



Strategies to Use Network Marketing in Sports Businesses

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(Received 05 September, 2015, Accepted 01 November, 2015)

(Published by Research Trend, Website: www.researchtrend.net)

ABSTRACT: Sports marketing knowledge is a critical component of sports organizations and institutions. Network marketing as a marketing practice has transformed the sports industry and largely affected economies of different countries. The present study aimed to develop useful strategies to apply network marketing in sports businesses. For this purpose, qualitative method was used to collect the required data through interviews with scientific experts, sports business experts and network marketing experts. Then, 12 interviews were performed using theoretical sampling method. Then, multiple effective signals in network marketing in sports businesses were identified according to grounded theory method and open coding process. These signals were clustered in 12 categories as follows: promoting culture, the nature of network marketing, economic factors, structure, norm, success factors, training, charisma, barriers to activity, personal barriers, wrong views and sport in network marketing. Then, identified categories were included in paradigm of axial coding during axial and selective coding process in order to determine the relationships between these categories. Network marketing in sports businesses leads to employment, promotion of sports products, healthy competition, increased sports competitive brands, customer satisfaction with electronic sales. Thus, network marketing model was developed in sports businesses.

Keywords: marketing, sports, sports marketing, network marketing

INTRODUCTION

Nowadays, sport is known as a competitive industry with political, social, economic and cultural features addressed by many people, governments, media and investors. This is because sports is associated with not only many advantages but also amazing attractions (Shakoory, 2014). Rapid and extensive developments in all sports fields motivated the experts to use sports marketing methods and techniques (Parkz, 1382). Increasing importance of sports marketing knowledge in recent years led the experts to believe in this knowledge as one important component in sports organizations and institutions (Hassanzadeh, 2003). Nowadays, organizations, institutions or companies that desire to progress and survive in competition with their competitors necessarily benefit from marketing in their area of expertise. Sports organizations and institutions are also excluded from this category (Shakoory, 2014). Industrial marketing is very extensive and in-progress and is associated with various strategies such as viral marketing, experiential marketing, ambush marketing, guerrilla marketing, traditional marketing, e-marketing, etc. These marketing strategies can transform the sports industry. Network marketing is one marketing strategy that can transform the sports industry and largely affect the economy. This strategy can be used in Iran due to current features and morphological status of the

existing market. This method has revolutionized the sport industry and economy of Iran.

Deir (2001) addressed benefits of network marketing as follows: a network marketing company can be started with a minimum capital requirement. In this system, distributors believe that they own the business. Since payments to distributors and their superior marketers are based on performance, marketers implement utmost regulatory measures. Network firms usually possess charismatic leaders who try to create maximum incentives in distributors with regard to previous incentives. Given the development of marketing concepts in the field of sports and the above-mentioned advantages for network marketing, it is essential to increase interaction between sports marketing and network marketing more than ever. On the other hand, application of network marketing in the sports industry can vastly change sports marketing, which largely contributes to accomplishment of marketing objectives in sports industry.

e-commerce has eliminated many expensive constraints like temporal and spatial constraints and has increased productivity and economic efficiency (Hosseini, 2004). Azizi *et al.* (2011) published an article entitled as comparative study of network marketing and pyramid structures and showed that network marketing decreases distribution costs within the companies.

In addition, network marketing has mostly affected unemployment and increased employment (Azizi and Hosseini 2010). Atarzadeh *et al.* (2013) published an article entitled as network marketing in criminal law and jurisprudence in Iran and showed that network marketing can be legal and healthy and economically beneficial by observing some conditions. Yang *et al.* (2015) analyzed key performance indicators (KPIs) for e-commerce and e-marketing in China and showed that internet marketing has a strong positive impact on performance and has a negative impact on provision of financial resources. Apavaloie, (2012) published an article entitled as the effect of e-commerce on marketing in small and medium-sized enterprises in Taiwan and showed that classification and operations of e-commerce marketing have positive and strong impact on performance of small and medium-sized enterprises. Marketing and particularly network marketing in the sports industry can be advantageous for different people such as people who are active in sports-related occupations. These advantages include reduced costs and value-added for products of organizations and companies with budget constraints in trade and investment, so that they can gain maximum profit with minimal resources and capital to survive and be stable in the competitive world. Implementation of network marketing is problematic in developing countries due to novelty of this sales method and lack of previous experiences in this regard. However, positive measures can increase effectiveness of network marketing in sport industry and increase the profits of sport-related jobs and promote sports industry. Due to importance of marketing in management of sport organizations and institutions as well as increasing development of this marketing method in various competitors, some sports institutions, organizations, agencies and enterprises may be excluded from the competition and their survival would be at risk due to lack of sufficient attention to network marketing. Therefore, special attention should be paid to this sector (Shojaei, 2004). According to the above-mentioned materials, network marketing has tangible impacts on marketing mixed elements but this marketing method has not been widely used in Iran. Nevertheless, sports institutions and organizations require network marketing to avoid failure against competitors according to various studies. Marketing is effective in sport businesses. Although network marketing has more than 50 million audiences in the world that can be used in sports, this technique was not used in Iran for various reasons. In this study, scholars sought to answer the following question: why network marketing was not used and paid attention to in sports industry in Iran. What strategies can be offered in sport business?

MATERIALS AND METHODS

This was a qualitative descriptive study. The scholars used qualitative method to determine effective factors in sports business. Various indices and components were extracted from the section of theoretical principles in order to develop a business model. Final list of these categories was completed through interviews with experts and specialists in this field. The interviews were continued until theoretical saturation point. Degrees of importance of every index, component and dimension of comprehensive model of network marketing in sports business were determined and compared with each other. Thus, final model of network marketing in business sports was designed. Grounded Theory was used to develop the proposed model. Grounded Theory is a qualitative method in which a theory is developed using a data category. In this study, authors used this method to develop a strategic model of network marketing in sports business. The statistical population consisted of scientific experts, network marketing experts and sports business experts. Some experts were selected using targeted sampling method for qualitative interviews relevant to topic of the study. The sample size was determined according to theoretical saturation of the scholar. In the present study, views of 12 experts in the form of 12 interviews were used. Data collection continued until theoretical saturation point.

FINDINGS

A. Open coding results

In total, 119 signals were identified in open coding process of performed interviews. In the first stage, the signals were classified into 12 categories due to proximity of topics and concepts.

B. Axial coding paradigm

In axial coding process, the category of network marketing in sports business was intended as an axial phenomenon. The categories were clustered in cells of axial coding paradigm. Thus, the sections of causal conditions, the central phenomenon, context, intervening, strategies, and consequences were developed.

C. Selective coding

At this stage of coding, a theory on the relations between the categories is written in the axial coding model. Thus, according to analysis of obtained categories and deductive process and continuous induction observed in Fig. 1, Effective factors in network marketing of sports businesses are drawn.

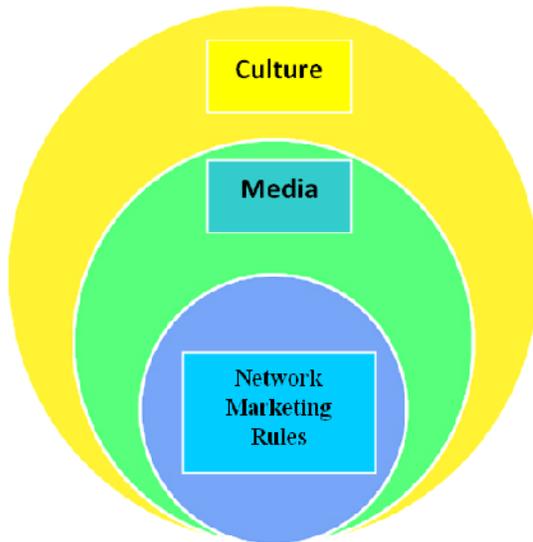
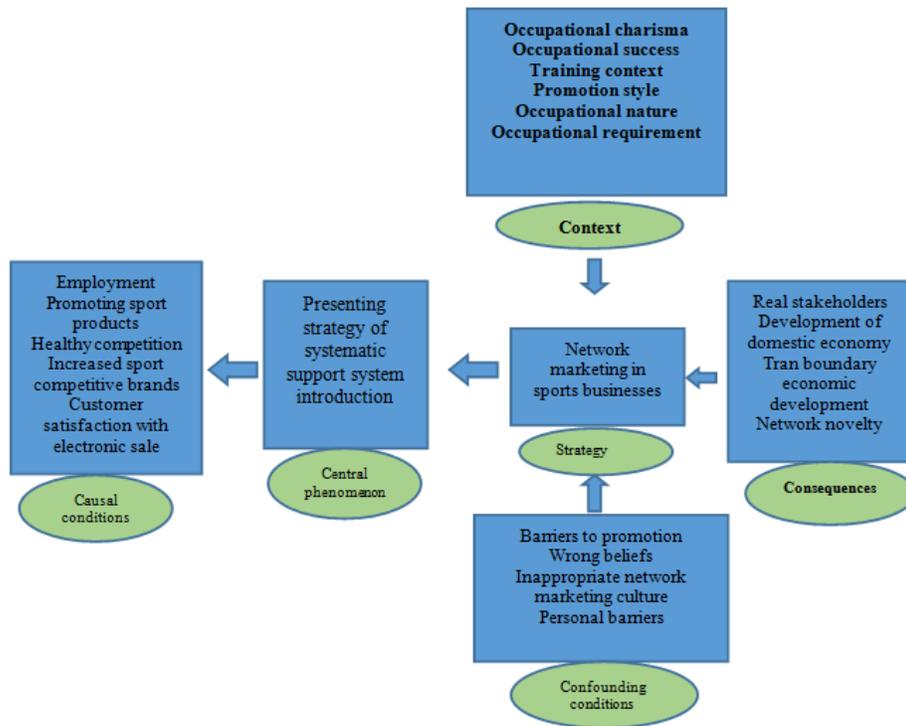


Fig. 1. Effective factors in network marketing of sports businesses.

According to Fig. 1, three effective factors in network marketing of sports businesses are as follows: the rules of network marketing companies, media and culture. Rules affect the performance of companies. In addition, performance of the media like rules affects introducing the system to people. Furthermore, advertisement and culture are important in this context.

Closed culture of Iran, poor performance of previous companies and subjectivity in connection with corporate performance disable people to communicate with these companies in terms of culture. The underlying context should be built to resolve this situation. Proper performance of these companies could be introduced to people by educating people and given the positive role of the media in this regard.

According to the figure, global and ultra-brand companies can be launched if the economy is strong and growing and network marketing companies operate strongly. This issue increases trade with other countries and economic prosperity. In this case, network marketing companies can succeed and flourish. Domestic companies can be launched, which cannot be developed in other countries due to poor performance of the economic system if the economy was poor and performance of network marketing was strong. In this case, the project can be developed with a limited number of brands.

This issue leads to frustrated performance of network marketing companies. The risk of fraudulence increases if the economy declines and acts poorly and performance of network marketing companies declines. For instance, companies that were active for several years and collected huge capital and gave up working can be cited as Gold Quest, the Pentagon, etc.

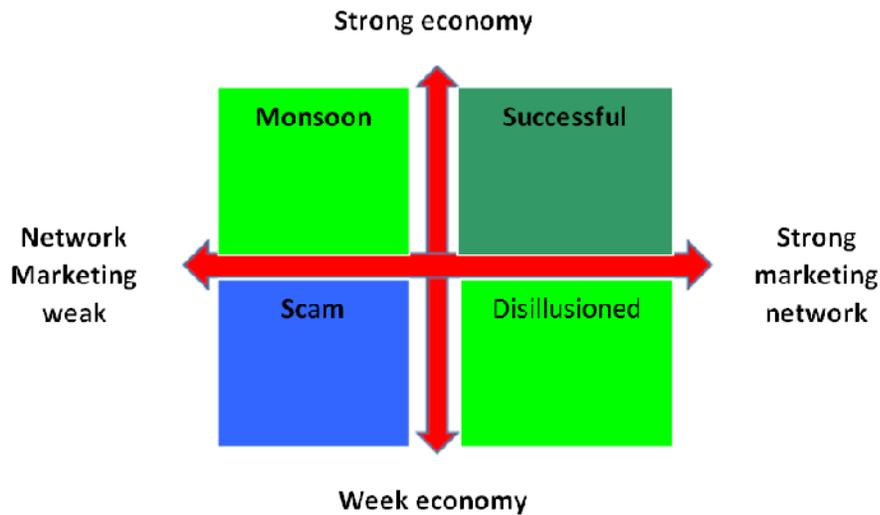


Fig. 2. The relationship between economy and network marketing.

The same factor creates a suitable environment for the above companies. Temporary companies are launched in case of strong economy and poor network marketing. These companies gave up working in case of suitable economic environment due to poor laws, performance and consequences of the companies. This issue led to development of many companies that were launched due to suitable economic conditions. These companies gave up working after a while due to poor corporate performance.

Some rules for network marketing are observed at the base of the pyramid for development of network marketing in sport businesses. These rules determine corporate performance and development. These rules should be fully monitored. In the second stage, the context of national economy is discussed. Proper corporate performance according to laws and regulations lead to development and growth of domestic economy. This issue largely contributes to development of sports in Iran. In the third stage, the quality of product and services is discussed. Network marketing companies should deliver their products and services with better and more desirable quality than other competitors and brands. Network marketing is an important component in sports businesses due to novelty of this marketing technique. In the fourth stage, promotion methods are discussed, which are complementary to the third stage.

This factor is effective in delivery of products. Various promotion methods like viral marketing, network marketing, ambush marketing, guerrilla marketing, etc. are cited here. Due to novelty of network marketing in Iran, inclusive training courses and appropriate culture should be developed to recruit potential individuals, so that they get familiar with electronic sales and

development of this technique in order to easily deliver products. Network marketing is on top of that pyramid. The system is remarkable due to various reasons such as progressive income, time leverage and the winner - the winner system. People are attracted to these types of systems due to those reasons. Charisma and excitement are also important issues in sports. Integration of the two systems can boost sports businesses through network marketing. Successive implementations of these steps boost sports businesses.

DISCUSSION AND CONCLUSION

Network marketing system can transform domestic economy like increased production, turnover, reduced inflation, employment and evolution of sports marketing. In the following, the results of some studies conducted by different academics that were consistent with the results of this study are cited. Moradi *et al.* (2013) published an article entitled as a comparative study of network marketing and pyramid companies from the perspective of Shiite jurists and showed that network marketing thrives Islamic economics. Atarzadeh *et al.* (2013) published an article entitled as network marketing in criminal law and jurisdiction in Iran and showed that network marketing can be economically beneficial. Meanwhile, the industry can increase employment and solve the problem of unemployment by creating new job opportunities. Azizi *et al.* (2011) published an article entitled as a comparative study of network marketing and pyramid structures and showed that this type of marketing has positive effects among which employment can be cited as the most important effect. These results are consistent with those obtained in the present study.

This system not only affects domestic economy but also transboundary economy, which increase trade with other countries, exchange technology and exports. They showed that e-marketing is effective and beneficial in export growth in Iran. Yang *et al.* (2015) analyzed key performance indicators (KPIs) for e-commerce and e-marketing in China. Despite a strong and positive impact of e-marketing on performance, e-marketing has adverse effects on financing. These results are consistent with those obtained in the present study.

Network marketing can be used in the field of sports to promote sales of products and services. Since sales and teamwork are basic principles of network marketing, the same factors can also be detected in sports. These factors can be used to sell sport products and services. Lower price of products compared to market prices and comfortable purchase system motivated people to use this system in other countries. Zampano, Johnson and Anderson (2003) investigated the effects of the Internet as a mediating role in the marketing field. Buyers will have better and easier access to their favorite items. Gabriel Dino *et al.* (2014) examined e-marketing in Romania and showed that more than 85% of the participants increasingly and more than half of them at least once used the internet to buy goods. These results are consistent with those results obtained in this study.

Technology is another important factor in this system. Internet is a priority in many businesses due to increasing development of science and charisma of online systems among individuals and organizations. Internet is used in many global large businesses as a distribution channel for products. Hoffman, Novak and Chatterjee (1995) were the first scholars who suggested a framework to test development of web-based business activities. They noted the role of the Internet as a distribution channel and described it as a medium for marketing communication. Haikel (1998) noted that Internet and information technology are very important in the field of business. Bagheri Kani *et al.* (2004) conducted a study entitled as a new approach mixed with online marketing. They showed that Internet capabilities are appropriate competitive tools for survival and growth in the electronic market. All these results are consistent with those results obtained in the present study. Pessimism towards previous systems is one factor that contributes to unresponsiveness of network marketing in Iran. Lying in the system, incorrect training, and incorrect application of network marketing and weak cultural context can also be noted as failure of this system in Iran. Many people cannot succeed in this system due to wrong beliefs like getting rich overnight and having unrealistic expectations of the system. Robinson (1997) stated that people join network marketing companies since they aspire to become a millionaire. Poor performance of these

systems, cumbersome rules, inadequate information of active chiefs and individuals, governments and politics that contribute to improper quality of products are the most important barriers to promotion of this system in Iran. This system was not effectively used in sports sector due to lack of skilled manufacturer, excellent quality products, lack of investment in sports and fear of many brands to use this system.

Network marketing should be introduced to people through proper culture-building, confidence-building, training, legal system and the right performance to overcome existing obstacles and problems. Successful countries in this regard should also be modeled. Many people are also afraid of online shopping. People should get familiar with this system through media advertisements, training CDs and introduction of network marketing in scientific communities. Many people do not desire to be involved in network marketing systems because of sabotage. Performance of these systems should be thoroughly monitored, entry of the individual into these systems should be tracked and performance of corporate managers should be monitored by a monitoring group to overcome these obstacles. Since network marketing system has many fundamental restrictions, the system cannot function properly in sports. Thereby, sports marketing should be expanded in Iran at first. Then, network marketing in sports should be developed. In the next stage, sports managers should have enough information about performance of the system, so that they can encourage other people to use this system. In the beginning, the system should be applied by well-known people who would make verbal advertising in sports. Network marketing in sports businesses should correctly understand requirements of sports market and clients for proper performance. Teissi (2009) believed that business model reflects management hypothesis about what customers want, how they want it and how a company can best meet these needs and what payments should be made to deliver it? These results are consistent with those results obtained in this research. According to the studies conducted by Tarafdara and Vidia, Moradi, Atarzadeh, these systems can be effective in economic prosperity of sports clubs and businesses. This issue contributes to effective involvement of investors in sports businesses. This factor can significantly affect sports industry prosperity and provide more support for domestic producers, so that they can increase their production and support the sports industry. As a result, this system is effective in promoting sports products. Granfield and Nicholas (1975) believed that one advantage of this system lies in development of a large and low-cost distribution and sale system with high reliability.

Both generic and specialized sport products can be used to promote sports products. Fan camps of well-known clubs and the media can be used to promote sport products. Healthy competition is another advantage of this system. Bagheri Kani *et al.* (2004) pointed out that the system is an appropriate competitive tool for survival and growth in electronic market. Zampano, Johnson and Anderson (2003) identified the effects of the Internet as a mediating role in marketing and believed that the Internet creates competition between buyers and sellers. Sports businesses can increase competitiveness if they deliver innovative services and products. Isolation of traditional sales and advance towards modernity creates a dynamic movement in sport organizations. Organizations try to improve their level as soon as possible. In this regard, Wared and Davis (1999) presented a model to select a distribution channel. They found out that consumers believe that buy on line and direct marketing are proper alternatives to traditional retail. Accordingly, network marketing in sports organization creates competition in other organizations. As a result, sports organizations shift from traditional to modern style. In addition, a competition is raised between sports brands. Well-known brands should be used to increase competition among sports brands. Small sports manufacturers should be supported in this industry, so that they can become a domestic brand. Apavaloaie, (2012) published an article entitled as impact of electronic commerce on marketing in small and medium-sized companies (SMEs) in Taiwan and showed that classification and operation of e-commerce marketing have strong and positive impact on performance of SMEs. Support for domestic productions significantly increases quality of domestic brands to offer the products with better quality and lower prices than products of other brands. Customer satisfaction with e-sales is another advantage of this system because the system is easily available for purchase. Zampano *et al.* (2003) examined the effects of the Internet as a mediating role in the marketing field. This system motivated buyers to access their favorite items better and easier. Using this system in procurement saves time and energy and reduces costs of searching and locating. Buyers and customers can access their products using e-sale in less time than other techniques. The results of all components are consistent with those obtained in the present study. Interpretation of the results showed that network marketing should also be used in network marketing for sports industry to take advantage of the given time.

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