer. Later, in the relationship marketing era, more complex tasks were attributed to the customer, who started adding value to offerings. Thus, one of the essential characteristics of relationship marketing is involving the customer in building value. Research on brand equity has found a link between brand value and the extent to which customers interact with the brand (Aaker, 1991, 1996). Brand support manifestations, such as client recommendations made in the circle of friends, work as free advertising for the brand, boosting its value. The more attached customers feel to a brand, the more extensive the stories they tell about the brand, which will improve brand reputation. To encourage brand discourse amongst clients, the brand owner should support the building of communities where customers can come together to share their feelings, experiences and knowledge they have about the brand. This idea corresponds to the systemic relationship marketing, where customers are brought together to create added value.

## 2. Relationship marketing in sports

In sports, the relationship with fans is one of the most important aspects a club must take into account. Relationship with fans receives so much attention because it is considered that, if there is value to fans, other stakeholders will be able to extract, in turn, value. For example, televisions buy broadcasting rights for football matches aiming to build audience. However, audience will be poor if spectators do not choose to watch the football team. To encourage followship, the team needs to deliver value to fans, as added-value motivates the support-behavior of fans. Sponsors sign partnerships with clubs hoping to deliver their advertising message to the public. In order to receive more money, hence financial value, from sponsors, clubs have to provide them with a large target fan base to which they can advertise. For enlarging their fan base, clubs have once again to deliver value to fans. Adding value to the fan-relationship further translates into additional value for the key stakeholders of the sports club.

Rooney et al. (2007) believe that networking with fans requires a strong bilateral involvement, also recognized by the wider theory of relationship marketing (Sarkar, 2011; Pop, Henţeş, 2006): fans should devote to their favorite sports club and, in turn, the club has to devote to its supporters, the goal being, in both cases, getting added value for each of the parties. Scientific research conducted in recent decades encourages sports clubs to maintain long contact with supporters and other stakeholders, strengthening the views of Stoney (2001) and Aldrich (1979), who stated that all those influenced by the activities of a sports club must be involved in the latter's marketing process, namely that decision-making should be based on the club's network of partners. Hence, participative management should be adopted.

Implementing a relationship marketing philosophy at the sports club is seen as an opportunity to strengthen market share. Lachowetz et al. (2001) consider relationship marketing as a strategy that can prevent loss of popularity due to fans carrying off the club. Given that fans are becoming increasingly elusive, risking to exhibit biased behavior where on-field performances do not meet their expectations, the power of relationship marketing lies in its ability to provide value from several different sources (Lapio, Speter, 2000), these latter ones compensating, to some extent, the lack of athletic success on the field.

If, in a transactional approach, the value of the sports club was equivalent to the amount of value produced by the athletic performance on the field, relationship marketing suggests the concept of multilateral value creation, so that fan satisfaction would not be badly damaged even if sporting success is lacking. Therefore, from a relational point of view, the market offering made by a sports club is not produced any more only by the athletic performance, but by any type of proposal made to fans that centers on the brand of the club. By entering a dialogue with the brand (or, brand discourse), fans have the chance to co-create value. Information and experiences produced by fans, and which carry the legacy of the sports brand, are seen as added-value offerings to the brand equity. The more sports clubs would be able to diversify their value creation sources, the higher the chances of retaining faithful fans – this made researchers study ways, others than

the on-field performance, through which sports clubs can provide their fans with value.

### **3. Sports relationship marketing typology**

Two approaches to relationship marketing directed to supporters can be distinguished. The first approach is the non-systemic marketing: although the sports club and its fans constantly interact, there is still a barrier between the two actors, the actions of one of the parties being seen as responses to the actions of the other party. Although the sports club submits a bid to the market (ie, a match), which the fans consume, each actor still derives value by itself. Therefore, non-systemic relationship marketing is similar to transactional marketing: fans come to the stadium or watch the sporting display on television, and the satisfaction they get is directly proportional to the sporting result obtained by athletes.

Starting from this premise, Won and Kitamura (2007) seek to find out what makes people buy tickets to matches. Studying Japan's and South Korea's football championships, the authors find that, in the context of a non-systemic, or unorganized, relationship marketing, supporters are motivated to consume sports by the opportunity to receive quality entertainment, as well as by the thrill produced by the uncertainty of outcome, a factor also found in Kwon and Trail's (2001) research as a principal determinant.

Entertainment and uncertainty of outcome are factors which belong rather to the performance of athletes, so that the involvement of fans in the co-creation of value is relatively reduced. Eventhough there is a relationship between the bidder and the consumer of the sporting performance, there isn't any system where the two parties can cooperate in order to jointly produce value. The encourage a deeper involvement of fans in co-creating value, researchers urged sports managers to better organize their clubs' relationship marketing systems. This involves building systems (networks) where the stakeholders of the sports clubs can be placed and motivated to work their way out in order to come up with solutions that the clubs could use in order to create more value for the fans. The difference between the simple and the complex systematization lies in the degree of interaction between various stakeholders.

In a simple systemic relationship marketing, the sports club forms networks in which it places groups of stakeholders. However, it will not encourage connections between networks, but will emphasize the cooperation of stakeholders of the same type (eg. fans and fans, or sponsors and sponsors). Wang et al. (2011) bring arguments for the simple systematization of relationships marketing, other than the ones found by Won and Kitamura (2007) for the non-systemic relationship marketing. Applying a questionnaire to a sample of 346 respondents, in order to find out what drives the loyalty of fans to a particular sports team, the authors come to the conclusion that the opportunity to socialize with peers has got a strong impact on the supporters' attachment. Baumeister and Leary (1995) postulate that the need to belong is fundamental for the human architecture. The same need to

maintain contact with peers was also observed by Donne (1975), who claimed that people were no islands. People are driven by the need to form social bonds (Ainsworth, 1989; Barash, 1977). Social bonds help people survive, as, it is claimed, people can't live in isolation (Axelrod, Hamilton, 1981). Socialization is, hence, a primary human need that is also recognizable in the case of sports fans, who form bonds because they feel the need to share common passions.

Given the existence of this fans' socializing factor, identified by other authors as well (Acosta, Devasagayann, 2010), Wang et al. (2010) encourage sports clubs to integrate fan associations (fan clubs) in their network of stakeholders and to let fans interact so that they can improve their brand sympathy, and, subsequently, brand loyalty. The fundamental reasoning behind building supporter communities is that sports clubs' brands are supplied with value by the associations fans make with these brands. As associations are born from the knowledge, information, stories or experiences fans have about the sports club, or related to it, the club should build platforms where fans could share between them these pieces of knowledge, information, or experiences. In this regard, the prerequisites for increasing sports brand value are set: the pulse of the brand is given by its presence in the public discourse: the more a sports brand comes to the minds and the souls of fans, the higher the uproar that will be generated around it, which will lead to an increase in popularity. A good brand reputation will work as a magnet in attracting fans, raising the chances of filling the stands.

To raise the share that a brand occupies in the minds and souls of fans, marketing encourages sports clubs to outsource part of the brand management to the fans, who will be let to provide brand information to the public instead of the club doing it. The more a brand's name and its features are mentioned in the conversations amongst fans, the higher the popularity that the brand will earn. Next to encouraging such brand conversations, Lapio and Speter (2000) believe that, in order to keep fans close, sports clubs need to allow them to live unforgettable experiences. The researchers advise sports clubs to build fan communities, where fans with similar interests can meet, as this would encourage brand conversations. Pfahl et al. (2012) use the example of the Cleveland Cavaliers to show how a sports club can encourage its fans to co-create value. The study covers the CavFanatic portal ([www.cavfanatic.com](http://www.cavfanatic.com)), an online community where fans can come together to share their articles, photos or videos of their favorite team. A similar situation can be found at Rapid București, although, in this case, the [www.fzr.ro](http://www.fzr.ro) platform is a fan-initiative. The platform encourages fans to contribute with information about the Romanian-based football club, giving them the possibility to upload their own materials.

Unlike the simple systemic relationship marketing, the complex systemic relationship marketing is characterized by the involvement of many interconnected stakeholders. The fans continue to co-create value, only that this time they cooperate with various stakeholders of the sports club, such as sponsors, mass-media, or other close institutions. Examples could be the initiatives that the Romanian Rugby Federation and the Romanian Football Federation have launched

with the help of their sponsors, the beer brands “Stejar”, respectively “Timișoreana”. Together with their sponsors, the two federations have set up fan clubs, where fans can meet, share knowledge, but also interact with the sponsors’ products or brands.

If non-systemic marketing seems rather static, added-value coming, mainly, from only one single source, hence the athletes performing on the field, systemic marketing is characterized by dynamism, letting third-party individuals and organizations to contribute with value to the sports brand equity. For this to happen, the sports club needs to encourage stakeholders to get in touch with the sports brand. Clubs need to create the platforms where stakeholders can meet to share their own brand experiences. Table 1 shows the differences between the non-systemic and the systemic relationship marketing in the context of a sports brand.

**Table 1: Differences between non-systemic and systemic sports relationship marketing**

<b>Type of relationship marketing</b>	<b>Motivation for fans to follow sports brand</b>
Non-systemic	Opportunity to consume quality entertainment; Thrill produced by uncertainty of outcome.
Simply systemic	Opportunity to socialize with other sports fans and with the sports organization, with the brand as connecting element.
Complex systemic	Opportunity to socialize with other sports fans and with the sports organization, as well as to interact with different stakeholders of the organization, still having the brand as connecting element.

#### **Ideas for implementing systemic relationship marketing at a sports club**

In an era when public relations are characterized by the distribution of branded content to the public, sports organizations could partner with their fans in order to retrieve fan-generated content and share it via the organizations’ own communication channels. For example, sports organizations could get photos or videos taken by fans during matches and subsequently posted on various social networking sites such as YouTube or Facebook. Distributing such content leads to a higher interaction between fans and sports brand, as fans are searching for entertaining content that they can share with peers, given the human need of belonging described by Baumeister and Leary (1995). The very notion of being a fan implies sharing an own’s experiences with others, a good example in this sense being that fans often watch matches in groups of friends. Rarely are there friends going to the stadium by themselves, this consumption behavior emphasizing Donne’s (1975) idea that people are no islands. Like motorcycle owners, sports fans want to meet alltogether and share experiences amongst them. To keep fans engaged and to motivate them to talk to others about the sports brand, sports clubs needs to provide fans with permanently updated pieces of information. As this task may require too high an investment on behalf of the club, marketing encourages the

creation of fan-generated content. In this latter case, marketing spending on brand-related content remains low, while part of the marketing department's tasks are being taken over by fans themselves<sup>2</sup>.

In order to gain fan co-created value, sports organizations need to encourage fans to use their imagination, as well as to provide them with the platforms where they can share information and experiences. Such platforms where fans can meet could have both real life or virtual character. Amongst the earliest forms of real life platforms were the clubhouses that British football, rugby or cricket clubs opened. Clubhouses functioned as meeting points of people united by a common interest in a particular club. Later on, starting from the notion of clubhouses, the idea of fan-clubs emerged. In the age of globalization and technological advancements, increasingly more fan-clubs are built online. While websites and discussion forums were amongst the first platforms where fans could have met, nowadays, social media seems to provide even more attractive incentives for fans to join in. Social media platforms, such as facebook, Instagram, or YouTube provide upgraded possibilities of interaction between fans. The possibility to share materials on a large scale boosts the marketing potential of social media: pieces of information can be retrieved by a large number of a club's fans, which improves brand awareness.

In order to fulfill the value co-creation process, sports clubs have to access brand-related information shared by fans through social-media and distribute it on a wider scale. In this sense, an idea that sports marketers may find helpful would be to encourage the use of hashtags containing the name of sports organizations. Used next to a name, hashtags, marked by a # sign, allow social media softwares to group all messages containing that particular name. Therefore, sports clubs should encourage fans to use a hashtag with the name of the club's brand (eg. #sportsbrandname). Hence, all comments, texts, photos or videos sent by fans (through Twitter, Facebook, Instagram, or Flickr) and related to the sports brand can be traced and grouped. Using hashtags increases the online visibility of sports brands. For example, fans attending a match may take pictures during their visit to the stadium and post them on the web. Hashtags offer the possibility to group all the fan-posts related to that particular match. The posts can be then accessed by the club, which has the possibility to share all fan-posts through its official online communication channels. Resharing posts can garner media impressions and enhance matchday experience, bringing free advertising for the brand by both a wider display in mass-media, as well as by allowing fans to get access to rich match-related content.

Promoting hashtags encourages an added-value relationship between fans and sports club. Not only that being a fan becomes more meaningful for individuals, who can share their unique experiences with the other members of the fan community, but hashtags allow the sports club to provide information to a mass

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<sup>2</sup> One other idea may be that sports organizations partner with fans who own blogs or websites in order to retrieve material, consisting mostly of text, that could be shared with a wider public.

of other fans, hence winning free word of mouth advertising for the brand and raising its popularity.

This upgrades the sports brand to a higher passionate level, connecting it to something of profound importance in the minds and hearts of the fans (Gilbreath, 2010). Suddenly, the sports brand transforms itself into a religion shared by brand partisans. Fans gather around a sports brand in which they share a common interest. Then, they begin forming friendships, which in the end result in having a community of like-minded people. These like-minded people form the fan-base of the sports organization, which has all the chances of expansion. Being kind of a religion helps the sport brand spread its tentacles in the wider society, reaching to the masses. Hence, even non-fans may catch an interest into following the brand after they make first contact with it. Herefrom the opportunity to attract more brand aficionados into the fan-base. The larger the fan-base, the more valuable it becomes for the sports organization. Take the example of an organization's website or of its social media platforms: the more fans involved, the more probable that people will return to visit these platforms in order to maintain contact with the rest of the fans. People sign up on social media platforms because they want to interact with others: share information, leave comments or likes. Sports organizations need to try and direct the interaction of fans around the sports brand, else told to encourage brand dialogue amongst fans (brand-related interaction amongst fans), as this garners free buzz and, ensuingly, raises brand value.

A high brand equity and a large fan base mean more value that a sports organization may promise to its commercial stakeholders, like for example sponsors or televisions. The fan-base means nothing else than the pool of potential customers for the organizations' commercial partners. One of the premises used by the latter ones in choosing sports brands with which to enter partnerships is the breadth of the fan-base. In what concerns value, stakeholders search for organizations with a good brand equity, so that they can create synergy effects in order to transfer value.

In order to encourage such sharing of passion, achieved mainly through a digital co-creation of value, stadiums and other sports facilities should invest in expanding their Wi-Fi internet connectivity. Modern marketing requires that stadiums become hotspots where fans have the possibility to connect to a wireless LAN network in order to share the content they create with their digital handheld devices on the world wide web. While fans have the chance to share text or photos they create live at matchday, sports organizations should run advertising campaigns for their hashtags. Hashtag names to be used (ranging from brand name, athlete's or coaches' name, stadium name or names of streets and places surrounding the stadium) may be advertised on everything from athlete's gear, to matchday programmes, newspaper articles, ad strips inside the stadium, tickets or popcorn cupcakes. Moreover, letting fans connect to Wi-Fi during the match augments gameday experience. Fans could access the web to watch TV-captions, as nowadays these are uploaded by users to websites such as YouTube in almost the same time with the live broadcast. For example, YouTube users post captions

withing minutes of goals being scored – being able to connect to the internet inside the stadium, fans could watch these videos on their smartphones, having, thus, the possibility to watch replays of the goals, which otherwise they would not have seen until leaving the stadium and arriving in front of a TV-screen. Watching nearly-live replays of goals on YouTube boosts a fan's match-related emotionality, making the game a far more interesting experience to follow and, hence, stronger involving the fan into the match atmosphere. The better a fan is soaked into the atmosphere of a game, the higher the passion he manifests for the club's brand. Brand reputation is directly proportional to the emotional involvement of the fans. As Gilbreath (2010) noted, the higher the passionate level, the more profound an importance a brand has for its fans.

### **Conclusions**

A good way for sports organizations to increase the value of their brands is to encourage fans to do part of the sports marketers' job. Co-creating value with fans and with other partners of the club becomes a must. However, in order to co-create, clubs must first of all change their marketing philosophy and implement a relationship marketing systematized way of running business. The opportunity to consume quality entertainment must be duplicated by the opportunity to socialize with other fans. Hence, sports clubs need to take a wider interest in their role: not only is their production function important (sporting performance produced by the athletes), but also their role in the community of fans. Sports clubs must promote themselves as brands with high relevance for their fans and let them contribute with value to the brand equity.

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