

Strategic Management in Private Sport Centers

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Introduction

Currently, sport consumption is growing rapidly. Both public sport (PuSC) and private sport centers (PrSC) are trying to attract consumers in Valencia (Spain's third largest city with about 800,000 inhabitants). The increase sport infrastructure investment is changing the basic needs and expectations of consumers. Accordingly, in the private sector, small old gyms are being replaced by large new sport centers. Moreover, centers that do not have the professional marketing and management skills required and that do not have the resources to invest are being replaced by new centers from other countries. In the public sector, there has been a major increase in centers with mainly low price strategies. But these new PuSCs have received major funding and thus have drastically increased the quality of what they offer. Indeed, these investments have resulted in higher participation from the public that previously did not practice sports, for example, the elderly in swimming pools.

There is currently a serious debate regarding the sport needs that should be covered by the public sector and what strategy should be implemented. Indeed, most PrSCs have closed because they were unable to compete in the market with PuSCs. There have been different reactions to this: strategy differentiation, PuSC and PrSC cooperation and confrontation. Different private and public sector forums are working towards training managers in marketing and improving their managerial skills (Luna-Arocas and López, 1999). Both sectors have publicly debated the need for communication and agreements for the benefit of consumers. But although management training is much better now than it was ten years ago, it is understood that marketing and management concepts need to be fostered.

Many authors have underlined the importance of strategy in business (for instance, Johnson and Scholes, 1999; Menguzzato and Renau, 1991; Porter, 1990) and in sport management and marketing (Desbordes, Ohl, and Tribou, 2001; Luna-Arocas, 2000; Mullin, Hardy and Sutton, 1995). Research into sport management has grown rapidly over the last decade. Consequently, this paper studies the importance of strategy for PrSCs in order to complement what is offered by the public sector and differentiate from it and to fit coherently into the market structure. Following Porter (1990) and Johnson and Scholes (1999) a strategic tool was designed in order to analyze PrSCs. This model considers strategy with regard to the three main groups: quality, hybrid and low price. Thus, the main objective of this paper is to test the hypothesis of this classification adapted to sport management.

Methodology

A sample of 32 PrSCs (about 20%) was taken. The mystery shopping methodology was implemented in order to check service and infrastructure. Eight parameters were analyzed by final-year sport management students: service, brand image, general image, location, human resources, price, quality of sport facilities, and quality of equipment. The questions in each parameter were converted into a 5 point Likert scale in order to apply multivariate analysis. Concretely, hierarchical cluster analysis and quick cluster analysis were applied.

Results

The non-hierarchical cluster analysis, the dendogram and the fusion coefficient revealed the convenience of using three clusters confirming the model proposed.

	Strategic Groups in PrSC		
	Quality (6%)	Low prices (56.25%)	Hybrids (37.5%)
Service	4.50	1.17	3.17
Brand Image	4.50	2.15	2.19
General image	3.50	2.74	3.47
Location	3.00	3.00	3.54
Human Resources	4.33	2.89	2.86
Price	3.50	2.25	3.20
Quality of spaces	4.50	2.82	3.34
Quality of equipment	4.90	3.60	3.82

Table 1. Three strategic groups in PrSCs. 1 to 5 Likert Scale.

The first group represents 6% of the sample and is characterized by quality service, image, human resource professionalism and high quality facilities and equipment. Indeed, this is the group that is differentiated by its quality strategy.

The second group represents the typical profile of a low price strategy sport center - service, image, price and quality are much lower. Moreover there is a lack of human resources. This group represents 56.25% of the sample.

The last group is called hybrid strategy i.e. PrSCs that provide a sense of quality with human resources but also have lower prices than the PrSCs that are positioned according to quality. This group represents 37.5% of the sample.

Discussion

These results underline the importance of the growing hybrid strategy. Indeed, increases in the level of consumer expectation have a direct link with this positioning. Thus, the PrSCs that have a clear low price strategy will survive in time only if they have good facilities and a large number of customers. Old centers that are small and have a small/medium number of customer will be absorbed by both PuSCs or PrSCs if they do not specialize. The hybrid strategy shows a quality service trend that needs higher human resource professionalism and a more accurate control of expenses. The quality strategy should specifically consider the target in order to perfectly meet customers sport motivations and expectations. Moreover, the added value for this segment is particularly difficult to fulfill as it is necessary to have a closer relationship with marketing and management strategies. In the short term these results will change in two main areas. Firstly, there will be higher quality and more PuSCs. Secondly, there will be a greater presence of foreign PrSCs that have the know-how and the means to establish themselves in the market and this will affect centers that have not adapted. Future research is focused on a more complex model that contemplates more variables and indicators in the classification.

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