



THE IMPORTANCE OF CREATING DIGITAL BRANDS IN SPORTS

Tamara Stefanović*,
Slavko Alčaković

Singidunum University,
Belgrade, Serbia

Abstract:

The purpose of this paper is to emphasize the importance of developing a digital brand for sports organisations. The use of digital technologies had changed the sports industry. New technologies and fast changing trends demand a deeper understanding of specific sports markets and customer needs, and this work will try to identify those needs. This paper relies on a literature review and theoretical framework related to sports brands and customer behavior. The findings imply that sports organizations and athletes had recognized the benefits of having a strong digital brand, but they still do not exploit the brand attributes' full potential. They are highly active and present on social media, but there is still a lot of room for improvement when it comes to the use of their digital channels. The conclusions of this paper should bring about a better understanding of digital sports brands and their impact on sport business.

Keywords:

digital brand, sports brand, fan engagement, social media.

1. INTRODUCTION

Importance of Sport

From its very beginnings, sport has always been an activity that entertains and attracts an audience. It is not just about exercising or competition, it is about connecting people, developing loyalty, and improving physical and mental health. People have always been interested both in participating in sports and physical activities, and in consuming sports products as athletes, spectators, or even business partners. Sport has already become a serious industry that affects many other aspects of life. According to Eurostat [1] in 2018, more than 1.7 million people found employment in the sports industry, within the EU. This number is constantly rising, and it includes just those people employed directly in sport. However, the sports industry has an impact on the catering industry, tourism, entertainment, and leisure industry, as well as the retail and fashion industry.

Correspondence:

Tamara Stefanović

e-mail:

tamara.stefanovic.17@singimail.rs



Importance of Digital in Changing the Way of Following Sports

In order to better understand the importance of changing behavior, it is essential to understand what the behavior of sports consumers entails and signifies. Describing sports customer behavior, Funk et al. explains it with the phrase “Sports consumer behavior is about the journey, not the destination” [2]. All the actions that an individual takes have only one goal – to satisfy their needs. Sometimes those are simply concerned with feeling a part of the crowd, and sometimes with identifying with the teams and/or athletes, feeling the team’s wins and losses as their own. New technologies have changed the way of watching and following sports. A fast-changing environment demands fast reactions and adaptability to different situations. The popularity of certain sports organizations and athletes transcends their domicile countries and becomes global. The digital experience opened completely new markets for sports and new possibilities to increase their revenues. Sport is no longer watched live or on TV, there is a need to be engaged through different digital channels. Moving sports online – watching live streams, following on social media – all that reflects a need to make a good strategy. To understand this phenomenon better, we can take the ESPN Digital platform as an example. This platform is a leading platform in sports – they had an average of 128 million global users per month. In September 2019, they even made a record of 143 million users. This number is constantly growing (+17% year-on-year growth). ESPN is holding the record in sports in the average minute audience, total minutes of usage, and total visits. Besides, the ESPN mobile app is considered as the most popular sports app, reaching more US users in September 2019 than any other sports app has ever reached [3] If we look back to 2013, we will see that back then ESPN’s digital platform at the time had an average of 75.7 million users a month [4].

However, the rising interest for the sports streaming service makes room for the development of a new one. DAZN is a sports streaming subscription platform and they became a serious competitor to the ESPN’s app. DAZN had achieved 950% year-on-year revenue growth. In May 2019 – this app had almost US\$11.5 million in revenue. This revenue is more than nine times its income for May 2018. [5] In December 2019, Amazon Prime streamed online the whole round of fixtures of Premier League, for the first time. They created extra value for spectators, offering more options than the classic TV broadcast – providing options to see the statistics

at any moment, as well as to choose whether to listen to the commentator, or just the stadium atmosphere. [6]

In 2013, 63% of people in the USA followed sports content online, and two years later, that percentage increased to 65% [7].

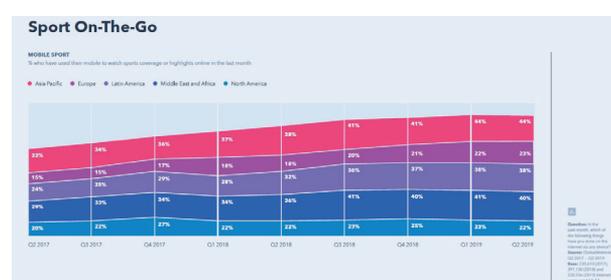


Figure 1. [Online]

Available at: https://www.globalwebindex.com/hubfs/Downloads/Sports_Around_the_World.pdf
Accessed: 2020-03-02

According to Global Web Index, Figure 1 shows the percentage of people who watched sports coverage or highlights online, by using their mobile phones. The research was divided into regions and it was observed quarterly, from 2017 until the second quarter of 2019. The results show that in every region, the percentage had increased. In some regions, like North America, that percentage increased by just 2% (from 20% to 22%), while the Asia Pacific and the Middle East and Africa region saw an increase of 11%. In the Asia Pacific region, almost half of the population use their mobile phones to watch sports (44%).

How Digital is Changing Sport Business

Social media has revolutionized audience behavior [8]. In the modern world, it is extremely hard to imagine the sport without digital platforms or informational technologies in general. If we look closely – informational technologies are so deeply implemented in almost every segment of the sports business. Now there is an equipment that tracks, measures, and improves athletes’ performance, many different gadgets that collect data, highly-developed technologies that review referees’ decisions (VAR in football, or Hawk-Eye in several sports), broadcasting matches in 3D, improved ticketing systems, etc. Informational technologies have become unavoidable resources for sports organizations [9]. In 2020, during the COVID-19 pandemic, we are all faced with a lot of changes. Due to medical issues and keeping social distance, all industries had to adapt to the new



circumstances. Sports industry suffered a lot of cancellations or postponing of sports events, like the Olympics. On the other hand, most of the competitions have been continued without the audience. Excluding spectators on sports events means that sport is losing an important component and suffers a significant financial loss. Everything was happening behind closed doors and sports organizations are now forced to increase the usage of digital channels to stay connected with fans. TV broadcasting is not good enough to replace the live experience. This situation just speeds up the development of new technologies. Digital stadiums are a new concept that provides the fans with an utterly new experience from home. This has created an urgency to accelerate digital transformation within sporting organizations, which are increasingly looking to go direct-to-consumer [10]. Installing the improved equipment that decreases production costs, every club has an opportunity to become a broadcaster for itself. Buying tickets online, or scanning them at the entrance from a smartphone, or even a smartwatch has become normal years ago. However, if clubs are able to broadcast their matches, they can sell digital tickets – for the current match or even the whole season. Digital revolution caused the transformation from traditional to digital branding.

2. BRAND AND TRANSFORMATION TO DIGITAL BRAND

Brand Definition and Importance of Creation

“A brand is a name, term, symbol, design, or combination thereof that identifies a seller’s products and differentiates them from competitors’ products.” [11]. Lamb, Hair and McDaniel (2017) defined three main purposes of branding: product identification, repeat sales, and new product sale. Among these three, most authors are always insisting on product identification as the most important. A brand needs to communicate a certain message to the customers. However, when changing life habits and transforming to digital, it is demanding for the brands to find a way to interact with all their customers. It is not enough just to identify with a brand, it is important to make a connection. Digital channels are an ideal tool to create an impression of availability.

Working in an environment with strong competition means that one company should find a way to create an image of exclusiveness. It is crucial to create a belief in customers’ minds that a certain product is irreplaceable and better than any other. A brand is an impression

that certain product leave on potential customers. It is not about buying a product; it is about buying an emotion that the product generates. When a company has a strong brand presence, that means they are wanted and recognized as desirable. A strong brand means more potential buyers on one hand, and on the other hand, that makes a lot of opportunity for partnership and collaboration with other brands. A strong brand is also considered more valuable, which means that customers are ready to pay more.

Definition of a Digital Brand and the Elements of a Digital Brand

“Digital brand is the identity, visibility, and credibility among consumers who discover, relate to and interact with a brand on the digital platform” [12].

Digital branding is the way you present your brand in digital space. It is the best way to present your brand to different audiences. Branding in a digital environment is different than in the traditional one. (DeLane)



Figure 2. The main components of digital branding; Available at: <https://dbinstitute-wpengine.netdna-ssl.com/wp-content/uploads/digital-branding.png> Accessed: 2020-03-03

However, as Figure 2 shows, a digital brand is built on three components: identity, visibility, and credibility. It is always important to start with an identity - having a strong traditional brand makes things easier when it comes to creating a digital identity. Still, having a digital identity means trying to build, live, and communicate brand values through two immensely powerful mediums – content marketing and social media (DBI). Content marketing is about telling a story about the brand. Content should present the brand to the audience, to provide values, not just to convince them of why it is better than any other. Content marketing is a particularly important step in the process of digital branding.



Content is what the audience is identifying with and what makes the brand visible. After the digital identity is created and recognized, the next step is - how to improve visibility? The first step is certainly targeting the audience. When we know with whom to communicate, we should choose the most efficient tool. One of the solutions is – digital ads. If the audience is well-targeted, this tool can be extremely useful. However, the most important tool in visibility is search engine optimization (SEO). Good SEO is important for several reasons – being in the top search results practically guarantees good visibility, it also means that the organization understands the needs of their audience and besides all of that, being positioned on the top gives brand credibility.

Credibility is the sum of all activities, attitudes, and all messages that the brand communicates to the audience. Credibility is a component that makes the digital brand strong. A good way to raise credibility is by ratings and reviews on different websites. New consumers like to read about previous experiences with a certain product (brand). On the other hand, one of the most important parts of digital branding and creating credibility is social media. Social media are the channels to communicate with the audience, to personalize the experience, to improve loyalty to the digital brand. The way of interactions on social media, the content, and the engagement rate are determinants of how strong the voice of a digital brand is (De Lane). This means that, by creating content and choosing how we communicate with the audience - we create our digital brand. That brand that we first create is strongly related to our traditional brand. However, since the relationship with customers is much closer than the one we have when we communicate through traditional channels, the digital brand became in a certain way independent from the traditional one.

3. SPORT BRAND AND DIGITAL PLATFORMS

Definition of a Sports Brand

Among many definitions of a brand, the one that fits the best in the context of sports is: “A brand is the set of expectations, memories, stories and relationships that, taken together, account for a consumer’s decision to choose one product or service over another.”[13]. Branding is a process that differentiates one sports organization, team, or athlete and adds value in the eyes of consumers.

In the literature, brand associations are categorized as brand attributes (product-related and non-product

related), benefits that the brand gives to the customer, and attitudes that customers have about the brand [14]. This was used for the creation of the Team Associations Model – 16 dimensions of brand associations divided into these three categories [15]:

- Attributes: success, head coach, star player, management, stadium, logo design, product delivery, and tradition
- Benefits: identification, nostalgia, pride in place, escape, and peer group acceptance
- Attitudes: importance, knowledge, and affect

Consumers are usually attached to sports brands, especially when it comes to sports clubs. There is a high level of loyalty in the sport. From that point, it is an extremely important emotional bond between the sports brand and fans. Brand love is divided into 5 dimensions: passion, connection with the brand, intrinsic rewards, emotional attachment, thinking, and frequent use [16]. Furthermore, this research showed that brand love affects loyalty, willingness to invest, and word-of-mouth communication. All these elements can and should be used through digital platforms to enhance brand loyalty.

The Importance of Creating a Sports Brand on Digital Platforms

The sports business is a complex term and it is not always easy to make priorities when it comes to marketing strategies. It is desirable to have the best players and staff as possible, but it is also extremely important to develop and manage the team’s brand [17]. Exploring the connection between digital channels and brand love, Baena (2016) claims that traditional media does not greatly affect fan identification, while online media increase their perception of connection to the clubs and to the other fans. Customer experience is always a primary concern. Having a strong digital presence means having a global market, a billion possibilities to exploit your brand and increase earnings. The stronger the digital brand is, it will have more attention from digital customers. That gives the brand a chance of creating a digital fan base, clustering fan bases, and personalizing the content. More interaction between the brand and the fans means more information about them. Creating a consumers’ base is an excellent opportunity for developing and leveraging brand loyalty [18]

Creating a digital brand is the easiest and the fastest way to reach to the people. The values promoted through the digital doesn’t have to be strictly correlated with sports teams.



They should entertain the audience and attract the ones that traditional brand cannot reach. Unlimited digital space gives an opportunity even for the not so well-known organizations or athletes to create an identity that can diversify them from others.

Sports Brands and Social Media

Sports organizations have recognized the importance of the use of social media. There was much research about the impact of social media and the effects they have on sports in general. Using social media can be a good way for sports organizations to strengthen the professional, personal, and community relationships with their fans [19]. Social media are defined as “the tools, platforms, and applications that enable consumers to connect, communicate and collaborate with others”[20].

Researching the relationship between sport fan identification and addiction to digital sports media [21] discovered that social media can be best used to create new fans and to enhance the relationship with the “casual” or less involved ones. Speaking of the highly identified fans, they prefer personalized contact, to get an impression that they are more important and more engaged.

However, social media are a powerful medium for strengthening relationship management, but most of the sports organizations do not use its full potential [22]. Social media is making relationship marketing more “affordable, practical and meaningful” [23]. Still, sports organizations are not utilizing the full potential of the main advantage of social media – two-way communication.

Social media sites are amongst the most popular sites on the Internet, along with search engines [24]. Some of the most popular social networks that sports organizations use to communicate with their followers are:

Facebook – to share content with selected friends; Twitter was essentially a broadcast medium; LinkedIn is a professional site [25]; Instagram usually communicates with pictures, and YouTube is a platform to broadcast videos. All these networks have their specific audience and it is important to adjust the content and the frequency of posts to the targeted audience.

Being present on popular social media platforms is not just about increasing popularity. That is the easiest and the most affordable way to reach out to the customers. Sports organizations use these channels to inform the audience about events, ticket sales, and different offers. Creating different membership programs, organizing online fan shops, and charging access to exclusive content and creating other new online products should

become one of the club’s main ordinary revenues. More followers and better engagement on social media mean more potential customers and earnings.

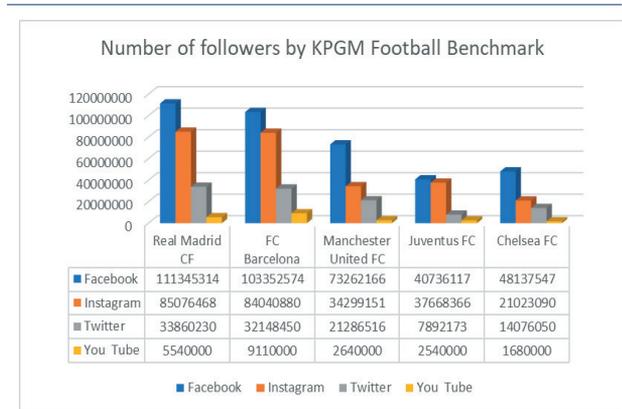


Figure 3. Number of followers by KPGM Football Benchmark

Figure 3 features five of the most followed football clubs and the number of followers on the four different social networks. This data shows that the most followed club in total is Real Madrid CF, having the most followers on every social network except YouTube. But when it comes to total engagement, FC Barcelona is dominant as it is shown in Figure 4.

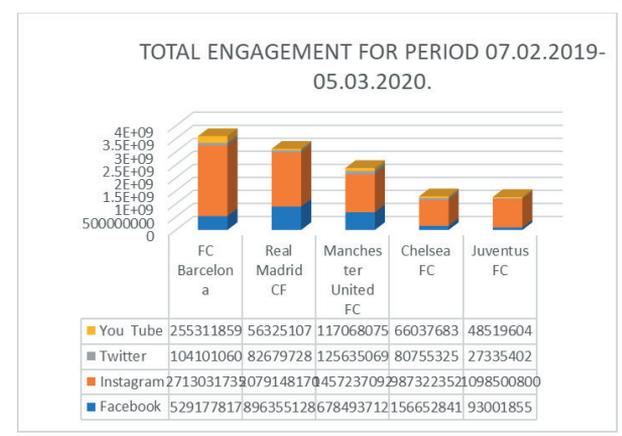


Figure 4. Total engagement for period 07.02.2019-05.03.2020 by KPGM Football Benchmark

Given results are showing that, although Facebook brings the largest number of followers, their engagement cannot compare with the engagement of Instagram. One of the explanations is that Facebook is losing its popularity [26] and followers are not as active as before. On the other hand, Instagram’s engagement is constantly increasing, showing a much better engagement rate than any other network. Among all these networks,



Instagram become the most popular and most significant network especially when it comes to building brand awareness. Speaking of sports, Instagram has a positive effect on the loyalty of fans [27]. Anagnostopoulos, Parganas, Chadwick and Fenton (2018) [28] were examining how the use of Instagram is related to branding and how fans' engagement impacts an organization's Instagram activity. Using the Keller's model, they were following the activity of two English Premier League clubs (Manchester United FC and Liverpool FC) and the engagement of their fans. This study showed that most of the content was about product-related attributes such as Star Players, Team Success and Head Coach (70% of content in Liverpool FC posts and 56% of Manchester United's post) The least communicated content were non-related attributes such as Sponsors and Management. With this knowledge, it is obvious that for sports organizations, it is better to use disguised advertising than to communicate directly about the sponsor.

This research results were contrary with the research about teams in North America. This leads us to the conclusion that we cannot apply the same principles for each market, and there is no one pattern that fits all sports organizations or athletes.

Athletes' Digital Brands and Sport Business

If we speak about a successful digital sports brand, we should speak about Cristiano Ronaldo. He is not just one of the best footballers in the world, he is also the most followed footballer on social networks. His digital brand exceeded his extraordinary football skills. He has almost twice the followers of any football club. His transfer to Juventus paid off for the club, not just in the context of football. That was one of the best marketing moves that the club could have made. He is followed by almost five times as many people as Juventus FC [29]. When it was announced that Cristiano Ronaldo signed for Juventus, they got 2.2 million new followers in a day [30]. Within 24 hours of the news' release, Juventus sold 520,000 Ronaldo jerseys worth over \$60 million [31]. Juventus became the 4th most followed club, increasing its popularity around the world. The value of the CR7 brand increased the value of his club.

CONCLUSION

Overall, this work offers several conclusions. Due to the fast development and implementation of informational technologies in the sports industry, it is necessary to understand the urgency of creating a digital sports brand. Opening a new door in the digital space sports brands ensure their place in the global market and an infinite opportunities to expand their business and to increase their revenues. Sports organization still does not use the full benefits of their digital presence. Digital sports brand makes extra value for sports organizations, as well as the athletes. Expanding the market, e-commerce, exploiting the data of a fan base, creating new sponsorships and, co-branding partnerships are some of the possibilities to improve their business. Although they recognize the importance of their presence in social media, they are still more oriented toward informative posts rather than involving the audience and encouraging them to interact. With good analytics tools and hiring sports marketing experts, they can personalize the content, cluster the customers, and improve the interaction between them. The sports industry on digital channels becomes the entertainment industry, and the content they publish on digital channels should be diversified and should offer more than just a piece of news. Following the development of the sports industry and digital, we can conclude that soon there will be no strong sports brand without a strong digital identity.

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