

Research Based on the Operation of NBA Marketing Strategy

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ABSTRACT-The passage " Research Based on the Operation of NBA Marketing Strategy " aimed to looking forward to the strategy of the NBA league used, including three major parts of the marketing strategy of the NBA league in the whole world which are the ticket selling, the broadcasting right and the promotion. The broadcasting rights was mostly mentioned due to the importance of it in the global market and the benefits it takes to the NBA league. There is a close relationship between the new technologies and the whole strategy of the NBA league, especially the mobile phones. The strategy of ticket selling changed to online since the fans are willing to browse the internet and buy tickets online, NBA league is able to earn more revenue with more fans buying their tickets. So does the broadcasting, more people are able to watch the match on their self-phones and the NBA league receive a high bill through selling their broadcasting rights. The promotion prefers the real commodities like shoes. There is a great influence through the world when the basketball stars in the NBA league participate in the publicity of basketball and NBA itself.

1. INTRODUCTION

The broadcast of sports on the television is a unique platform of broadcasting compared to other programs or genres of broadcasting for professional sports leagues through a broadcast network owing to the close ties and relations between the two elements. Sports television has a unique character of the league signed a contract lasting for several years for broadcast rights. Television networks are required to pay a league of sports to carry out broadcasts. The requests are given to specified leagues for a specified period. The unique relationship between league sports and television networks permits televisions to sell commercial time as advertisements. The federal government grants licenses via the Sports Broadcasting Act (SBA) as a mediator and sells collective packages by selling broadcast rights of games to televisions [1]. Sports leagues generate economic benefits by exposing source items and practicing the contracts with televisions.

National Basketball Association (NBA) reserves its broadcast properly to maintain the high value and restrictions of broadcasting NBA for the benefits to remain optimum. The NBA generates its permit from the government, which maintains control and oversight, just like in Chicago Professional Sports Limited's WGN Cont'l Broad versus the NBA. The issue showcases how the NBA controls who establishes a broadcast for the NBA, which consists of a collection of teams and not single individuals.

There is a complex relationship between television networks, sports leagues, and the government. The government and sports fraternities have developed public

policies to ensure proper labor relations, antitrust, taxation, and constitutional formations to act against slavery [2]. The formulated policies have greatly impacted managing viewership and broadcasting rights. The public policy by the government for sports is important though formulations should be made to benefit the participants. Exposure of participants and league control has also resulted in both monetary benefits and sports development where management is applied.

Televisions had not been previously focused on until the 1950s when professional sports teams that were well organized created the potential to generate income from televisions through revenue collection. The purchase of the services of a team, league, or sport by television networks creates a bearing that sports need full financial support from the television networks. Through successful management, the sports leagues and established franchises can utilize funding from the funding entities. Televisions have the potential to survive without sporting coverage while sporting events and activities are prone to failure if support from television networks is withdrawn.

Television networks provide exposure which is important for professional sports leagues. Watching games is the main interaction people have with television networks. The American society has a dominant influence that sporting events experience through television. The paper provides operational factors for the NBA through broadcasting rights, exposure, and the relationship between the NBA and the national government.

The NBA All-Star is carried out annually in February in different locations depending on the squad's local playground. The players and overall participants include

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fans, players, managers, and various teams in the competitions. As a professional sports league, the NBA provides wonderful games to the audience and consists of unmatched activities in management in business alliances at the national and international levels. Complex managing systems are applied as every league member obeys rules from diverse administrators. The administrative regulations generated are strictly followed to enhance fair trade and taxation rules.

The advertisement of the sports league stretches across the world, attracting millions of fans from all social and professional classes to generate sufficient profits. The leagues and their marketers employ celebrity advertising to trick fans through the celebrity effect and create an industrial monopoly to maintain the status of the leagues and the sporting platform. The investors stand to gain from a massive following and increased viewership. The methods employed have enhanced the development of the NBA from a simple basketball entity to gathering an enormous following and international recognition. The sports league has grown into an influential business platform by selling viewership rights.

NBA is an authentic organized platform that other enterprises can learn from to penetrate the market and improve their value. The league is the largest basketball platform globally, with its formation dating back in 1946 through the BAA and merged into the NBA by the NBL in 1949. Initially, the game was a bawl-ridden and drug game with minimal command in the United States. The market value of the NBA dropped at some point, and the teams almost collapsed due to bankruptcy. The new era in the sports league came after David Stern took over management and managed it for three decades. The salary cap was created, and systems were developed to maintain the functionality of the league and avoid its collapse.

Currently, NBA consists of a broadcast in 212 countries and 42 international languages. The NBA is administered by the Office of the Commissioner with ten departments responsible for internal and external liaison, administration, team services, security, legal affairs, basketball operations, player pieces of training, human resources, finances, and organization of major events [3]. The external and internal department plays a critical role in managing large events and is divided into four departments.

Cartels consist of alliances formed through agreements on prices of commodities, sales, and output expected between enterprises in an organization that has created a monopoly in managing and selling the products to the market to obtain higher profits [4]. Basketball has higher demands in the market in the United States, and cartels are illegalized. The division of the basketball sport would result in lower gains as prominent players would be divided, making the league less competitive and less enjoyable to watch, attracting fewer individuals watching the game. Profits generated from divided competitions would be less, and the league's quality would be reduced. The monopoly created has enhanced the league's quality, attracting a massive following, and has maintained steep competition in the leagues. The NBA has been permitted in the United States to be a cartel, making it grow into a

large business through slow development, expansion, and monopolizing.

2. RESEARCH DATA AND METHODS

Data for this research is collected from surveys and secondary data analyzed from records and documents collected both qualitative and quantitative, including agreements signed by the NBA, government, and the sports teams. Data collected from NBA sources illustrates operations of the NBA are complex and geared toward ensuring the profitability of the venture. The company's processes have been streamlined to ensure fluent activities in the series. Internal and external activities are evaluated for qualitative and quantitative data to show the number of teams and countries linked to the NBA and the nature of operations that the NBA carries out.

Internal departments ensure authorities are adhered to, which involves the directors making decisions on matters of the group. The board meets in November annually but can hold meetings temporarily if any issues arise. The board of the NBA has a rapport and contract created with the commissioner and the management team [5]. The management board makes decisions as well as directors. The commissioner practices the ultimate executive decisions for the NBA. The headquarters must approve the findings by the NBA directors if major decisions are involved that affect operation. Teams are bound to implement proposals made by the president unconditionally. Various NBA departments function differently depending on divisions. Division of labor is clear in the NBA.

The NBA shares a complex relationship with the government and the sports teams, which requires collecting both qualitative and quantitative data for analysis. Further, platforms that interact with the NBA, such as the eSports and the 2K league, are analyzed to bring out qualitative data prerequisites for the research. The influence of celebrities on the game and marketing through unified collective bargaining greatly impacts the league. The research seeks to establish how it affects operations in the all-star league. A hypothesis is formulated based on assumptions that the league operates through normal activities and aims to establish the complexity of operations at the NBA. Qualitative analysis was employed since data was diverse sources that interviewing and primary focus groups could not elicit effective feedback.

The NBA's income has been admission revenue from quantitative analysis, with tickets sold during games distributed to the teams and the league. Broadcast rights also generate revenue as NBA receives television revenue through broadcasts such as ESPN and TNT. Advertising revenue that NBA gains through advertising to keep up the international pace also improves operations [6]. Data from companies such as LEGO, AOL, Coca Cola, and Lotte Group was focused on.

While obtaining qualitative data, impacts of face-to-face interactions, online sources and data, and analysis tools are used to gauge the extent of the league's operations and complexities. Other qualitative data show

that All-Star Weekend allows teams that do not belong to the NBA to play. In 2019, LeBron's the Lakers played against the Nets led by Kyrie in a preseason match in China. The game created exposure, and new audiences were brought on board, thus increasing profits for the NBA. Celebrities make a watching attitude among people, increasing viewership and income in the league.

3. RESULTS & DISCUSSION

To apply the result of this research and make the result clearer, the marketing strategy of the NBA league is separated into three parts. The first part is ticket selling, the second part is the broadcasting right and the third part is the promotion. These three factors basically include all the fees that the NBA league is able to receive from consumer. They are analysed in detail in the next few paragraphs.

3.1. Ticket Selling

Great change in recent years due to the mobile technologies. It is pretty sure that the marketing strategy of the NBA league had a total change because of the advanced technologies, especially the development of a mobile-based NBA social networking iPhone application. This absolutely increases the revenue of the NBA league since the NBA fans usually spend many time on their phone, the NBA league can keep us with the fans' favors and it can ensure that those fans get the latest information of the competitions. [7]

An important factor of NBA, and even all the sports competitions, is the atmosphere. Audience is an absolutely important part of the atmosphere. To ensure that the atmosphere and the revenue are both acceptable by the NBA league, they had to build up a special mechanism of ticket selling. In this case, the price of ticket is vital to the mechanism. The price of ticket of each competition is not fixed, a lots of factors can affect the price of ticket. The location of the seat, the date of the event, and the basketball teams participate in that game can all change the price of the ticket. The NBA league is looking forward to get the highest revenue while selling the ticket. Scarcity of the ticket can be a good way to increase the price due to the demand and supply. A great example can be the NBA Final in 2022, the average ticket price of The warriors at home is 3249 dollars and the average ticket price of the Celtics at home is 2862 dollars. However, except the NBA finals, the average ticket price of other competitions is 96.57 in 2021. This depicts that high demand lead to higher prices of ticket and therefore NBA league sell that ticket as that high price.

The NBA league had made an investigation about how effective are the 20 mostly used ways of ticket selling by simply using questionnaire. The questionnaire was done by some managers in the NBA league, and some audiences (randomly picked from two NBA competition). Although those 20 methods were chosen after deep consideration and determined carefully, most participant still felt unsatisfied with most of these marketing strategies. This investigation proved that the strategy of

NBA for Ticket Selling was efficient for the processes of the NBA league, but it didn't fit the customers' demand.

3.2. Broadcasting Right

The strategy of broadcasting right had also changed in the last few decades. Before the 1980s, the right of broadcasting in the U.K. was separated to several different channels. However, in the 1980s, the competition of broadcasting suddenly became more fierce because there were many broadcasters and their programs, but only limited amount of channels were available to be used for the television [8]. In this case, to survive in that broadcasting market and to vie for the channels, the sport broadcasting right just appears to something like oligopoly, which is the situation we still faced now.

Table 1. Revenue of NBA broadcasting Right [8]

Period	Broadcasters	Rights Value
1982-83 to 1985-86	CBS and "Cable"	\$0.1 bn
1986-87 to 1988-89	CBS and TNT	\$0.2 bn
1889-90 to 2001-02	NBC and TNT	\$4.8 bn
2002-03 to 2007-08	ABC,AOL/Time Warner and ESPN	\$4.6 bnt

Broadcasting right is becoming more and more important for every programs these years. This is because lots of people have self-phones now and they are able to watch competitions everywhere at any time. In this case, the arena which gets the broadcasting right of important programs is able to receive high revenues. Obviously NBA is one of the programs with a lot of enthusiastic fans, therefore it is important to decide which arena the league offer the broadcasting right to.

Another important part of the broadcasting is the copyright. The copyright of the broadcasting had been an important issue since broadcast was invented. The difficulty of dealing with this issue is that there wasn't a clear law regulate this copyright [9]. The basic reason is that the cost to watch the broadcast is so high. Audiences have to pay 28.99 dollars if they want to watch NBA matches on NBA league pass. Other streams, like AT&T TV, needs higher fees. In this case, some audiences are not willing to pay the bill. The demand for online pirates is high so the audiences can spend less money but still watching the competitions. A lot of sports event recently are facing this issue. Some companies choose to hold their own broadcasting company. An example can be IOC. The benefit of holding their own broadcasting company is that the program can be first recorded, and then published on the Internet at a certain time. In this case, IOC can easily find the online pirate by looking for the one who published earlier, and then accuse them for compensation. Other competitions, like the FIFA World Cup, installed radar dome to block the internet access so that audiences cannot do the live streaming. These are successful methods to protect the broadcasting rights, and NBA league is able to choose from these methods.

3.3. Promotion

Promotion is essential for expanding the market of the

NBA league. There are several methods of promotions. These several methods are able to influence the fans in different aspects. Different methods satisfied different consumers' wants so that fans are willing to pay for it and the NBA league can keep attract the fans.

The first method is the NBA Basketball Stars' affect. A great example can be the NBA league tried to explore the market in China. In 2019, Lebron's the Lakers played against the Nets led by Kyrie in a preseason match in China. The game created exposure, and new audiences were brought on board, thus increasing profits for the NBA. Celebrities make a watching attitude among people, increasing viewership of NBA games and income in the league.

The second method is to find the strong partners. NBA league has agreements with many other brands in different fields. The most common partners are companies that sell sports equipments, for example Adidas, Nike. The NBA league provide a perfect arena toward the sponsors. In this arena, there are lots of fans and basketball players, who have really high demand toward sports equipments, shoes and suits. The sponsors are able to earn a lot of profits by selling their products because brand effect enables them to charge higher price for their products. Some other relative sponsorships can be drinks such as Coca cola. Obviously NBA is a perfect arena for them to do advertisement. Moreover, during the competitions, NBA would sell the products from the sponsor. Vendors can sell Coca Cola in the stadium with prices much higher than the market price, earn both revenue for the sponsors and the NBA league.

The strategy of promotion is always binded with other complementary goods. The basic example can be the interaction of promotion of NBA and one of the NBA basketball star. The NBA league can invite the star to participate in a peripheral products' advertisement, such as basketball shoes [10]. This mode of promotion simply attracts all the fans of the NBA league, the basketball star, the peripheral product brand together, therefore all three participants in this action gets more fans and receive higher revenue. This is the strategy of promotion NBA league that are willing to use these days, and that is the reason why we are able to buy shoes like Kyrie Irving shoes, Lebron James shoes, which can really be more effective than before with only direct advertisement of the NBA league.

3.4. Discussion:

Some improvements can also be done so that the league can earn more. According to John A. Fortunato from University of Texas at Austin, the regulations of the broadcasting rights can be done better if the government impose some laws about the broadcasting rights. The laws can either lead to more serious penalty for an online pirate, or help the league strengthen its network by signing some special contracts with the broadcasting companies. Since the broadcasting rights is the most important part of revenue of the NBA league, it should be willing to deal with the government.

The ticket selling technology seems really mature now. Audiences are able to book the ticket just by using self-phones. However, ticket scalper can always be a problem. Ticket scalper deliberately buy lots of tickets for the monopoly in the market and therefore ask for higher prices to earn an income. This issue can always discourage the enthusiasm of the audiences due to the high prices. Sometimes audiences may not even get the tickets even though they are willing to pay the high bills. NBA league should find out some way, otherwise it might be difficult to exploit new markets because the same people (ticket scalper) will still hold many tickets.

In conclusion, the three major parts of the marketing strategy: ticket selling, broadcasting right and promotion are closely connected by the recent new communication technologies. A greater improvement of either one can positively affect the other two and lead to greater revenue to the NBA league.

4. CONCLUSION

National Basketball Association (NBA) reserves its broadcast properly to maintain the high value and restrictions of broadcasting NBA for the benefits to remain optimum. A complex relationship exists between the government, sports agencies and the entire fraternity, and the television networks. This has led to the establishment of proper labor relations, antitrust, taxation, and constitutional formations to act against slavery. A symbiotic relationship exists between the sports agencies and television networks. This is because the sports agencies require support from television networks while the television networks can use the commercial breaks to advertise and therefore generate revenue from that. The leagues and their marketers employ celebrity advertising to trick fans through the celebrity effect and create an industrial monopoly to maintain the status of the leagues and the sporting platform. The investors stand to gain from a massive following and increased viewership. The methods employed have enhanced the development of the NBA from a simple basketball entity to gathering an enormous following and international recognition. Other sports organizations have a lot to learn from the NBA due to its organization and how much it has grown. For this study, qualitative analysis was employed since data were from diverse sources that interviewing and primary focus groups could not elicit effective feedback. From the analysis, some of the sources of NBA's revenue include admission revenue. This is revenue that is generated from the sale of tickets sold during games. Broadcast rights also generate revenue as NBA receives television revenue through broadcasts such as ESPN and TNT. Advertising revenue that NBA gains through advertising to keep up the international pace also improves operations. Data from companies such as LEGO, AOL, Coca-Cola, and Lotte Group was focused on. More diverse moves like the All-Star Weekend allows teams that do not belong to the NBA to play. This further increases the audience which in return increases the revenue generation from the agency. The impact of celebrities in this is inevitable as they influence

the people to watch more, which also increases the revenue generation as a result of increased viewership.

Despite the achievements that the NBA has made in terms of revenue generation, there is still a lot that can be done. The first thing is on the regulation part. The regulations of the broadcasting rights can be done better if the government imposes some laws about the broadcasting rights. The laws can either lead to a more severe penalty for an online pirate or help the league strengthen its network by signing some special contracts with the broadcasting companies. The ticket selling bit also needs lots of improvements. Ticket scalper is posing a big challenge to the sale and purchase of tickets. This is due to the overpricing of the tickets on the audience side. This challenge might go a long way in affecting the organization and the revenue generation unless corrective action is taken early enough. With changes to these challenges, more revenue will be generated, and greater growth achieved.

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