



SWOT and AHP hybrid model for sport marketing outsourcing using a case of intercollegiate sport

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ABSTRACT

Given the importance and prevalence of commercialization in intercollegiate sport, outsourcing sport marketing functions has become a popular business decision with the possibility of becoming more popular in the future. Yet, there is a lack of research about outsourcing in sport marketing with respect to decision making factors when determining whether or not to outsource some aspects of an organization's marketing functions. Thus, the purpose of this case study is to examine sport marketing outsourcing decision-making factors using a SWOT and AHP combined model. These results indicate that decision makers at this institution consider strengths, or potential positive outcomes, more importantly than weaknesses, opportunities, and threats. Specifically, financial return is the most important decision making factor for decision makers whereas cost minimization is not as important.

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1. Introduction

During the several past decades, outsourcing has become one of the most popular and influential business strategies across various industries. According to [Real-Time Technology Solutions \(2007\)](#), approximately 95% of Fortune 1000 companies have adopted outsourcing functions. [Busi \(2008\)](#) simply defined outsourcing as “the strategic decision of a business to stop carrying out an activity in-house (p. 8)”. Specifically, outsourcing is a practice in which an organization contracts out one of its in-house operations that the organization does not or cannot concentrate on anymore to the hired third party specialized in that operation ([Kumar & Eickhoff, 2006](#)). The sport industry is one in particular which is actively adopting outsourcing strategies (e.g., [Lee, 2010](#); [Li & Burden, 2002](#)). For example, in sport many organizations will hire other companies to commonly handle their merchandising, concessions, sales and customer service functions.

Whereas outsourcing as a subject matter has been frequently examined in various academic areas, there is only a limited amount of research about outsourcing in sport marketing (e.g., [Burden & Li, 2005, 2009](#); [Burden, Li, Masiu, & Savini, 2006](#); [Li & Burden, 2002, 2004](#)). In spite of previous studies about outsourcing in a sport marketing context, scientific knowledge about outsourcing decisions may be still in an early stage. Accordingly, the purpose of this study is to investigate sport marketing outsourcing decision making factors in intercollegiate sport. This study will employ a SWOT (Strengths, Weaknesses, Opportunities, and Threats) and Analytic Hierarchy Process (AHP) hybrid model to identify the decision making factors that intercollegiate sport administrators employ when determining if they should outsource their sport marketing functions.

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1.1. Outsourcing and sport marketing

Although the overriding goal of outsourcing is to achieve, maintain, or enhance the effectiveness of the organization, there are number of different factors which lead organizations to outsource areas of their business. As Mello, Theodore, and Terry (2008) noted, the two most commonly used factors are cost reduction and quality improvement, and many other studies support these two motives.

From economic benefits of outsourcing standpoint, the cost savings have emerged the most important goal of outsourcing. Previous studies about outsourcing clearly indicated that outsourcing could bring organizational effectiveness by allowing the organization to minimize and control their costs, such as overhead costs mainly including labor wages (Coward, 2003; Kumar, Aquino, & Anderson, 2007; Kumar & Eickhoff, 2006; Lee, 2010; Rajan & Srivastava, 2007) or turning fixed costs into variable costs (LaLonde, 2005). Outsourcing is also chosen because an improvement in quality is an expected result, and even sometimes guaranteed. This takes place as through outsourcing, a hired third party can enhance the operation as they have appropriate skills to perform the operation (Baldwing, Irani, & Love, 2001; Elmuti & Kathawala, 2000; Lee, 2010).

Outsourcing for cost reduction and quality improvement purposes eventually generates other benefits. A lack of certain skills necessary to perform the operation within the organization is another major driving factor for outsourcing (Baldwing, Irani & Love, 2001; Elmuti & Kathawala, 2000). Developing the necessary skills to perform certain functions through continuous training takes a lot of time, effort, and most importantly it can be costly. Therefore, outsourcing can be preferred over in-house operations, allowing the organization to focus their time and energy in areas where they excel. Furthermore, outsourcing also provides a continuous strategic relationship or resource access to the service providers (Clott, 2004; Kumar & Eickhoff, 2006; Lee, 2010; Mukherji & Ramachandran, 2007), and continuous learning opportunities (Yakhlef, 2009).

As previously mentioned, outsourcing in sport is a prevalent business decision. Many sport organizations outsource such functions as human resources (Adler, 2003), facility management (Muret, 2010), sponsorship sales (Li & Burden, 2002), media relations (Ourand & Smith, 2010), or webpage management (Li & Burden, 2002). There are several leading outsourcing agencies in the field of sport management, such as, IMG, Global Spectrum, Delaware North, and more. One of the most common operations to be outsourced by sport organizations is their marketing activities. Maltz (1994) noted that, small organizations with a lack of manpower and expertise tend to especially have more interest in outsourcing. Sport organizations, particularly a sport marketing department from intercollegiate athletic programs or minor league sport teams, typically have a small staff with many job responsibilities. As such, it is quite common for these organizations to outsource a variety of their marketing activities. Some examples include, but are not limited to, sponsorship sales, ticket sales, suite sales, media production, licensing, retailing, or webpage management (e.g., Burden & Li, 2005, 2009; Burden, Li, Masui, & Savini, 2006; Li & Burden, 2002, 2004). Burden and Li (2009) reported that approximately 41% of minor league baseball teams outsource a part of their marketing operations such as creative design of marketing materials, production and management of the team's webpage, and publishing of programs. In intercollegiate sport, outsourcing sport marketing is a common business decision. According to Li and Burden (2002), more than half of the National Collegiate Athletic Association (NCAA) Division I athletic programs have employed outsourcing options for their sport marketing operations. Georgia Tech University, for instance, outsources the ticket sales operation of football and men's basketball (Lombardo & Smith, 2009). Several universities including the Ohio State University, Oregon State University, and Arizona State University decided to outsource their merchandise operation to specialized firms who manage their arena's retail shops (Muret, 2009).

Previously, very little research in sport marketing has focused on outsourcing. One study examined the decision making factors that a collegiate athletic department should consider when determining if they should outsource some of their sport marketing functions. Burden and Li (2005) suggested several circumstantial factors to contemplate when making this decision; (a) the institution's mission, philosophy, and goals, (b) the quality of the sports programs on a national stage, (c) control of property rights, (d) relationship with local businesses, and, (f) in-house option. These situational factors are crucial to consider, however, they were not empirically tested by the actual decision makers. Hence, this case study will identify important decision making factors of intercollegiate administrators at a NCAA Division I athletic program utilizing a SWOT and AHP combined model.

1.2. SWOT and AHP model

1.2.1. SWOT analysis

In order to stay effective and successful in the marketplace, every organization has to be aware of internal and external forces which could impact their success or failure. Conducting a SWOT analysis is a simple but effective strategic planning tool to allow the organization to be cognizant of these factors (Learned, Christensen, Andrews, & Guth, 1965). SWOT analysis comprised internal factors (strengths, weaknesses), which examine the assets within the organization which could impact success or failure, and external factors (opportunities, threats), which investigates factors in the environment which are typically outside of the organizations control that may affect the performance of the organization. While a SWOT analysis is a commonly accepted business analysis tool, these factors are difficult to quantify. Therefore, to overcome this matter, the AHP method will be combined with the SWOT analysis.

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