

LECTURE NOTES

CHAPTER OPENING EXAMPLE

USHERING IN A NEW ERA IN THE HOTEL INDUSTRY: HOTEL 1929

- Hotel 1929 has brought chic glamour to an area better known for its red-light district, reducing the stigma associated with the area's hotels, something no other establishment has managed to do.
 - a. Potential guests may be delighted to find that each of the 32 available rooms is uniquely designed; no two look alike.
 - b. Each hotel room is substantially furnished, coming with a glass-walled, mosaic-tiled bathroom and internet connectivity. Also, their prices are a bargain considering that the same amount normally pays for a room of markedly lower standard.
- Hotel 1929's Restaurant Ember promises to tease the palate with its enticing menu of exquisite food. The hotel's boutique concept is an exemplification of the place at which the services industry is as a whole.
 - a. With an increasing number of service organizations competing for customers and customers themselves increasingly wanting a non-conventional experience, it is now all the more necessary that service providers strive to offer an enjoyable and unique experience rather than just a traditional service transaction.
- Walt Disney was one of the first to recognize the importance of sights, sounds, tastes, aromas, and textures to provide a unique experience when he created Disneyland.
 - a. Many service organizations competing for customers by offering enjoyable, memorable experiences rather than traditional service transactions.
 - b. These businesses are increasing the value of their offering to customers by engaging them in the experiential element of their service.
- As a result, some experts believe we are on the verge of a new economic era driven by an *experience economy*.

[SLN 12-1: How to Manage Your Customer's Experience]

- The marketing of services is dynamic and challenging because services differ from traditional products in how consumers make purchase decisions and the ways in which the marketing mix is used.

I. THE UNIQUENESS OF SERVICES [LO1]

- **Services** are intangible activities or benefits that an organization provides to consumers in exchange money or something else of value.
- Services are a significant component of the global economy and one of the most important components of the U.S. economy.
 - a. The World Trade Organization estimates that in 2007 all countries exported merchandise valued at US\$13.6 trillion and commercial services valued at US\$3.3. trillion.
 - b. Contribution of the service sector to the gross domestic product (GDP) in Asia is around 60 percent. The average growth of the service sector in Asia was about 13.9 percent between 2000 and 2007.
 - c. In India, the top two service sectors are wholesale and retail trade, and transport and storage services, while in China, the two top service sectors are real estate and financial institutions.
- The growth of this sector is the result of increased demand for both existing and new services.

[SLN 12-2: Sports Marketing Surprises]

A. The Four I's of Services

The **four I's of services** consist of four unique elements: intangibility, inconsistency, inseparability, and inventory.

1. Intangibility.

- a. Services are intangible; they cannot be held, touched, or seen before the purchase decision.
- b. Services are difficult for consumers to evaluate because they tend to be a performance rather than an object. As a result, marketers make services tangible or show the benefits of using them.

2. Inconsistency.

- a. Because services depend on the people who provide them, their quality varies with each person's capabilities and day-to-day job performance.
- b. Inconsistency is more of a problem in services than it is with tangible goods. Problems can be reduced through standardization and training.

3. Inseparability.

- a. Consumers cannot (and do not) separate the deliverer of the service from the service itself.
- b. The amount of interaction between the consumer and the service provider depends on the extent to which the consumer must be physically present to receive the service.
- c. Some services can now be delivered electronically, often requiring no face-to-face customer interaction and therefore a more consistent experience.

4. Inventory.

- a. Inventory problems exist with goods because many items are perishable and there are costs associated with its handling.
- b. With services, inventory carrying costs are more subjective and are related to **idle production capacity**, which is when the service provider is available but there is no demand.
 - The inventory cost of a service is the cost of the person used to provide the service along with any needed equipment.
 - Inventory carrying costs can be low or nonexistent because idle production capacity can be cut back through reducing hours or paying by commissions.
 - Inventory carrying costs of service vary widely, from the high-end airlines and hospitals with highly trained, salaried specialists to the low-end of real estate agencies and hair salons with employees working on commission and needing little expensive equipment.

B. The Service Continuum [LO2]

- The four I's differentiate services from goods in most cases, but many companies are not exclusively service-based or good-based.
- There is a range of offerings companies bring to the market, from the tangible to the intangible or good-dominant to service-dominant offerings, is referred to as the **service continuum**.
 - a. With intangible, service-dominant offerings, the four I's are major marketing concerns.
 - b. With tangible, good-dominant offerings, intangibility, inconsistency, inseparability, and inventory are not relevant.
 - c. Some businesses have a mix of intangible service and tangible good factors.
- For many businesses today it is useful to distinguish between their core product—either a good or a service—and supplementary services.
 - a. Supplementary services often allow service providers to differentiate their offering from competitors, and they may add value for consumers.
 - b. Key categories of supplementary services include information delivery, consultation, order taking, billing procedures, and payment options.

MARKETING MATTERS

Sports get a Gold Medal – In marketing!

Like most services, sports teams know that inconsistency can reduce consumer interest. How well a team will play from game to game or year to year is difficult to control and predict. So in addition to providing a core service such as football or baseball games, many teams have invested in marketing programs that build an image and increase the entertainment value for fans.

The home of the Manchester United football Club at Old Trafford in England, for example, has 76,000 seats with unblocked and close views of the playing field, supplemented by large LCD panels and scoreboards.

The competition isn't limited to major sports though. Marketing efforts by many familiar sports such as tennis, golf, soccer, and figure skating have been increasing. Overall, the US\$600 million Olympic marketing program has made the five rings the most recognizable sports logo on earth!

C. Classifying Services

Services can also be classified in several ways, according to whether (1) they are delivered by people or equipment, (2) they are profit or nonprofit, or (3) they are government sponsored.

1. Delivery by People or Equipment.

- a. Services offered range from professional to unskilled labor—are all provided by people to some extent.
- b. Equipment-based services do not have inconsistency concerns because people are removed from providing the service.

2. Profit or Nonprofit Organizations.

- a. Many organizations involved in services distinguish themselves by their profit or nonprofit tax status.
 - In contrast to *profit organizations*, *nonprofit organizations*' excesses in revenue over expenses are not taxed or distributed to shareholders.
 - If excess revenue exists, the money goes back into the nonprofit organization's treasury to continue the service.
 - Nonprofit organizations pay tax on revenue-generating holdings not directly related to its core mission.
 - b. In recent years, nonprofit organizations have turned to marketing to help achieve their goals.
3. **Government Sponsored.** Governments at the federal, state, and local levels provide a broad range of services, although there is no direct ownership and they are nonprofit organizations.

LEARNING REVIEW

1. What are the four I's of services?

Answer: intangibility, inconsistency, inseparability, and inventory

2. Would inventory carrying costs for an accounting firm with certified public accountants be (a) high, (b) low, or (c) nonexistent?

Answer: (a) high because the inventory cost of a service is the cost of paying the person used to provide the service: the salary of the accountant.

3. To eliminate service inconsistencies, companies rely on _____ and _____.

Answer: standardization; training

II. HOW CONSUMERS PURCHASE SERVICES [LO3]

Service organizations must understand how the consumer makes a service purchase decision in order to assess quality so that it can present a differential advantage relative to competing offerings.

A. The Purchase Process

- Because services cannot be displayed, demonstrated, or illustrated, consumers cannot make a prepurchase evaluation of all the characteristics of services.
- Because service providers vary in their delivery of a service, an evaluation of a service may change with each purchase.
- Figure 12–4 shows how consumers evaluate different types of goods and services.
 - a. Tangible goods like clothing and furniture have *search* properties, such as color, size, and style, which can be determined before purchase.
 - b. Services such as restaurants and childcare have *experience properties*, which can only be discerned after purchase or during consumption.
 - c. Services provided by specialized professionals such as medical diagnoses and legal services have *credence properties*, or characteristics that the consumer may find impossible to evaluate even after purchase and consumption.
- To reduce the uncertainty created by these properties, service consumers turn to personal sources of information such as early adopters, opinion leaders, and reference group members during the purchase decision process.

B. Assessing Service Quality

- **Gap analysis** is a type of analysis that identifies the differences between a consumer's expectations about and experiences with a service based on dimensions of service quality.
- Consumer expectations are influenced by word-of-mouth communications, personal needs, past experiences, and promotional activities, while actual experiences are determined by the way an organization delivers its service.

- The relative importance of the various dimensions of service quality varies by the type of service.
- Customers who experience a “service failure” will increase their satisfaction if the service makes a service recovery effort, but not if there is a second failure.

MARKETING MATTERS >> CUSTOMER VALUE

What if someone complains? How services can recover from failure to satisfy a customer

Step 1: Identify service failures.

One way companies encourage customers to express concerns is through toll-free telephone numbers.

Step 2: Resolve customer problems.

A key to resolving complaints is training employees to handle likely situations and giving them the authority to resolve problems.

Step 3: Communicate and classify service failures.

This step reflects the concept of organizational learning, or the capacity to improve performance based on experience.

Step 4: Integrate data and improve overall service.

Information from customer satisfaction surveys, focus groups, advisory panels, and other sources must be integrated with the complaint information to identify areas for service quality improvement.

C. Customer Contact and Relationship Marketing [LO4]

- Consumers judge services on the entire sequence of steps, or “service encounters,” that make up the service process.
- To assess on these encounters, a firm can develop a **customer contact audit**—a flowchart of the points of interaction between consumer and service provider.
- The interactions identified in a customer contact audit often serve as the basis for developing relationships with customers.

1. A Customer’s Car Rental Activities. (See Figure 12-6).

- a. In a customer contact audit, there are customer contact points where the customer sees the tangible aspects of the service and aspects of the service that are essential but do not involve points of customer interaction.

- b. Service providers must create a competitive advantage in the sequence of interactions with the customer.

2. Relationship Marketing.

- a. The contact between a service provider and a customer represents a service encounter that is likely to influence the customer's assessment of the purchase. The number of encounters in a service experience may vary.
- b. These encounters represent opportunities to develop social bonds, or relationships, with customers. The relationship may also be developed through loyalty incentives.
- c. Relationship marketing provides several benefits for service customers, including the continuity of a single provider, customized service delivery, reduced stress, and an absence of switching costs. Customers also require loyalty, benefits, and a respect for privacy from the service provider.

LEARNING REVIEW

4. What are the differences between search, experience, and credence properties?

Answer: Search properties can be determined before purchase. Experience properties can only be assessed during or after consumption. Credence properties may be impossible to evaluate even after purchase and consumption.

5. Hertz created its differential advantage at the points of _____ in its customer contact audit.

Answer: customer interaction

III. MANAGING THE MARKETING OF SERVICES [LO5]

- **Internal marketing** is based on the notion that a service organization must focus on its employees, or internal market, before successful programs can be directed at customers.
 - a. Services need to ensure that employees have the attitude, skills, and commitment needed to meet customer expectations and sustain customer loyalty.

- b.** This idea suggests that employee development through recruitment, training, communication, coaching, management, and leadership are critical to the success of service organizations.
 - c.** Once internal marketing programs have prepared employees for their interactions with customers, organizations can better manage the services they provide.
- **Customer experience management (CEM)** is the process of managing the entire customer experience with the company.
 - a.** CEM experts suggest that the process should be intentional and planned, consistent so that every experience is similar, differentiated from other service offerings, and relevant and valuable to the target market.
 - b.** Service providers integrate their activities to connect with customers at each contact point to move beyond customer relationships to customer loyalty.

A. Product (Service) [LO6]

There are three aspects of the product/service element of the marketing mix that warrant special attention:

1. Exclusivity.

- a.** A major difference between products and services is that services cannot be patented.
- b.** Many businesses try to distinguish their core product with new or improved supplementary services with outsourcing.

2. Branding. Because services are intangible, the brand name or identifying logo of the service organization is particularly important in consumer service purchase decisions.

3. Capacity Management.

- a.** Most services have a limited capacity due to the inseparability of the service from the service provider and the perishable nature of the service.
- b.** For most services, customers must be at the service provider's location at the time the service is performed. If customers are not present or if the service provider is not available, then the service capacity is lost if it is not used.

- c. **Capacity management** integrates the service component of the marketing mix with efforts to influence consumer demand.
- d. Service organizations must manage the availability of the offering so that:
 - Demand matches capacity over the duration of the demand cycle (one day, week, month, or year).
 - The organization's assets are used in ways that will maximize the return on investment (ROI).
- e. Some service providers develop differing price structures that are assigned to each segment of consumers to help moderate or adjust demand for the service.

USING MARKETING DASHBOARDS

Are JetBlue's Flights Profitably Loaded?

Operating Income (Loss) per Available Seat Flown One Mile (ASM)

Capacity management is critical in the marketing of many services, including air travel. Airlines feature *load factor* as a capacity management measure on their marketing dashboards, along with two other measures; namely the *operating cost* per available seat flown one mile and the revenue generated by each seat flown one mile, which is called *yield*. Load factor is the percentage of available seats flown one mile occupied by a paying customer. These three measures combine to show airline operating income or loss per available seat flown one mile (ASM):

Operating Income (Loss) per ASM = (Yield × Load Factor) – Operating Expense
Your Challenge.

JetBlue has asked you to determine the operating income or loss per available seat flown one mile for the first six months of 2007. In addition, you have been asked to determine what load factor JetBlue must reach to breakeven assuming its current yield and operating expense will not change in the immediate future.

Your Findings.

JetBlue's yield (9.83¢), load factor (82.1%), and operating expense (8.28¢) are shown on JetBlue's marketing dashboard display. Its operating loss is -0.21 per ASM during the first six months of 2007.

$$\text{Operating Income (Loss) per ASM} = (9.83¢ \times 82.1\%) - 8.28¢$$

$$\text{Operating Loss per ASM} = -.2096¢$$

Assuming JetBlue's yield and operating expense will not change, the airline's load factor will have to increase from 82.1% to 84.23% to breakeven.

$$0¢ = (9.83¢ \times \text{Load Factor}) - 8.28¢$$

$$\text{Load Factor} = 84.23\%$$

Your Actions. JetBlue should consider:

- Revising its flight schedules to better accommodate traveler needs and advertise these changes.
- How it uses its existing airplane fleet to serve its customers and produce a profit.

B. Price

- In the service industries, *price* is referred to in various ways by different services—hospitals (charges), lawyers (fees), airlines (fares), and hotels (rates).
- Pricing plays two essential roles in services:
 - a. To affect consumer perceptions. Since services are intangible, price can indicate the quality of the service.
 - b. To be used in capacity management. Many service businesses use **off-peak pricing**, which consists of charging different prices during different times of the day or days of the week to reflect variations in demand for the service.

C. Place (Distribution)

- Historically, services marketing paid little attention to distribution. But as competition grew, the value of convenient distribution, or access, is now recognized.
- The availability of electronic distribution through the Internet now provides global coverage for a variety of services.

D. Promotion

- The value of promotion, specifically advertising, for many services is to show the benefits of purchasing the service by stressing availability, location, quality, etc.
- In most cases promotional concerns of services are similar to those of products.
- *Publicity* has played a major role in the promotional strategy of nonprofit services and some professional organizations.
- Many services use *public service announcements* (PSAs). But the timing and location of a PSA are under the control of the medium, not the organization. So the nonprofit service group cannot control who sees the message or when the message is given.

IV. SERVICES IN THE FUTURE

New and better services, and an unprecedented variety of choices, will be the result of two factors:

- Technology is rapidly changing the service industry.
- The key elements of future services include mobility, convergence, personalization, and collaboration.
 - a. *Mobility*. Provided by new generations of networks that will allow TV, GPS, high-speed data transfer, and audio programming on portable digital devices.

- b. *Convergence.*** Products such as the Apple iPhone are indications of the coming convergence of voice, video, and data in a single product.
 - c. *Personalization.*** Past transactions are analyzed to customize information seen by customers. Smart cards, already in use in Europe, will soon be viable in the U.S.
 - d. *Collaboration.*** New services that allow Web-conferencing, dating and matchmaking, to name a few.
- An expanding scope of influence in the global economy by:
 - a.** Increasing attention to the cross-cultural implications for service quality.
 - b.** Shifting from the focus on goods and tangible resources to services and intangible attributes.

LEARNING REVIEW

- 6. Matching demand with capacity is the focus of _____ management.**

Answer: capacity

- 7. How does a movie theater use off-peak pricing?**

Answer: Movie theaters reduce prices for matinees and often for weekday shows.

- 8. What factors will influence future changes in services?**

Answer: Technology and the global economy.

APPLYING MARKETING KNOWLEDGE

- 1. Explain how the four I's of services would apply to a Marriott Hotel.**

Answers: The four I's are intangibility, inconsistency, inseparability, and inventory. With regard to a Marriott Hotel:

- a. *Intangibility.*** Intangibility refers to the many elements that cannot be held, touched, or seen such as the interactions between a guest and hotel personnel.
- b. *Inconsistency.*** The inconsistency in a hotel is related to the variation in the capabilities of the hotel personnel. For example, the front-desk personnel may vary in their courtesy, knowledge, efficiency, etc.

- c. **Inseparability.** A customer must go to a hotel to take advantage of its services. Therefore, location is a critical aspect of a hotel's offering.
 - d. **Inventory.** The inventory in a hotel is its personnel, equipment, and rooms. The cost of inventory for a Marriot Hotel is the cost of having personnel and rooms available even if there is no demand.
2. **Idle production capacity may be related to inventory or capacity management. How would the pricing component of the marketing mix reduce idle production capacity for (a) a car wash, (b) a stage theater group, and (c) a university?**

Answers:

- a. **Car wash.** For a car wash, special deals could be offered for the low demand times (e.g. weekday mornings). A possibility could be a wash and wax for the price of a wash.
 - b. **Stage theater group.** For a stage theater group, discounts on tickets could be given for group purchases or on a season ticket. Also, reduced pricing for matinee performances could be provided.
 - c. **University.** A university could price differentially for majors (engineering, business, liberal arts) as a function of student demand and seat capacity. Reduced prices might also be used to increase demand during the low demand periods (e.g. summer).
3. **Look back at the service continuum in Figure 12-2. Explain how the following points in the continuum differ in terms of consistency: (a) salt, (b) automobile, (c) advertising agency, and (d) teaching?**

Answers:

- a. **Salt.** Because of the consistency of the production process salt is always consistent in size, shape, weight and other tangible attributes.
- b. **Automobile.** Automobiles are consistent except where people are required for (a) the assembly of subcomponents, and (b) the delivery of service elements (e.g. delivery, maintenance, repair, etc.).
- c. **Advertising agency.** Advertising agencies can be inconsistent in terms of the quality of work provided by individual account representatives and creative people. Most agencies are reasonably consistent in the actual production of advertising copy.
- d. **Teaching.** Teaching is highly inconsistent across instructors even when the curriculum is standardized.

4. What are the search, experience, and credence properties of an airline for the business traveler and pleasure traveler? What properties are most important to each group?

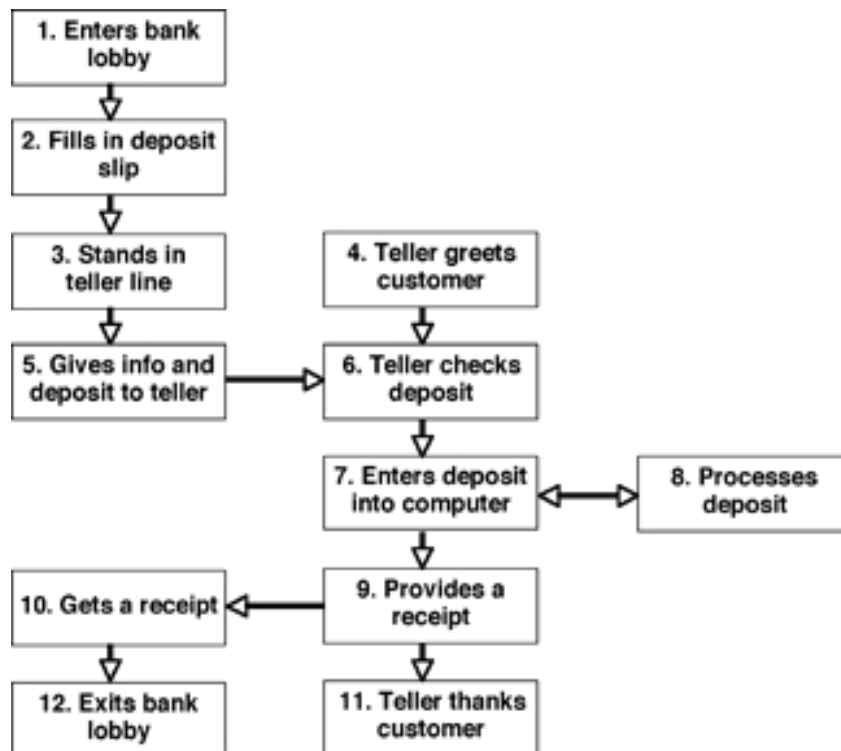
Answers: Business travelers and pleasure travelers may evaluate different service characteristics. For example:

PROPERTIES	BUSINESS TRAVELER	PLEASURE TRAVELER
Search	Flight schedule	Fare
Experience	Food quality	Friendliness
Credence	Pilot skill	Pilot skill

Business travelers may place greatest importance on search properties, whereas pleasure travelers may place greatest importance on experience properties.

5. Outline the customer contact audit for the typical deposit you make at your neighborhood bank.

Answer:



- 6. The text suggests that internal marketing is necessary before a successful marketing program can be directed at consumers. Why is this particularly true for service organizations?**

Answer: Internal marketing is particularly important for service organizations because service employees play a central role in attracting, building, and maintaining relationships with service customers.

- 7. Outline the capacity management strategies that an airline must consider.**

Answer: An airline must consider strategies for the following groups:

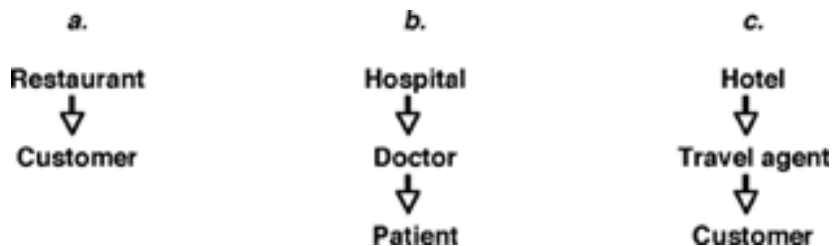
GROUP	STRATEGY
Business travelers	Frequent flyer programs
Vacationers	Off-peak pricing; restrictions during peak business times
Charter groups	Block seats; package deals with hotels

- 8. How does off-peak pricing influence demand for services?**

Answer: Off-peak pricing is used to stimulate demand by charging different prices during different times of the day, days of the week, or months of the year. The price differences should lead to variations in demand.

- 9. Draw the channel of distribution for the following services: (a) a restaurant, (b) a hospital, and (c) a hotel.**

Answers:



- 10. In recent years many, service businesses have begun to provide their employees with uniforms. Explain the rationale behind this strategy in terms of the concepts discussed in this chapter.**

Answer: The strategy for supplying uniforms has two purposes: First is the desire to reduce inconsistency in appearance. Second, consumers judge the services by the appearance of the personnel. Smart, stylish uniforms may help the evaluation of the service.

BUILDING YOUR MARKETING PLAN

In this section of your marketing plan you should distinguish between your core product—a good or service—and supplementary services.

- 1. Develop an internal marketing program that will ensure that employees are prepared to deliver the core and supplementary services.**

Answer: Regardless of what product or service the business is marketing, employees must connect with present and prospective customers to deliver both the core and supplementary services. In fact, employees delivering high-quality customer service are often a key point of difference that gives one business an advantage over its competitors.

- 2. Conduct a customer contact audit and create a flowchart similar to Figure 12-7 to identify specific points of interactions with customers.**

Answer: A flowchart based on Figure 12-7 can provide insights into what some of these special customer service relationships might be.

- 3. Describe marketing activities that will (a) address each of the four I's as they relate to your service and (b) encourage the development of relationships with your customers.**

Add this as an appendix to your marketing plan and use the results in developing your marketing mix strategy.

Helping with Common Student Problems

In writing their marketing plans, students often have a myopic view of their “product strategy.” If the plan is for an existing business, the “product strategy” probably only deals with what the business is selling now. In contrast, for a new business, the “product strategy” is probably only the new offering. Students must realize that the foundation for the product strategy in their marketing plan mixes all the considerations discussed in Chapters 10, 11 and 12.

SLN 12-1: SUPPLEMENTAL LECTURE NOTE

How to Manage Your Customer's Experience

Many companies today measure customer satisfaction an indicator of success. While this information is popular and useful, a growing number of companies have discovered that satisfaction is the result of the experiences customers have with many aspects of their company including products, employees, and advertising. These companies are beginning to implement customer experience management (CEM) programs to control and improve the experiences they deliver.

One framework for customer experience management has been proposed by Bernd Schmitt and includes the following five steps:

1. **Analyzing the Experiential World of the Customer.** This step leads to an understanding of the context within which consumers will purchase and use a product or service. It is influenced by lifestyle and business trends and identifies how experiences vary by situation.
2. **Building the Experiential Platform.** The experiential platform is a “dynamic, multisensory, multidimensional depiction of the desired experience.” Jamba Juice, for example, has a platform based on fun and good health.
3. **Designing the Brand Experience.** The brand experience includes experiential features, aesthetics, and the “look and feel” created by packaging, logos, advertising, online imagery, and retail space. Prada, for example, spent \$40 million designing its New York store to provide a new and unique retail experience.
4. **Structuring the Customer Interface.** This step deals with the dynamic and interactive nature of the interface with customers. The customer interface includes intangible elements such as voice, mood, style, and attitude that may be part of face-to-face contact with employees or sales representatives or online interfaces. NikeParks provide Nike with a dynamic interface its products and customers.
5. **Engaging in Continuous Innovation.** Continuous innovation allows the company to offer new experiences to current and potential customers. Apple is often described as a company successful at innovations that provide new experiences.

Schmitt also suggests that implementing a CEM program requires (1) resources dedicated to employee training, database management, and creativity, and (2) financial assessment of customer acquisitions and customer retention.

Sources: Christopher Meyer and Andre Schwager, “Understanding Customer Experience,” *Harvard Business Review*, February 2007, pp. 117-126; Bernd H. Schmitt, *Customer Experience Management*, (New Jersey: John Wiley & Sons, Inc.), 2003; and Shaun Smith and Joe Wheeler, *Managing the Customer Experience*, (London: Prentice Hall), 2002.

SLN 12-2: SUPPLEMENTAL LECTURE NOTE

Sports Marketing Surprises

Sports marketing is full of surprises for many consumers and advertisers today. For example, did you know that football generates 3-4 times as many viewers as baseball or basketball? Or that CBS and Fox paid \$8 billion (yes, billion) for the rights to broadcast

NFL games on Sunday afternoons through 2011? You might also be surprised to know that the eleven sponsors of the Olympics pay \$75 million each for the four-year Olympic cycle. The biggest surprise, however, may be that the world's most watched sporting event is not the Super Bowl or even the Olympics—its soccer! Consider the following:

- The most watched Super Bowl to date was Super Bowl XLII (2008) with 97.5 million viewers.
- The Fédération Internationale de Football Association (FIFA) World Cup Soccer championship is expected to draw more than 34 billion cumulative TV viewers over the 64 matches (twice the number of TV viewers for the Olympics).
- The final match of the World Cup draws more than 1 billion viewers—20 times that of a Wimbledon final.
- There are 16 official World Cup sponsors that pay between \$20 and \$50 million each for World Cup marketing privileges.
- Soccer fans are so loyal that many employers outside of the U.S. anticipate that many employees will take time off from work to watch the matches. “The World Cup is almost a global holiday,” according to one expert.

While all of this may be surprising, and it may sound like a great marketing opportunity for multinational firms, there is one negative aspect of the World Cup. It only occurs once every four years. The next World Cup championship is in 2010!

Interest in sports can change too. In the past few years, the number of people who play tennis has dropped 42 percent, and golf expenditures have declined 14 percent. Niche sports such as paintball, arm wrestling, ping-pong, and dodgeball, however, are growing and have attracted coverage on ESPN and other cable channels. What's next? Participation in kickball has recently tripled to 20,000 players in 25 states. The “riskiest” and “noisiest” new sport, though, may be rocket racing! The Rocket Racing League (RRL) is planning to begin rocket plane races in the Mojave Desert, offering prizes of up to \$100,000 per race!

Sources: Brian Steinberg, “Super Bowl Busts Ratings Records,” *Advertising Age*, February 11, 2008, p. 21; Ronald Grover, “Gentlemen, Start Your Rockets,” *Business Week*, September 24, 2007, p. 91; Deborah Vence, “Coated in Teflon,” *Marketing News* (January 15, 2004), p. 14; Tom Lowry and Ronald Grover, “Football's Fear Factor,” *Business Week* (November 22, 2004), p. 157; Rich Thomaselli, “Big Bets on Beijing,” *Advertising Age* (August 9, 2004), p. 21; Sean Gregory, “Finding Their Swings,” *Time* (May 3, 2004), p. A10; and Kate Fitzgerald, “Viewers Game for Niche Sports,” *Advertising Age* (November 8, 2004).