

The network of value captures in football club management: A framework to develop and analyse competitive advantage in professional team sports

Authors: Harald Dolles & Sten Söderman

Institution: University of Gothenburg

E-mail: harald.dolles@handels.gu.se

Aim of abstract/paper - research question

Any effort to understand 'success' in a broader sense in professional team sports must rest on an underlying economic and managerial conceptualization of sport as a business. The purpose of this research is to introduce a 'network of value captures' encompassing a team sport club's competitive scope, defined as a number of value captures (the array of product offerings and different customer groups served), the strategic vision and the extent of coordinated strategy. Competitive advantage of club is attained within some scope, and the choice of value capturing activities, defined as value co-creation between value captures, is therefore an important managerial decision making and a decisive task to – in economic terms – successful professional sport club's management.

Theoretical background or literature review

Value and the notion of value as co-created are fundamental concepts within marketing research (Grönroos, 2011; Vargo and Lusch, 2004). Although, existing literature has predominantly focused on conceptualizations of value creating processes and on how consumers integrate resources to create value in their consumption practices, little attention has been devoted to the sports club's setting, and how sports clubs co-create value between the different offerings – conceptualized as 'team'; 'sporting competitions'; 'club'; 'players'; 'football services'; 'event', 'facilities and arena'; 'merchandise', and 'other commercial activities' in this research – and the different customer groups – conceptualized as 'spectators and supporters (fan base)', 'club members (club membership)', 'media', 'sponsors and corporate partners', 'local communities', and 'other clubs'. Research in strategic management was utilized to develop two additional strategic dimensions: the overall direction and ambition of a club (vision) as well as operational strategy (where and how to compete in business).

Our understanding of value captures is based on Barney's (1991) conceptualization of resources. A club's resources can only be a source of competitive advantage when they are valuable and recognized by the customer, as stated by Dolles and Söderman (2011). Resources are considered to be value captures when they enable a club to implement strategies (value capturing activities) that improve its efficiency and effectiveness.

Methodology, research design and data analysis

Based on a mere holistic understanding of a clubs competitive environment and its relative position in the market, our approach was based on Porter (1991) to construct a framework for team sport management by using the football industry as an example.

To a large extent empirical literature on stories of success or failure of professional football clubs are used in an inductive setting to develop our framework. In addition, to confirm our findings we requested comments from football club managers, football associations' officials and sport management experts during about 20 narrative interviews. Some comments were very general in nature or related to fundamental concerns about the cases and models we used or the assumptions we made. Other comments were more specific and very detailed in nature. We responded to the more general, broad-based comments, concerns, and issues in order to develop a general framework that can be generally applied by the management in professional team sports.

Results, discussion and implications/conclusions

Having combined the eight 'offerings' with the six groups of 'customers' 48 relations appear, showing the competitive scope of a club. Each of these relations does constitute a value capturing activity through which a club can create value and competitive advantage. An offering value capture meets a consumer value capture when e.g. 'merchandise products' are sold to 'supporters'. Thus, a mixture of such relations does constitute a network of value captures as exemplified for the football industry in this research, observing that not all value-capturing activities are equally important in every given situation.

We also emphasize that the eight 'offerings' and the six 'customer groups' are interconnected among themselves. This broadens the choice of strategic options and allows strategies of bundling value captures (e.g. when 'Players' and 'team' are presented to the 'media').

The framework as developed in this research can be applied at the level of the industry, the level of strategic groups or the individual club. Its ultimate function is to explore and explain the sustainability of competitive advantage in the management of professional team sports.

References – limited to 5

- Barney, J. (1991), Firm resources and sustained competitive advantage, *Journal of Management*, 17 (1), 99-120
- Dolles, H. and Söderman, S. (2011a), Learning from success: Implementing a professional football league in Japan, in H. Dolles and S. Söderman (eds.), *Sport as a business: International, professional and commercial aspects*, Houndmills, Basingstoke: PalgraveMacmillan, pp. 228-250
- Grönroos, C. (2011), Value co-creation in service logic - a critical analysis, *Marketing Theory*, 11 (3), 279-301
- Porter, M.E. (1991): Towards a dynamic theory of strategy. *Strategic Management Journal*, 12 (Special Issue): 95-117
- Vargo, S.L. and Lusch, R.F. (2004), Evolving to a new dominant logic for marketing, *Journal of Marketing*, 68 (1), 1-17