

Marketing proposal for sports academy



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Nairobi Sports House is located in Nairobi, Kenya. It is a medium size company specialising in wholesale and retail marketing of sports equipments, uniforms, and sportswear Sports & Fitness Equipment. Supplies for any sport: hockey, rugby, tennis, badminton, table tennis, and related sports merchandise.

The target audience would be aimed at both, males and females, ages ranging from 8-24 years old.

The venue/sports ground will be leased by NSH due to the lack of space available in central Nairobi that the project would require, and equipment will be provided by them. Sports provided will be the main sports played in Nairobi which are football, hockey and lawn tennis.

During the holidays the sports will alternate, whilst on weekends during term-time, they will have a choice of which sport they prefer to play.

In recent years there has been increased interest in sports activities both for recreational values and fitness purposes for all ages.

This proposal aims to establish sport academy to target students in Nairobi who have interest in football, cricket and tennis as these are the most popular sports in Kenya.

This concept will fit in the overall marketing strategy of sports marketing.

Market Analysis:

Using various analytical tools including the SWOT analysis, Tows Matrix and considering the Marketing P's this report will look to analyse the market

Nairobi Sports House currently operates in, and that of which this report proposes it expands into.

After the study of market (appendix 1), I have established that there is a huge demand for sports academies in Nairobi. All the youth who are interested in sports and want to make their career in sports are unable to access professionally managed programmes, therefore this academy would give them that benefit of qualified coaching as well as good sporting grounds and facilities to play in/on.

The academy would train these individuals by qualified and elite coaches and could possibly be a training camp for junior national teams, which would mean that expansion would occur and therefore, the academy could become expand out of Nairobi and into other cities and towns in Kenya, possibly even east Africa.

Situational Analysis

SWOT analysis

A SWOT analysis is an investigation of the internal important factors that are changing which influence a business from within.

The main purposes of an internal business environment analysis are to:

Determine the strength (S) and weakness (W) of the business.

Identify the core competencies and distinctive capabilities.

Recognize the opportunities (O) and threats (T) that the business may face.

Identify areas of competitive advantage. Understand needs and wants of the business.

(Mello)

Strengths

Nairobi sports house has the financial capacity to execute the proposal meaning that funding would not be a problem and there budget is more than ample.

- 1) NSH is a well known company and brand in Nairobi. As it is one of the major sporting outlets in Nairobi, it has over 12 branches across the city and can use its brand image to its advantage.
- 2) The company supplies most sport institutions, including schools, which will be an advantage in marketing this concept to schools around Nairobi.
- 3) The company is associated with two sports clubs which are targeted to be used as venues, on lease basis. These sports clubs are the two most known sports clubs in Kenya; Nairobi Gymkhana and Parklands Sports Clubs. Both have up to date sports grounds and facilities, which will mean easy access and ability to customize and coordinate sports programs tailored specifically to a team's needs and desires.

Weaknesses

- 1) NSH has no previous experience in management of sports academies and would need to outsource specialists who know the market better.

Opportunity

- 1) There exists a market gap as there are very few established sports academies in Nairobi.
- 2) The existing sport academies are individually owned and managed, and therefore lack the financial capacity needed to offer top of the range services.
- 3) There is the opportunity to introduce professionally managed sports academies as no one has professional academies there will be no competition and there is space , birth rates are increasing every year hence there are a lot of people who would want to play sports but just don't have the opportunity to do so.
- 4) Opportunity to establish competitive tournaments in the various sport disciplines could organise tournaments against other countries to keep children motivated and award them with extrinsic awards.

The SWOT Matrix

To develop strategies that take into account the SWOT profile, a matrix of these factors can be constructed. From the SWOT matrix, possible strategies can be identified (appendix 2).

- S-O strategies pursue opportunities that are a good fit to the company's strengths.
- W-O strategies overcome weaknesses to pursue opportunities.

- S-T strategies identify ways that the firm can use its strengths to reduce its vulnerability to external threats.
- W-T strategies establish a defensive plan to prevent the firm's weaknesses from making it highly susceptible to external threats.

(McGraw-Hill, , 2003)

Competitive strategies NSH may engage in include: (appendix 3)

a) Differentiation strategy

A differentiation strategy calls for the development of a product or service that offers unique attributes that are valued by customers and that customers perceive to be better than or different from the products of the competition. This can either be horizontal (creation of variety), or vertical (differences in quality). For example, NSH could brand their sports academy to employ very able and experienced coaching staff. This may result in their academy being viewed as superior compared to others in the eyes of potential customers and so less substitutable.

b) Cost Focus strategy

The focus strategy concentrates on a small segment and within that segment attempts to achieve either a cost advantage or differentiation. The premise is that the needs of the group can be better serviced by focusing entirely on it. A firm using a focus strategy often enjoys a high degree of customer loyalty, and this establishes loyalty and discourages other firms from competing directly. Kenya's most rapidly improving sport is cricket

since the country reached the Semi-Finals in the 2003 world cup. However the equipment required for the sport is expensive and being the direct importer of sports equipment, NSH could focus its sports academy around supplying top of the range cricket training facilities.

c) Product development strategy

Product development strategy involves introducing new products into existing markets. This strategy may require the development of new skills and requires the business to develop modified/new products which can appeal to existing markets. This strategy is risky as it will require much investment in product development.

d) Diversification strategy

Diversification strategy involves business markets new products in new markets. This is a more risk strategy because the business is moving into markets in which it has little or no experience. For a business to adopt a diversification strategy, therefore, it must have a clear idea about what it expects to gain from the strategy and assess the risks. By undertaking the challenge to expand into the market for sports academies, NSH is already diversifying and spreading its risks.

PEST Analysis

Companies do not operate in isolation. They are affected by a number of external factors. The main purposes of an external business environment analysis are to:

-try and find new opportunities for the organisation

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-try and identify any threats to the organisation

A scan of the external macro-environment in which the firm operates can be expressed in terms of the following factors:

A) Political Factors

The main political factors that would impact on this proposal include security, employment laws, and environmental business registration. Nairobi is generally a safe environment and parents will not be afraid to leave their children at training venues.

b) Economic Factors Talk about:

The economy is on its recovery trend which is good for the business community. This suggests increasing leisure expenditure. There is a lot of unemployed/non working citizens in Kenya who are looking for jobs, this could benefit the program as we could hire more coaches so as children can be put into smaller groups and get more attention. The birth-rate in Kenya is increasing quite rapidly so finding children to take part won't be difficult.

c) Social Factors

There is an interest in sports due to aggressive sports marketing and exposure to world sports especially the Barclay's Premier League. A large population of the youth identifies themselves with premier league clubs, and their favourite sport personality creating a competitive environment.

There is a considerable change in attitude of parents toward sports as a potential career alternative for children with talents and skills in sports. Parents are willing to support their children pursue their sport ambitions.

There is increasing awareness of the importance of sports as a factor in shaping children personality; discipline, character etc and parent are willing to take up such opportunities that would contribute positively to the mentoring of their children.

d) Technological Factors

Technology in Kenya is growing, although they don't have all the sporting technology they do cater for the basic needs. Due to good weather all year round, the use of indoor pitches and under-soil heating is unnecessary.

The PEST analysis is favourable to the marketing proposal and it suggests the potential for success of the business idea.

Competitive analysis

This involves examining the competitive environment. The analysis of competition will focus on the intensity of completion which will determine industries long term profitability potential. The profit of an industry is determined by the intensity of completion.

Porter's Five Forces Analysis

The competitive environment of a company can effectively be analysed through Porter's Strategic Matrix.

Michael Porter identified five forces that determine the long run profit attractiveness of a market or market segment. (Phillip Kotler, Gary Armstrong, 2005) The aim is to determine the competitive intensity and, therefore, how attractive a market/industry sector is.

1) Threat of new industry entrants

A segment is attractive if there is no strong competition. The threat of new competitors largely depends on the barriers to entry. Key barriers to entry include- Economies of scale, money / investment requirements. Due to the high sunk costs of initial capital required and a sports premises, new firms are less willing to enter. NSH can use this to their advantage and rather than being deterred to enter, could capitalise on it as they have enough investment capital.

2) Threat of substitute products

The availability of substitutes will influence price levels and profit margins, hence the industry attractiveness and profitability because they limit price levels. Due to the lack of quality academies that currently exist, NSH is likely to benefit from low competition allowing them to charge premium prices and earn high profits.

3) Bargaining power of suppliers

Suppliers are the businesses that supply materials & other products into the industry. The bargaining power of supplier will influence their ability to set high price to maximise profits. If suppliers have high bargaining power over a company, then in theory the industry is less attractive. For a sports academy, the main components in need of supply are staff, a venue and sporting equipment. Being the premier importer and seller, sporting equipment should not be a problem. Additionally, when not training or representing teams in matches, professionals are generally willing to coach during their free time. The only difficulty Nairobi Sports House may

encounter is in getting a venue for cheap as the sports clubs themselves will be using it frequently.

d) Bargaining power of buyers

This refers to the ability of consumers to bargain for lower prices. This is influenced by the number of buyers and sellers in the market and how standardised the products offered are. With few sellers of sports academies, and with the proposal of NSH's academy being of top of the range, the many buyers that exist have little power in trying to drive prices down.

e) Intensity of rivalry between competitors

The intensity of rivalry /competition between competitors in an industry will influence the market attractiveness. In this monopoly market /industry Nairobi sports house is clearly the market leader, therefore there is low level of competition which allows Nairobi sports house to set higher prices, hence high profit margins making the industry attractive with high long term profitability.

Overall, the competitive analysis shows that the market is attractive with long term potential for profits.

Marketing Mix (the 7 service ‘ P’s’)

[A] Target market

The features and characteristics of the target market will influence the marketing mix. The 4 main P's should be designed to appeal and reach the target market-

Factors that influence the development of the marketing mix

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[A] Target market

The features and characteristics of the target market will influence the marketing mix. The 4 P's should be designed to appeal and reach the target market; the target market should be able to afford the price, the product should satisfy the needs of the target market in-terms of the quality, functions size etc, the product should be distributed through retail outlets that the target market has access to and to reach consumers and finally the promotion techniques – for example in advertising,-use media that will so as the messages reach the target market.

The target market should be designed while taking into account the features of the target market erg income, social status, gender, age, special needs, culture, geographical location etc

[b]The product

The product itself will determine the marketing mix-the quality, size functions, packaging, branding status, use cost of production etc will affect the price, place and promotion.

[c] Marketing objectives

The marketing objectives will influence the 4 P's as they will be designed to achieve the objectives. For example profit maximization will require high price, quality product, and Intensive distribution, low advertising cost.

[d]Social trends-

The current social trends influence consumers taste, preference and perceptions of a product which in turn influences the buying decisions.

Marketers have to take into account the current social trend in developing the marketing mix.

Product

The academy will offer the following services;

- 1) Training and coaching in football, cricket and lawn tennis to students of ages between 8 to 22 years.

- 2) School Holiday Sport Camps and during school . We will have Saturday training. For 3-15 year olds.

Place

The training venues will be at parklands sports club that has well maintained sports grounds and equipments. Parklands sports club is located within the Westland's area that is secure and safe.

Price

This is the value that the buyer and the seller are willing to exchange for goods and services. Price is the most important element in the marketing because it generates revenues while the other 3 elements incur costs. Price has an immediate impact on sales and sales revenues.

The fees will be Ksh1500 (equivalent to about £12) per student per session .

Advance monthly payment would be encouraged; however payment per session would be accepted. Even though the majority of people living in Nairobi are in poverty, we could organise for sponsorship for them to train

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and travel whilst playing against other teams which will benefit them and therefore could interact with the wealthier population, which would also cause awareness.

Promotion.

Word of mouth promotion through the schools systems-recommendations from other customers are generally viewed as more credible than firm initiated promotional activities (gilmore, 2003); Establishing website, Posters and presentations in schools, shopping malls and in sports clubs, Promotional activities , By organizing event and call some big personality from sports field and interact them with the students, By organizing seminars and free work shop in school and colleges and speak about the scope and growth in sports and create their interest in the field of sports , By organizing sports tournament in rural areas.

Physical Evidence

The appearance of the building, equipments, signs, and posters printed materials and other visible cues all provide tangible evidence of a firm's product and quality (gilmore, 2003)

This involves providing the physical evidence of the forms product and services that would influence the customers. E. g. the equipments, interior design, branding.

The use of parklands sports house will present the physical evidence of sports academy. The academy will have an official uniform unique to the academy

Personnel

Services depend on direct interaction between customers and firms employees. The nature of the interaction strongly influences customer's perception of the firm's service quality. (gilmore, 2003)

The head coach for each sports i. e. Football, cricket and lawn tennis will be recruited on a contract basis. Other trainers will be contracted from schools on a freelance basis.

Research methods

Primary research method will be used to collect data and information from the market. The research will focus on customer needs/taste and preference, competitors. Primary research method is appropriate because it will collect current and up to date information that will be relevant and reliable.

Secondary research method involves the use of data that is already available from to the business firm external sources such as the internet, census survey, government statistics etc.

The questionnaire (appendix 1) will be used to collect data from the market. A questionnaire is a set of question used to collect information.

Evaluating a business opportunity

Evaluating a business opportunity requires data and information that can be used to determine the potential of a business idea and gaining insight into the consumer's behaviour

Market research: This is the process of collecting, analyzing and interpreting data and information from the market decisions for the purpose of making marketing.

Purpose of market research.

Market research provides information that can be used to evaluate a business opportunity/idea by

[i] identifying the market needs of consumers-market gap

[ii] Determining the demand for the product/service and market potential

[ii] Identifying market trends

[iv] Identifying target market and market segments

[v] Identifying competitors

Methods of market research

[A] Primary/ field Research.

Involves collecting data and information directly from the market for a specific purpose or investigation. Researchers collect information directly from consumers through interviews, observation or market survey using questionnaires. The questionnaires were given to the children and their parents/guardians; therefore they had to be created so that children would understand it but also to get the vital information needed to see what consumer taste was (questionnaires in appendices)

Advantages of primary research

[i]Original data/information-it provides original/first hand data and information collected for a specific purpose /investigation. In this case it provides information that is specific to the Nairobi sports house as the information is valid and up to date; they can also hand out the questionnaires to the target audience.

[ii]Relevance-it provides data and information that is specific to the business, its product and market. Research questions are designed to collect specific data and information to relevant to the Nairobi sports house.

[iii]Reliability- it provides objective and reliable data and information that represents consumers views and insight. This reduces the element of bias and subjectivity on the part of the researchers. The researchers know the source of the data and information, the circumstances under which the information was collected, and the limitations and problems encountered during the research which improves the analysis and evaluation of the research information. As the target audience is children and an elderly figure can have an influence on the answers the children give by what actions are made.

Disadvantages of primary research

[i]Cost-

Primary research is expensive to carry out because it requires resources such as materials, researchers, transport etc. Nairobi sports house is a well known company and its financing will not be a big problem.

[ii]Time consuming-

Primary research is time consuming which may lead to a time lag between the time the research is undertaken and the implementation of the research findings. Market forces are dynamic and could have changed at the time of making the decisions. As this is the first company opening up an academy if too much time is taken then another company might open up faster, so time is always a factor in business.

The results obtained from the questionnaires that were given to both children and parents were as follows:

Questionnaire for children (appendix 1)

Questionnaires were given to 211 children all over Nairobi.

75% of students attended private school which means that their financial situation is good, and can afford to pay for these academies, whilst the others sponsorship programs could be organized

Most of the children said that they would like to better their skills in the sports they take part in.

Questionnaire for parents/guardians (appendix 2)

Most parents stated that their children do play sports, at different levels competitively and recreationally and they have never been to a camp hence they said they would be interested and keen on trying it out as it is a new experience.

60% of the parents said that Westland's would be the ideal location as it is in the middle of the city and easy accessible.

The parents/guardians stated that the price was slightly steep, so we can work on that to find a fair price that both consumer and producer can agree on.

Overall parents seemed interested and roughly 70% of parents said they would be interested in enrolling their children

A simple analysis of favourable responses would indicate the potential demand for this product.

In conclusion, the technology used to analyse Nairobi sports house, its current situation and the proposal expansion plan. The company could possibly be very successful by entering the market for a sports academy however the biggest obstacle is lack of experience, but as you could see the pro's have outweighed the cons by a substantial difference.

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APPENDICES

Appendix 1

a) Sample questionnaire.

Name _____ - sex _____ Age _____

Residence _____ contact address _____

School _____

1) Do you attend: private school? () public school? ()

2) What level? Primary ()

Secondary ()

3) Do you reside within the Westland's area? YES () NO ()

4) Tick (f¼) to indicate your parent's occupation: business () Employed ()

5) Tick (f¼) to indicate your favourite sport

Football () lawn tennis () cricket ()

6) Do you play any of the above sport at school YES () NO ()

7) Would you be interested in improving your skills in your favourite sport?

YES () NO ()

8) Have attended any privately organised training in your favourite sport?

YES () NO ()

9) Are you a member of any sport club? Name_____

10) Would you enrol in a sports academy YES () NO ()

11) Which other sports are you interested in? _____

12) Do you participate in sport as?

Recreational activity ()

Health and fitness activity ()

Competitive sport activity ()

13) If you were to enrol in this academy, which timings would be appropriate for you?

After school () Weekends ()

Analysis of the Results & Findings

211 students

Males – 129 Females- 82

159 students were in private school

52 students were in public school

200 students reside in wetlands area

The female students mostly choose lawn tennis , although a few choose hockey and football

Lawn tennis – females-50 males-25

Football- females-12 males-60

Hockey- females-20 males-44

204 play sports in school

Students aged from 19-22, 85% of them are members of sports clubs.

200 students said the wetlands area is the most ideal place for this academy to take place.

90% of students say they would enrol in this programme.

Appendix 2

SWOT ANALYSIS

SWOT/TOWS Matrix

S-O strategies

W-O Strategies

Opportunities

-Product development strategy.

-Market penetration strategies.

-Diversification strategies.

-Marketing strategies -the 4 P's.

-Human resource strategies -recruitment of qualified and experienced trainers.

-training of employees.

Threats

-Adopt competitive strategies

W-T strategies

Appendix 3

http://tutor2u.net/business/strategy/competitive_advantage.htm

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