

Case Analysis: Commonwealth Games

I. Introduction

The Commonwealth Games is one of the most popular sporting events in the world as more than seventy Commonwealth nations participate in the event. It is broadcasted worldwide with millions of viewers as this is one of the most anticipated games other than the Olympics. As such, India had the rare opportunity as being the only second Asian country to host this major sporting event. The XIX Commonwealth Games was held in the capital Delhi last October 3 to 14, 2010. It was in fact, the largest sporting event hosted by India since the Asian Games held last 1982. However, months before the games began the organizers were already beset by problems from financial, security and infrastructure construction concerns that questioned the organizational ability of the host nation. The event was deemed as a catastrophic failure in terms of strategic management and marketing creating an undisputed opportunity loss for the tourism and sporting industry in India. As a result of the global criticism by the media, international governments and participants, the Indian government has launched an investigation to the mismanagement that occurred since it has caused an immeasurable damage to India's brand equity (The worldreporter.com, 2010).

As the appointed marketing consultant by the India Organizing Committee, the group responsible for the Commonwealth Games; I have been tasked to prepare a report that investigates the impact of the macro-environmental forces on the credibility of the Commonwealth Games. Second, I have been asked to prepare a recommendation on strategic marketing tools necessary that may have improve at least two different Commonwealth sporting events in the future. Finally, the report should address how the issues faced by the organizers

could have been resolved through an analysis of events and provision of applicable recommendations.

II. Literature Review

A. Strategic Management

Strategic management is the foundation of any organization. This involves how an organization directs itself to achieve its goals. Strategic management is important since this includes the decision-making process on where, why and when an organization chooses to allocate its resources. As such most strategic planning begins with using business analysis techniques. For example, a SWOT analysis can be used which is an analytical study of the company's strengths, weaknesses, opportunities and threats. Data gathering is important in the use of a business analysis technique. More complicated business techniques are the PEST, STEER and EPISTEL analysis. Pest studies the political, economic, social and technological conditions companies operate in. Steer is similar but includes socio-cultural, ecological and regulatory analysis. Epistel is also similar but includes the study the environment, informatic and legal conditions that may affect a company (Jones 2002, p.330) (Hines 1987, p. 98) (Hamel et al. 1994, p. 46).

B. Macro-environmental forces

Based on the theory above, I choose to use a PEST analysis in order to determine the macro-environmental forces that impacted the Commonwealth Games held in India. The political atmosphere in India is run by an ambitious government who is aware that India is on the heels of being one of the world's largest economies next to China. As such, the Indian government may have placed undue pressure to host an international sporting event especially with the success of

China's 2008 Beijing Olympics and South Africa's FIFA World Cup. A country hosting a major sporting event stands to gain international prestige, increased brand equity and even financial opportunities, which the government and Indian Organizing Committee surely knew.

However, by focusing on the end results proper strategic management was not in place in order to savor the benefits of holding the games. It is apparent only after the games that the Indian government took a laissez-faire approach in monitoring the Indian Organizing Committee's progress. This meant they left many of the decisions to the committee members without proper support or cohesive strategy during the whole planning session. Significantly, the government is also faced with other kinds of pressing social problems, which may account for its inability to multitask its efforts and resources. This is clearly evident in the infrastructure delays such as the building of roads and bridges, which was the government's responsibility. More importantly, this includes the development of the international airport that would transport athletes to the venue sites. Significantly, the government's political role was weak as they were unable to curb corruption and implement discipline in the management of the entire project itself (Livemint.com, 2010).

Economically, India has sustained economic progress through the years making them a viable candidate in hosting an international sporting event. Furthermore, the country has millions of fan spectators with an increased purchasing power as a result of economic opportunities the country has received. With the correct pricing scheme, the event could have attracted sports fans that could have easily generated revenue for the organization. However, noteworthy to mention was financial setbacks from the beginning with the government providing only \$345 million dollars to stage the event. According to seasoned sports marketing experts the actual total cost to host an event of this magnitude was \$2 to \$6 billion dollars. This was a large factor that was

detrimental for Indian Organizing Committee as they had to work with a meager budget that included a wide spread infrastructure development. The committee itself also failed in financially forecasting the funds needed to run the event and even have a sound return on investment analysis. This in spite the fact that the organization was able to secure \$64 million dollars in broadcasting rights and was able to attract big name sponsors such as Coca-Cola and Adidas (Livemint.com, 2010).

In terms of analyzing the social factors, a noticeable weakness was the lack of expertise in managing a sporting event. The public indifference to the games was also alarming especially as news of the financial expenditures the government released in order to host the games to which many felt according to surveys could have been put to better use such as implementing much needed social services programs to alleviate the large poverty rate in the country. Other social factors that were important to the games was the approval of other Commonwealth nations especially when they voiced concerns and even threatened to boycott the event did not give a good impression to the public. This even hampered the ability of the organizing committee to secure more advertisers since the negative publicity coupled with obvious lapses in organizational management resulted in many preferring not to be associated with the games at all (The worldreporter.com, 2010).

Finally, in terms of technology India in itself is a hub of communication and computer technology experts creating a viable opportunity for Internet marketing to be used to generate interest in the games. More importantly, the country is not lacking in terms of having a skilled labor force with more than sixty percent of the population being able to accomplish the technological requirements for the games. However, this aspect was underutilized by organizers

as both social media, television and computer technology know-how was not applied during the days of the sporting event (Livemint.com, 2010).

C. Analysis

As such, it is clear that the Indian Organizing Committee and the Indian government failed in its strategic management by not taking into account the political, economic, sociological and technological aspects of hosting the Commonwealth Games. They were unable to create satisfying behavior with their customers both for the public and participants through poor facilities and even late televised events all of which led to financial losses. Scholars cite that India was overly confident as they relied on their past successes which resulted in poor financial management decisions. They insisted on using a small budget and acted as if they already had a monopoly of the Commonwealth Games that was a sure win to attract customers and generate millions of dollars. In fact, they were unable to analyze their existing environment, which resulted in a poor pricing strategy and planning. India was in fact operating in an oligopolistic environment where they needed to showcase their abilities compared to other previous host nations of the Commonwealth games. This significantly did not meet customer expectations that resulted in low attendance and advertising opportunity loss for the games. Price and planning served to be the important gauge in attracting the sporting event spectator market (The worldreporter.com, 2010).

The poor analysis on the internal and external environment deteriorated India's core competencies wherein they heavily relied on their own knowledge and skills instead of developing the innate talents of sports event experts. They were unable to use marketing data that reflected the true PEST conditions of the country wherein they simply assumed based on the

strong global brand name of the Commonwealth Games that they would be able to meet their business goals (The worldreporter.com, 2010).

III. Recommendations

In order to improve the delivery of at least two different Commonwealth Sporting events in the future, organizers must first realize that sports are an important platform that will enable them to utilize in their business development. It is imperative they recognize that sport events are a means of profit rather than an additional expense. As such, the organizers should concentrate in acquiring sports sponsorships that should be a total corporate strategy that integrates business objectives, KPI's and subsequently, a streamlined activity from business development, commercial and marketing. Organizers must leverage on two important aspects of sports, which are authenticity, credibility and fan base. Thus, organizers must build and develop their authenticity and credibility to subsequently increase their fan base. This is requires strategy but is mostly lacking in many sports events. The lack of understanding of the fan base leads to a decline in fan base. Organizers must learn to know the fan's mentality and personality to create that emotional bond with the use of legendary moments and anecdotes (Lussier and Kimball 2009, p. 67).

Sports sponsorships usually leverage on marketing and eventually merchandising. However, it will be most advantageous if qualitative and quantitative research is done amongst its fans. Marketing is a philosophy and the most important element are the fans. A common method to leverage on sports sponsorship is the use of proprietary media, which is used as a way for fan base story telling. The benefits of using this is having complete control in terms of producing, packaging and distribution content. It also prevents the use of the media middleman and creates a proprietary database necessary for any additional proposals to sponsors. This method increases

the fan base and is also a direct income. As such organizers must build new competencies and must organize to match the scope and scale of sponsors. It is no longer advisable to rely on sponsorship funds alone and must form partnerships with sponsoring companies. It is best to match expertise and upgrade towards an international scope and centralized decision making. The best method, which is something, that is not capitalized enough is the formation of partnerships with sponsoring corporations using a long term perspective in mind as well as researching on the needs and identities of the fan base (Masteralexis et al. 2008, p. 105).

E-commerce will play a major role in supply and manufacturing sport media content and sport events. The benefits of e-commerce are beyond its cost effectiveness but lies in its capability of delivering media content either through the computer or mobile phone. This serves to have an enormous capacity in generating interest and excitement for fans and non-fans alike. More importantly, e-commerce creates an online community that enables organizers and sponsoring companies to reach its target market and even reach a global audience. Furthermore, this will help increase brand equity. Sports media content will most likely be interactive as fans and players are able to communicate with each other. It also benefits in meeting target goals of companies. For example, two popular events in the Commonwealth Games are weightlifting and squash. These are both sports that generate wide public interest since the Indians excel in this field. As such the integration of technology with help increase marketing interest in this two sports.

The recommended marketing mix methods to enhance these two sports in the future is prospecting, preparing resource materials and the after marketing sales and follow up. In order to target sponsors, it is imperative to be able to identify proper prospects. This is actually the first step and it is the most important. Normally at this initial phase, a prospect list is created

including sufficient company background, sponsorship record and an understanding of the company's business. It is important to create this list in order to identify those who will be prioritized under the likelihood that they will most agree. It allows organizers to focus on companies they feel that are a "fit" to the sport. Second, is preparing resource materials this will involve a strategic alignment of goals by comprehensively presenting to prospective sponsors why and how will they benefit from the sponsorship activity. It would best serve to also create a sponsorship package that meets the prospects needs and should have considerable leverage on novelty such as the use of the sport institution's website. Finally, the after marketing sales and follow up is the most important since this will help generate feedback and provide any clarity for the prospectors (Masteralexis et al. 2008, p. 94).

It is my recommendation that organizers should target new business owners in India such as restaurants. Most likely, they would be most eager to avail of a sponsorship as a means to generate interest from the community to their new business. They would most likely have enough budget to do so especially being new they have only recently laid the groundwork for their business targets. I recommend creating a plan that will allow them to gain exposure that will help them achieve more customers from the Indian community through the event by using television, print and online media advertising. The plan will include a display of their logo on all sports events, a mention of their company name including the address of their business as well as creating events that link the players with the company such as in-store visits of players. This will allow the fans to meet the players inside the restaurant and building brand equity in the process (Lussier and Kimball 2009, p. 114).

Primary sponsorship agreements are the highest tier and provide the most visible presence for the sponsoring company. Their logos are in the player's uniforms and team equipments. This

includes the widest advertising media coverage and key product placements in venues. It may include the following: official licensee, building naming rights, founding sponsor and official marketing sponsor. Secondary level sponsorship agreements have the same privileges as the primary sponsorship but significantly reduced in size and scope. This can be tailor fit to suit the company's needs such as either being a presenting sponsor, title sponsor or placing signages at the events. Associate level sponsorship is the lowest tier having the less advertising media scope amongst all the types of sponsorships agreements. They are not visible on every sporting event and may opt to place only advertising in the game program or league media guide (Lussier and Kimball 2009, p. 139).

The risks for being choosing a primary sponsorship are the amount of dollars invested in the sport event. As such, any scandal or negative publicity will directly impact the sponsoring company. It also bears the most responsibility in terms of building a long-term partnership with the sports event in order to streamline marketing activities. It should include e-commerce and regular media advertising initiatives that serves to be beneficial. However, if proper strategies are not in place a company incurs the risk of not translating its sponsorships into revenue generating platforms. Secondary sponsorship also carries the same risks but may suffer if they are over rided by the primary sponsors. The organizers must make sure this does not occur. Finally, associate sponsorships may be the cheapest but it may also mean they lack considerable media mileage. The company would suffer the risk of being largely ignored with the least amount of exposure (Masteralexis et al. 2008, p. 126).

The most ideal for the future of weightlifting and squash would be to attain primary sponsorships agreements first because it will enable the institution to quickly generate the capital needed to conduct the sporting events. It will also be easier to attain secondary and associate

sponsors if they would like to be associated with the primary sponsor based on brand equity. Primary sponsorships are actually mutually beneficial since it boosts the morale of the players and an increases fan base support for the sport. It will also provide authenticity and credibility to the Commonwealth Games and ultimately help generate interest and a stronger fan base (Lussier and Kimball 2009, p. 147).

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