

# How sports marketing companies win outsourcing projects of facilities: A resourced-based perspective

## Contact details

Name author(s): Tzu-Yi Kao (1), Ming-Hsien Yang (2) & Fang-Yang Lu (3)  
 Institution(s) or organisation(s): Graduate Institute of Business Administration, Fu Jen Catholic University (1); Graduate Institute of Business Administration, Fu Jen Catholic University (2); Department of Physical Education, Fu Jen Catholic University (3)  
 City and country: Hsinchuang City, Taiwan (R.O.C)  
 Email address for correspondence: 495086069@mail.fju.edu.tw

## Aim of paper and research questions

People's expectations in regard to sports and recreation facilities have increased. However, because of lack of funds and crowded metropolitan areas, there are certain difficulties to build additional facilities to meet the needs of the citizens. The use of outsourcing existing public facilities such as schools, public swimming pools etc., would be able to help resolve this problem. Current outsourcing of publicly-owned sports facilities in Taiwan can be divided into three types: Build-Operate-Transfer (BOT), Rehabilitate-Operate-Transfer (ROT) and Operate-Transfer (OT). The majority of companies involved in the present outsourcing bid of sports recreational institutions are sports marketing companies. In Taipei, there are about 11 companies competing. Each company relies on the internal resources and capabilities to create heterogeneous products and services to gain competitive advantage for the outsourcing contracts of operation and management plans. Therefore, how to utilise these companies resources and capacities to develop appropriate strategies to be successful in getting the outsourcing contracts of the operation and management projects will be an important issue, and this study aims to answer this question.

## Literature review

This research is based on the resource-based view (Barney, 2001; Prahalad & Hamel, 1990; Teece et al., 1997; Fahy, 2000; Clulow et al., 2003; Clulow et al., 2007) and adapts Fahy's (2000) framework and other related studies to probe into what are the most important resources and core capacities as well as how to apply management skills to create heterogeneity of products and services, and to coordinate to win the outsourcing contracts of public management plans.

## Research design and data analysis

The research uses a case study approach to analyse a sports marketing company engaged in sports-related facilities including swimming pools, health clubs, and sports stadium. There are seven major sports arenas operated by the company. Its business scope includes management of arena and facilities, holding sports event, and sports marketing activities. The company has done an outstanding job in raising the community and school physical education activities. The research conducted included in-depth interviews and a field survey in the first month of 2009 to investigate how the sports marketing services company competes for winning the outsourcing contracts of managing the public sports facilities.

## Results

The corporate strategy of the case study company aims at three aspects: a collaboration plan for the development of academic institutions, assistance in regional schools' physical education

development, and the formation of alliance with related physical education organisations and institutions. The main intangible resources include the values of executives, core technology, network of human resources, reputation, the past operating experiences, diversified sports services and products, and the recognition of social corporate responsibility. The research also finds that lots of capabilities and managerial skills are important, making it easier to gain the support of government units, as well as to have feedback from them. The company combines abilities, expertise and managerial skills into the unique proprietary resources of company, and by the overall operations of organisations to create value and maintain competitiveness.

### Discussion and conclusion

From the case study, it can be found that the establishment of a competitive advantage of the sports marketing company comes from its core resources and capabilities. Through this research, it can be confirmed that the concept of core resources and capabilities can form competitive strategies, and the competitive advantage can be used in winning the outsourcing projects of operating public sports facilities. Therefore it is important for a company to focus on their core competencies and resources and combination of both, and through the use of a good social network to create strategic alliances advantages and a diversified program, in order to create its own competitive strategy.

### References

- Barney, J. (2001). Is the Resource-Based View a Useful Perspective for Strategic Management Research? Yes. *The Academy of Management Review*, 26(1), 41-56.
- Barney, J. (1991). Firm Resource and Sustained Competitive Advantage. *Journal of Management*, 17, 99-120.
- Barney, J. (1986). Strategic Factor Markets: Expectations, Luck, and Business Strategy. *Management Science*, 42, 1231-1241.
- Boulton, R.E.S., Libert, B.D., & Samek, S.M. (2000). A business model for the new Economy. *The Journal of business strategy*, 21(4), 29-35.
- Clulow, V., Barry, C., & Gerstman, J. (2007). The resource-based view and value: The customer-based view of the firm. *Journal of European Industrial Training*, 31(1), 19-35.
- Clulow, V., Gerstman, J., & Barry, C. (2003). The resource-based view and sustainable competitive advantage: the case of a financial services firm. *Journal of European Industrial Training*, 27(5), 220-232.
- Collis, D.J., & Montgomery, C.A. (1995). Competing on resources: strategy in the 1990s. *Harvard Business Review*, 72(4), 118-128.
- Fahy (2000). The Resource-based view of the firm: some stumbling-blocks on the road to understanding sustainable competitive advantage. *Journal of European Industria Training*, 24(12), 1540-1251.
- Grant, R. (1991). The resource based theory of competitive advantage: Implication for strategy formulation. *California Management Review*, 33(3), 114-135.
- Harbison, J.J., & Pekar, P. (1997). *Institutionalizing Alliance Skills: Secrets of Repeatable Success*. New York, NY: Booz-Allen & Hamilton.
- Henderson, R., & Cockburn, I. (1994). Measuring Competence? Exploring Firm Effects in Pharmaceutical Research. *Strategic Management Journal*, 15, 63-84.
- Kogut, B., & Zander, U. (1992). Knowledge of the firm, combinative capabilities, and the replication of technology. *Organization Science*, 3, 383-397.
- Porter, M.E. (1985). Technology and Competitive Advantage. *Journal of Business Strategy*, 5, 60-78.
- Prahalad, C.K., & Hamel, G. (1990). The Core Competence of the Corporation. *Harvard Business Review*, 68, 79-91.
- Rumeh, R., Schendel, D., & Teece, D. (1994). *Fundamental issues in strategy*. Cambridge, MA: Harvard Business School Press.

- Sanchez, R., & Heene, A. (1997). Reinventing Strategic Management: New Theory and Practice for Competence-based Competition. *Europe Management Journal*, 15(3), 303-317.
- Senge, P. (1990). *The fifth discipline: The art and practice of learning organization*. New York: Doubleday.
- Smart & Wolfe (2000). Examining sustainable competitive advantage in intercollegiate athletics: a resource-based view. *Journal of Sport Management*, 14(2), 133-153.
- Spender, J. (1996). Making knowledge the basis of a dynamic theory of the firm. *Strategic Management Journal*, 17, 45-62.
- Teece, D.J., Pisano, G., & Shuen, A. (1997). Dynamic Capabilities and Strategic Management. *Strategic Management Journal*, 18(7), 509-533.
- Tsai, W., & Ghoshal, S. (1998). Social Capital and Value Creation: the Role of Intrafirm Networks. *Academy of Management Journal*, 41, 464-476.
- Wernerfelt, B. (1984). A Resource-Based View of the Firm. *Strategic Management Journal*, 5(2), 171-180.