

The Impact of Marketing Promotion on New Program Introduction: The Case of the Masters in Sports Leadership

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ABSTRACT

This paper considers the impact of marketing promotion on the successful introduction of an academic program, Duquesne University's Master of Science in Sports Leadership, a line extension. The study examines the relationship between marketing promotion and product success, specifically the use of pre- and post-launch advertising during the introduction phase of the product life cycle, examining the targeting and timing of the advertising in conjunction with program inquiries and student enrollment. While many studies of product launch/product introduction have been conducted in the industrial arena, fewer exist in services, particularly the higher education sector, and organizational advertising concerns often include resource allocation, both human and financial, as well as meaningful measures of effectiveness. This study will contribute to the literature in new service introduction in education and advertising.

INTRODUCTION

Successful new products can enhance the success of an organization, and product introduction is critical to that success. With a failure rate of new products estimated as high as 50% at launch (Cooper and Edgett, 1996), new product launch strategies are critical to new product success; or, as Delre, et.al., (2007) suggest, "the initial phase of market penetration is a critical moment for the future direction of a product. A fast and substantial takeoff can guarantee a competitive advantage."

As Duquesne University prepared to launch the Master of Science in Sports Leadership (MSSL) program for fall 2006, it was acknowledged that, in order to facilitate diffusion and reach enrollment targets, pre- and post-launch advertising messages that both appealed to as well as reached the potential students had to be developed and placed. Delre et. al. (2007) acknowledge the complexity and unpredictability of promotional planning, noting that "the optimal targeting strategy as well as the right timing for promotional mass media campaigns remain unclear." Recognizing these challenges, the MSSL program launch committee was charged with identifying an optimal promotional strategy.

LITERATURE REVIEW

The MSSL program uses quantitative measurement to assess the attainment of stated objectives of particular advertising campaigns. In terms of true advertising effectiveness, measurement of website hits following ad drops can be considered a measure of desired behavior by the target audience. Subsequent student applications are another measure of behavior, and, as such, equate with sales. Bendixen (1993) suggests that actual product sales, or "surrogate variables such as market share" are the only true measure of the behavioral stage of communication, such that "advertising effectiveness measurement is concerned with the quantitative description and interpretation of the advertising sales response function." While Bendixen also suggests that advertising effectiveness measurement is not as concerned with specific campaigns as with the long-term due to sales and advertising often aggregated on a monthly basis. However, due to the use of web statistics through SLPnet, we were able to capture data on a pre-campaign basis.

Abraham and Lodish (1990) and Lodish et al. (1995a) suggest that an effective advertising strategy begins with an understanding of how advertising works (i.e., how it affects consumers), as ineffective campaigns waste organizational resources. Promotional strategies can play an important role in new product launch, particularly in the early stages of

the product life cycle, helping to propel the new product from introduction to growth thus impacting product adoption. External influences, including promotions and advertising, tend to drive sales during the introduction phase, though it can be challenging to determine the most effective targeting and timing (Delre et.al., 2007). Because expenditures in both marketing and production occur in product development, Guiltinan (1999) suggests that product launch may be one of the largest financial investments an organization may make.

Numerous studies of product launch/product introduction have been conducted in the industrial arena. There is much research to support the necessity of promotion as a mechanism for facilitating diffusion of new products (Delre et.al, 2007). While the new product in question, the MSSL program is not an industrial product, the authors accept that similarities do exist and borrow from this literature.

According to Calantone et.al. (1996), new product success correlates to the level of marketing skills and resources as well as technical skills and resources, and a launch strategy includes reaching a target market with the marketing offer as well as generating sales through marketing efforts (Green and Ryans, 1990; Choffray and Lilien, 1984). Bass (1969) notes that promotions, including mass media advertising (external influences), tend to drive sales during product introduction.

Studies by Hardie (1994) and Reddy et al., (1994, cited in Ambler & Styles, 1997) suggest new product share performance is related to the parent brand's strength, the new product's fit, or similarity, to other items under that parent brand's umbrella, and the amount of support available for advertising and promotion. Subsequently, resources should be available for new program promotion in the higher education market, and in addition to product launch advertising for new academic programs, pre-announcements can play an important role. As enrollment in an academic program could be categorized as a novel purchase decision, providing advance notice of the new offering can insure that program information is available to potential student-customers during the information search stage of the buyer decision process, as well as build the reputation of the program. Typically, pre-announcements are released 17 weeks prior to product introduction (Kohli, 1999).

PROGRAM OVERVIEW

As a dynamic growth industry, according to Plunkett Research, Ltd. (2007), the total U.S. sports market including the revenue derived from professional sports, sporting equipment sales, sports apparel and athletic footwear is about \$410 billion, comparable with the U.S. retail food industry. That number does not include the additional \$32 billion corporations within the U.S. spent on sports advertising. Globally, the International Academy of Sports Science and Technology, founded in part by the International Olympic Organizing Committee, notes that "sport is worth around US\$600 billion in total. The world sporting goods market is estimated at US\$120 billion retail, with footwear accounting for US\$30 billion, apparel US\$50 billion and equipment US\$40 billion."

As sports continues to grow and evolve as an industry, the university began development of a Master of Science in Sports Leadership (MSSL) program in 2005 after the successful implementation of the undergraduate Sports Marketing program offered through the School of Business in 1997. The MSSL is an online program collaboration with the School of Leadership and Professional Advancement and Donahue Graduate School of Business at Duquesne University.

MASTER OF SCIENCE IN SPORTS LEADERSHIP OVERVIEW

The Masters of Science in Sports Leadership was developed in response to feedback from the professional sports employers and managers who indicated a strong demand for additional leadership skills in today's complex and dynamic global marketplace. The skills and knowledge mastered in this program will enable individuals to be more productive and knowledgeable leaders. At the completion of the degree, graduates will have developed a vision of leadership, sensitivity to the social, economic, international, political and technological forces that arise within the sports industry. Graduates will be able to translate leadership theory into practice in the sports world.

There is a growing need for online options. Sports professionals do not have the luxury of committing to a traditional university schedule. When designing this program, feedback provided by sports professionals stressed the

usefulness of online education for students/employees who work in a demanding time intensive industry. Uncertain schedules and limited time to attend traditional classes were a major consideration. This led to the program being offered 100% online without compromising quality.

The core competencies addressed are:

1. conflict resolution and problem solving;
2. motivating and empowering others;
3. communicating effectively and persuasively;
4. sharing knowledge with a peer-learning network;
5. decision making from leadership and ethical perspectives;
6. cultural diversity in organizations;
7. contemporary, legal, negotiation, market research and sales issues.

These core competencies are developed in a sports venue allowing for the student to learn from other peer students working in the sports industry.

PROGRAM LAUNCH

To develop the new program, a traditional new product development process was utilized. At every turn, stages and gates were performed with go/no go decision points. A business plan was developed and market research had been executed to determine if there was a high probability of success. Projections were made and a promotional plan was developed at the launch point of the program. In order for the program to be deemed successful, student projections had to be met. The following table provides the MSSL program original student projections:

Table 1: MSSL Enrollment Projection

Year	Students	Cumulative
2006	15	15
2007	13	28
2008	23	35*
2009	30	45*

*Reflects graduating students.

The following table provides the actual versus estimated student enrollments for the same time period:

Table 2: MSSL Actual versus Estimated Student Enrollment

Year	Actual Enrollment	Projected Enrollment	Difference
2006	36	15	+21
2007	62	28	+34
2008	11* (60)	35	+25
2009		45	

*Only includes summer enrollment – new actual should approximate 60.

The current student population approximates 110 matriculating students adjusted for attrition (graduation/withdrawals). The observation that can be made is that the program has significantly beaten all projections. It is the authors' belief that the reason for success is the utilization of a new product development model coupled with promotional strategy to appropriate market segments.

PROMOTIONAL STRATEGY

To initially stimulate buzz about the program, publicity, partnerships, and traditional promotional tools such as mass marketing to professional sports organizations, conference attendance, seminars, print advertising and web development were utilized. The initial budget for promotion on an annual basis was \$30,000. This included website development, printed pieces, online advertising, radio, direct mail, personal visits, and press releases. This was phase

one. In order to evaluate the advertising effectiveness, all of the promotional materials drove the perspective student to the website.

The website was developed as part of the School of Leadership and Professional Advancement and is referred to as SLPnet. Our objective was to find out how the applicant learned about the program and then focus our expenditures in that area. SLPnet identifies inquiries which allow the advisors to collect not only the contact information but also where the student obtained information about the program, again allowing for better target advertising.

What we have found in utilizing SLPnet is that the average number of hits to the website on a daily basis is 22 per day. When we do targeted advertising, the hits to the website jump to approximately 38. The result of the last 120 day period is summarized in the table below:

Table 3: MSSL 120 Day Average

Off-campus visits	Average per day	Unique IP's	Date Range
2611	22	1360	Last 120 days

Initial projections were 15 students at introduction. The program exceeded the projection by ~100% and the number of hits to the website continues to grow.

Several points were considered in developing an optimal promotional strategy. Areas of focus in developing the promotional strategy included positioning and differentiation, as they have been identified as determinants of new product success in various arenas (Parry and Song, 1994; Cooper, 1979; Utterback et.al., 1976), communicating a message that reaches the customer and is understood by the customer (i.e. communication that creates awareness of value placed where it can be accessed by the customer) (Kashani, et.al., 2000), and niche targeting, focusing on a narrowly defined market segment that will often pay a premium for a product that addresses its specific need, a strategy considered appropriate for high tech products (Hultink et.al., 1997; Beard and Easingwood, 1996).

The team decided to use a pull strategy. A pre- and post-launch advertising campaign was developed with the intent of pulling prospective students toward the program. While advertising is not necessarily an immediate response tool, effective advertising can lead to increased awareness and interest by a target audience. Semon (2005, June) suggests that measuring advertising effectiveness is the “holy grail” of advertising research, noting that effective advertising “requires exposure, sensory registration, acceptance and recall at decision time.”

METHODOLOGY

In order to maximize efficiency and effectiveness in promotional strategy, a market research study to identify the key factor relating to the choice to enroll in the MS in Sports Leadership (MSSL) program was assessed. The choice to enroll is influenced by two main independent variables, namely, promotion type (referrals, alumni, print) and number of web hits indexed to 100. An index methodology is used to avoid skewing of the distribution by minimizing the potential bias of a wide variation given the large day-to-day variance of the number of web hits over a given time period.

A multinomial logit model was adopted. The measure of significance was the Chi Square (Chi Sq) test. Although both variables were significant as measured by the Chi Sq, the result in Table 4 shows that WebhitIndex is the most significant independent variable (Chi Sq = 40.01, .066 significant), four times higher than the other significant variable-promotion types (referrals by friends, alums, and print media) were (Chi Sq. = 11.12.).

Table 4: Multinomial Logit Likelihood Ratio Tests

Effect	Model Fitting Criteria	Likelihood Ratio Tests		
	-2 Log Likelihood of Reduced Model	Chi-Square	df	Sig.
Intercept	17.634 ^a	.000	0	
PromType	28.758	11.124	4	.025
WebhitIndex	57.645	40.011	28	.066

An acceptable overall significance for this type of study (Chi Sq. = 46.66, .045 significant) was found as demonstrated by Table 5. Therefore, WebhitIndex is the main driver of the choice to enroll. To develop an effective promotional strategy, program managers should therefore allocate promotional budgets to drive customers to this promotion type. In the educational market, the authors assert that prospective customers should be driven to the university's website which can be a low cost/high impact approach as measured by the WebhitIndex.

Table 5: Multinomial Logit Model Fitting Information

Model	Model Fitting Criteria	Likelihood Ratio Tests		
	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	64.296			
Final	17.634	46.662	32	.045

CONCLUSIONS

The MSSL program is an advanced degree, niche market post-secondary educational program. It is a novel purchase decision from the perspective of sports professionals. This program, as with any new product purchase, carries potentially five of the six risk categories identified by Berman and Evans (2002). These risks include financial (the degree may not be worth its cost), functional (the MSSL program may not "perform" as expected), social (choosing the product may lead to embarrassment), psychological (the student may feel badly about his/herself based on his/her choice of the MSSL program), or time (the time spent making the purchase may be wasted if the MSSL program does not perform as expected). Thus this could be characterized by Bendixen's (1993) Proposition 1, "Products and services which have a high consumer involvement in the purchase decision will be characterized by current advertising effects," resulting in advertising playing a significant role. During each ad "run" period, unique visitors to the program website increased an average of 60%. While the ads themselves may not be the driver of enrollment, consideration must be given to the role and success of advertising to effectively drive viewers to the website. As demonstrated in the Methodology section, the website proved to be the most effective tool as measured by the WebhitIndex. WebhitIndex is the main driver of the choice to enroll. To develop the most effective marketing promotional strategy, program managers should allocate funding for this type of promotion which over time may be the low cost choice for promotion while maximizing efficiency and effectiveness.

IMPLICATIONS FOR FURTHER RESEARCH

While the advertising medium and specific advertisement can be linked to each increase in unique visitors to the website, further research could be conducted to examine if enrollment levels can be predicted for specific levels of advertising activity.

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