

Original Article

Sport club business model

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Abstract

Running an organization or business requires having a tailored business model. Its elements must contribute to the success of the whole enterprise. Business success is therefore dependent on skillful management and selection of elements classified into individual components of business model. The above dependencies concern organizations of different profile and every specialty. This also applies to sports clubs. The article presents the characteristics of the business model as an object focusing the properties of the conducted activity of sports clubs in relation to volleyball clubs. The aim of the research was to identify common and differentiating areas of clubs at a similar level of development and professionalization but operating in different regions. Researching this particular issue with the use of a case study methodology would add new knowledge to the area covered. The business models of two volleyball clubs were subjected to comparative analysis. Based on the specifics of the sports market, the conditions of the discipline and previous experience and research, the author has developed a generic business model for a volleyball club. It has been verified with the help of an expert panel composed of representatives of volleyball clubs and scientists specializing in the topic of business models. The research resulted in sets of validating and antinomic features. In the last part of the article, the two emerged sets are analyzed in detail and their potential impact on the long-term functioning of both clubs is presented. Thanks to the conducted research, unique knowledge in the field of business models was obtained. Significant differences were observed in the approach to elements related to relationships, competencies and distribution channels. The two clubs, having different business model profiles, are also characterized by different approaches to the detailed areas included in the given factors. The conducted research allowed to point out further research directions and challenges.

Key Words: business model, management, sport, value

Introduction

Based on the observation that the recipient of products or services has limited resources of both money and time, modern companies must seek the attention of customers and attract them with their offer. Striving for interest in the offered product or service often becomes much more difficult than creating the product itself. Therefore, additional and supporting elements that may influence the customer's purchasing decisions become important. The key aspect in this case will be the value (Brandenburger, Stuart, 1996) that the offer represents for the recipient. Value is inextricably linked to the recipient of the offering. 'value is always uniquely and phenomenologically determined by the beneficiary' (Vargo, Lusch 2008, p. 8). It can also be determined by a value-relation process (Heinonen et al. 2010). The third approach identified among value researchers' centers around the assumption that value depends on customer perceptions and experiences (Grönroos, Voima 2012). These views are presented in Table 1.

Table 1. Value creation approaches

Value approach	Description	Author
Customer as locus of value creation	'The customer is the value creator, and a firm's role is to facilitate value for its customers'	Grönroos, Voima (2012, p. 138).
Relational value creation	'Solution is a set of customer–supplier relational processes comprising (1) customer requirements definition, (2) customization and integration of goods and/ or services and (3) their deployment, and (4) post- deployment customer support, all of which are aimed at meeting customers' business needs'	Tuli et al (2007, p. 5)
	'The consumer must determine value and participate in creating it through the process of coproduction'	Vargo and Lusch (2004a, p. 11).
	'A service-centered view is inherently beneficiary oriented and relational'	Vargo and Lusch (2015, p.

Value approach	Description	Author
		10).
Value is perceptual and the result of the customer experience	'The customer creates value through past, current, and/or imagined future experiences in a temporally fluctuating individually and socially accumulated process'	Grönroos, Voima (2012, p. 139).
	"Must allow for goals to be met at any point in the relational process of a solution; thus, we define value in use as all customer-perceived consequences arising from a solution that facilitate or hinder achievement of the customer's goals"	Macdonald et al. (2016, p. 98).

Petri J, Jacob F (2017, p. 52-53)

As can be seen, differences in value perceptions pose a problem in generalizing values. Consequently, attempts are being made to standardize and develop value perception schemes. This is intended to help manage value and its generation by companies. Therefore, models are used to help conceptualize the generation and capture of value (Ostrom et al. 2010; Macdonald, Kleinaltenkamp, Wilson, 2016). Consequently, the concept of a business model is gaining continued popularity (McGrath 2010, p. 247). The business model concept describes how the organization transforms its resources into economic value (Teece, 2010). It allows to make visible how company acquires different forms of capital to create value (Beattie, 2013). Business models provides new way of analyzing companies (Chesbrough, 2007; Magretta, 2002, Zott, Amit, 2007). R. G. McGrath emphasizes that the business model helps to understand why some companies are doing better than others on four aspects "that are either new, or that have not figured substantively in considerations of strategy formulation historically":

1. First, it promotes an outside-in focus. It bases on value-perspective approach that is set on customer's needs.
2. Business model cannot be fully anticipated in advance. It is gained and created over time.
3. It sets new view on the dynamism of competitive advantage. The business model encourages to seek possible early warnings about firm's weaknesses and encourages to search for new solutions (new business models).
4. The fact that business models evolve suggest that strategy itself is frequently discovery driven rather than planning oriented.

Within the business model research studies, it occurs that there is no common understanding and no common consensus about single, widely accepted definition. Wide range of authors underlines the need to apply the conceptual framework in a bid to progress the research (Lambert, 2008). The management of sports organizations can be divided into two key areas related to their functioning. The first is related to the sports function i.e. participation in sports competition. The second aspect concerns business activities. Authors characterize the short-term functioning of clubs as determined by sports performance (Bar-Eli et. al. 2008). However, as noted (Kennedy 1980, Spoelstra 1997) better sports results (more victories) do not translate into better business results. The success of a sport club is based on a different construct and winning is „only one part of long-term success". It is mainly the result of effective sport management (Bar-Eli et. al. 2008). It leads to a conclusion that a sport club analysis should be performed with cross-generic analysis. Bearing in mind the property of heterogeneity of business models and the specificity of the analysis of sports clubs, an individual object should be constructed to carry out an effective analysis of the studied issue.

Material & methods

The aim of the research was to identify common and differentiating areas of clubs at a similar level of development and professionalization. Two sports clubs operating in different regions were analyzed as part of the research conducted. A purposeful selection of organizations was made: KPS Gietrzwałd playing in the Polish third volleyball league and the multi-section club Tuve Volleybollklubb from Sweden.

The empirical research consists of a comparative analysis between business models defined by both clubs. The assumptions resulting from the adopted theoretical derivation allowed us to construct, in the first stage of the research, a generic business model dedicated to the framework of the adopted research. Methodologically the paper is set upon qualitative research that consists of semi-structure interviewing and secondary data analysis. The interviews were aimed to explore and analyze the framework of sport club business model. They were carried out through with a dedicated business model based on seven parameters describing it: value, competences, relationships, distribution channels, resources and competing instruments. Potentially co-encompassing areas were selected on the basis of previously conducted research on business models of sports clubs. Each of the presented areas is key to the success of the club's operations, both in terms of sports and business. Each parameter is based on categories that are key to the success of the sports club. Value as the basis of business model concept is divided into six areas:

- emotional – refers to affective states or feelings associated with consumption. Perceived value is a subjective and dynamic construct, it makes necessary to include emotional aspects that are generated by consumer (Eid 2015),
- technical –are linked with suitability and usability of a product or service (Oliński, 2016),
- economical – determined by price, convenience and security,

- socio-ethical – environmental impact, quality of life, responsibility, marketing manipulation (Falencikowski 2013),
- organizational – ‘are written within organizational culture, given that organizational culture defines expectations regarding behavior, modes of conduct, modes of decision-making and communication styles’ (Gorenak, Ferjan 2015),
- sport – are perceived through sport result orientation. Refers to abilities, moral and status values set on sport performance (Adell et. al 2019).

Second parameter, competences, are related to personnel of the club. Previous research confirms the traditional approach to managing sports clubs. Sport clubs tend to be divided into two main branches – organizational and sport division (Wiśniewski, 2013). Therefore, the second was divided into areas related to organizational, sporting and managerial competences. Relationships are widely defined and can be understood as enduring association between two people (Reis, 2001). It can also be described as a ‘stable pattern of interaction between at least two individuals’ (Asendorpf, Banse, 2000). From the perspective of organization, we can divide them into internal and external. Internal are based on mutual trust. Its level depends on individuals’ position in the hierarchy. External relationships (with customers, business partners or public institutions) are made possible or strengthened by interactions based on trust between the representatives of organization (Rzeznik et. al, 2015).

From the perspective of research objectives, we also distinguished distribution channels (for service and physical products). Prime service is understood as the competition that the club is performing. Products include physical items such as gadgets, equipment or other items supplied to the customer on an individual basis. Interrelated element with the previous parameters is resources. Resources are defined as stocks of “knowledge, physical assets, human capital, and other tangible and intangible factors owned or controlled” (Teece et. al, 1997). Last parameter of built business model is instruments of competition. They were precisely defined according to the specific functioning of the units surveyed. They include quality of the spectacle, quality of non-sports offer, reputation of players and training staff, price level, club reputation, diversification of the offer and the level of innovation.

Results

Two volleyball clubs selected in a purposive manner were studied. Both of them, despite functioning in different regions of Europe, play at the same level of the competition. In this way, the properties of sport successes of the best organizations of the given countries and their sport potential become insensitive to the parameters of the study.

The research consists of few steps. First, a meticulous analysis of the literature on the subject was made and the specifics of the concept of business model and sports management were discussed. The author with the use of his experience and previous research results developed generic business model of a sport club. On this basis, a survey was conducted using an expert panel within which a survey form was evaluated. The expert panel consisted of two representatives of volleyball clubs who are not members of the clubs subject to the final study and two researchers specialized in business models. Then, a purposive selection of two units - volleyball clubs from two regions of Europe - was made. The respondents were CEOs. The respondents were asked to assess the importance of each element for the functioning of the club. It could be rated on a scale of 0-10, where 0 means the lowest rating and 10 the highest. The results are presented in tables and discussed below.

The first area that respondents were asked to assess was related to the evaluation of the club's values (Table 1).

Table 1. Sport club values

Type of values	Emotional	Technical	Economical	Socio-ethical	Organizational	Sport
Rating (0-10)						
	KPS	9	9	10	6	10
	TUVE	8	7	2	7	9

A similar level of evaluation of each type of value may be noted. The main discrepancies are manifested in the assessment of economic and organizational values. For both parameters, the KPS definitely evaluates their importance for the functioning of the club higher. Only in the sphere of socio-ethical values did the TUVE consider them more important. Competence was rated very highly by both clubs (table 2).

Table 2. Sport club competences

Type of competences	Organizational	Sporting	Managerial
Rating (0-10)			
	KPS	10	10
	TUVE	9	10

As emphasized by club representatives, the intangible elements are, in their view, crucial to the success of the club. Greater divergence was noted in the evaluation of external relations (Table 3).

Table 3. Sport club external relationships

External relationships with:	suppliers	competitors	Sport federation	Law and administrative institutions	clients
Rating (0-10)					
	KPS	10	5	7	10
	TUVE	4	8	7	3

The KPS identifies relationships with suppliers, public institutions and customers (fans) as elements of very high importance. For all they were rated 10 out of 10. For TUVE, on the other hand, relations with

competitors (8) and the federation (7) are the most important. The second area related to relationships is internal relationships (table 4).

Table 4. Sport club internal relationships

Type of internal relationships		Relationships between the members of the training staff	Relationships between the players	Relationships between the other employees	Relationships between the members of the training staff and players	Relationships between the members of the training staff and other employees	Relationships between the players and other employees
Rating (0-10)	KPS	10	10	6	10	10	10
	TUVE	9	10	7	10	8	5

In this case both clubs made similar assessments. The greatest discrepancies can be noted for the relationship between members of the coaching staff and other employees and the relationship between players and other employees. KPS rated these very highly, while for TUVE they are less important (ratings of 8 and 5 respectively).

The distribution channels for services (Table 5) and physical products (Table 6) were rated quite differently by club representatives.

Table 5. Sport club services distribution channels

Type of services distribution channels		The service is provided at club location	The service is provided at the customer location	The service is provided via electronic channels	The service provides the rights to use the club's brand	Services accompanying the match	Services provided through intermediaries
Rating (0-10)	KPS	10	10	10	10	10	10
	TUVE	5	5	5	5	5	5

The former is much more important for the KPS while the latter are rated more than twice as high by TUVE.

Table 6. Sport club physical products distribution channels

Type of physical products distribution channels		The product is purchased at the club's headquarters	The customer receives the product at the club's headquarters	The product is purchased via electronic channels	The product is delivered to the customer through commercial agents	The product is purchased in the all on the matchday
Rating (0-10)	KPS	4	4	4	4	4
	TUVE	10	10	10	8	10

When resources are assessed, they are rated very highly by both clubs (Table 7). KPS gave a lower rating to material and financial resources.

Table 7. Sport club resources

Component of the resources		Human Resources	Materials (sports equipment, supporting to the performance)	Intangible assets (licenses, organizational structure, know-how)	Financial resources
Rating (0-10)	KPS	10	4	10	5
	TUVE	10	9	10	9

Significant diversity can be observed in the evaluation of competitive instruments (table 8).

Table 8. Sport club instruments of competition

Instruments of competition		Quality of the spectacle	Quality of non-sports offer	Reputation of players	Reputation of the training staff	The price level	Club reputation	Diversification of the offer	The level of innovation
Rating (0-10)	KPS	10	10	10	10	10	10	10	10
	TUVE	8	3	10	3	10	5	0	2

The biggest differences can be observed for the evaluation of the quality of the non-sport offer, the reputation of the coaching staff, the reputation of the club and the level of innovation. The biggest differences can be observed for the evaluation of the quality of the non-sport offer, the reputation of the coaching staff, the reputation of the club and the level of innovation. Interestingly, the lowest possible score was given here to the diversification of the offer (0) and the level of innovation. This may suggest a focus on the basic element of the offer (sporting competition) and subordinating all TUVE club activities to it.

As a final element, the holistic business model of the volleyball club was assessed. Its results are presented in Table 9.

Table 9. Business model of a sport club

Component of the business model		Value	Competences	Relationships	Distribution channels	Resources	Competing instruments
Rating (0-10)	KPS	8	10	10	10	6	7
	TUVE	7	7	4	6	5	7

In general perspective, distribution channels, values and competences are considered the most important in the current operation. As with the detailed assessment of the individual components, here too TUVE rated the areas proportionally lower. According to the KPS respondent, the lowest rated are competitive instruments and resources and for TUVE, resources and relationships.

Discussion

After the analysis of the presented results, some tendencies in particular areas can be noticed, which may suggest strategic priorities for their current and further functioning. When analyzing the KPS club assessment in detail, one can see a comprehensive approach to almost all areas included in the business model. The main components that KPS rated the highest (competencies, relationships and distribution channels) were also rated very highly in detail. In the competency group, the components received 30 out of 30 possible points. In the case of 'relationships', 42 out of 55 possible points were awarded. In contrast to TUVE, relations with competitors were rated relatively low (5 out of 10). Distribution channels were categorized into distribution channels for services and physical products. In the former, the NPS rated all areas in the highest possible way. The second category scored only 20 out of 50 points. This may indicate insufficient development towards commercialization of activities and consequently a lack of physical items such as gadgets, equipment or other products on offer. It is confirmed with the in-depth analysis of resources. Here it can be observed lower ratings for factors related to materials, including sports equipment and elements contributing to improved sporting performance, and in the area of financial resources.

On the other side there is approach of the TUVE club. The structure of their ratings of the underlying components of the business model has much lower variance. The highest rating was given to competences (28 out of 30 points). Interesting approach was noticed within distribution channels component (6 out of 10 points). Within this group, physical product distribution channels were rated significantly higher (a total of 48 out of 50 points). Service distribution channels received only 25 out of 50 points. The lowest rated category was relationships. This is confirmed by detailed assessments. While for internal relations the overall average is a high 39 out of 50 points, for the external relations group significant shortcomings can be noted. TUVE is characterized by low ratings for relationships with public administration (3 points), suppliers (4) and customers (4). This affects a total group score of only 26 out of 50 possible points.

Conclusions

Despite taking two clubs with similar potential, level of development and professionalization into the study, their business models differ significantly. The research conducted in the first phase concerned the analysis of secondary data and the development of a useful research tool in the form of a questionnaire survey form. It contained elements constructing key areas of the sports club business model. As a result of the analyses, a six-component business model was developed due to the importance of the individual elements. It consists of the following components: values, competences, relations, distribution channels, resources, instruments of competition. For each of these areas, factors constructing each component were defined. The total sub-component of the business model was verified by means of an expert panel that was carried out.

The actual study was conducted on two volleyball clubs selected in a purposive manner. As a result of the analysis of the collected data, a profile of the business model of both clubs was created (Fig. 1.).

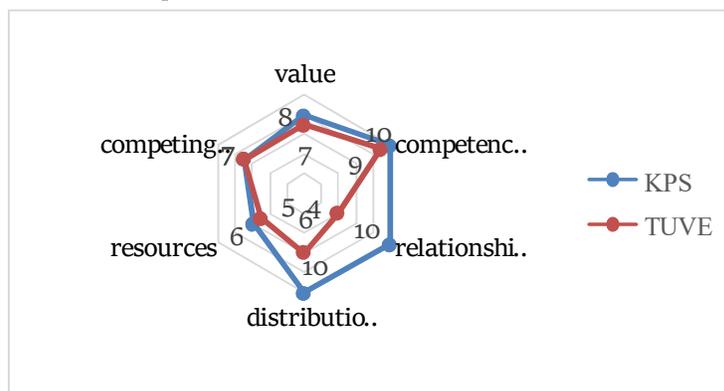


Fig.1. Sports' club business model profile

Significant differences were observed in the approach to elements related to relationships, competencies and distribution channels. The two clubs, having different business model profiles, are also characterized by different approaches to the detailed areas included in the given factors. The in-depth analyses carried out revealed a specialization approach of the TUVE club. The decision-makers take measures aimed at maintaining or developing internal relationships and competences. As Goodarzi et al (2012) point out, competencies are

essential for the success of an organization. This allows us to conclude that TUVE endeavors to a high degree of autonomy and independence in the club.

KPS, on the other hand, takes a holistic approach which in their business model presents a high estimate for almost every component. Within the lowest rated component, resources, the low level of financial and material resources is noteworthy. Combined with high ratings for external relations, this creates a certain dissonance suggesting an inability to build a resource base, e.g. from partners and sponsors.

The research conducted has some limitations. On the one hand, they are oriented towards a 'unitary' analysis of organizations. They do not take a cross-sectional approach to all clubs in a league. In a sense, they are also flawed by the ownership of the subjectivity of the assessment of the decision-makers in the club. In the end, the research was conducted from a static perspective. Therefore, they do not take into account the dynamics of change over time.

The conducted research is a starting point for further studies related to the relationship of the business model and the achievement of measurable benefits in both the sporting and business spheres. The aspect of maintaining long-term relations with sponsors and its dependence on the owned business model seems interesting.

Conflict of interest: The author declares no conflict of interest.

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