

Sport marketing outsourcing using SWOT and AHP models

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Abstract: Sports have become big business in most countries of the world. The concept of sport sector arises together with the concept of sport marketing. Sport marketing is a vital and powerful strategic tool in sport business at local, national, and international levels. Sport marketing means that trademarks are being marketed through sport and also sport is being marketed for social aims. Sport marketing methods are event marketing, advertising, and public relations. SWOT analysis has been widely used to evaluate alternative strategies in order to determine the best one for given business setting. 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 consider strengths, or potential positive outcomes, more importantly than weaknesses, opportunities, and threats. Specifically, Opportunities and Focus on core business are the most important decision making factor for decision makers.

Key words: *Sport marketing; SWOT; Analytic Hierarchy Process; Outsourcing*

1. Introduction

Sport marketing involves all activities that purport to satisfy the demand and desire of sport customers through the procedure of exchange (Mullin et al., 1993). Owing to increased advertising, media broadcasting, promotion and endorsements, organized sport is no longer only a sport but a business as well. Sport marketing is the most obvious form of commercialization in sport and yet sport events and marketing patterns have attracted comparatively little academic attention (Polley, 1998). The sports industry is considered an ideal field in which to deploy corporate social responsibility initiatives due to its many distinct features, including mass media distribution, youth appeal, and positive health impacts (Smith & Westerbeek, 2007).

Increasingly, sport events are acknowledged as moments of symbolic significance. The significance is grounded in the high level of social interaction they provide, the intensely personal identification they generate in their audiences, and the subjective valuations to which they are consequently submitted (Holt, 1995; Slepicka, 1995). Moragas (1992) concurs, arguing that sport events are fundamentally cultural performances and, as such, they are an extension of the values, meanings and identities of the social actors involved.

Many companies turn to high-profile sports events to enhance their brand awareness. The usual actions are sponsorship activities, whose level of investment, commercial potential, strategic view as a

portfolio of actions to build a brand, and the interest among researchers in assessing the results of such initiatives shows their prevalence (Cliffe and Motion, 2005; Cornwell et al., 2005; Wolfe et al., 2002). However, in the provision of financial or material support to a given event by a sponsorship agreement several companies may take part, thus sharing the benefits for the sponsors.

For effective sports marketing Mullin, Hardy and Sutton (2000), identified five major objectives of sports marketing on which sports developmental goal is hinged upon or predicted: to develop infrastructure for sport which includes development of facilities and equipment; to make the sports industry to be self-reliant financially and less dependent on subvention from the nation's government; to understand the marketing forces causing the need for enlightened marketing strategies; to identify and understand the obstacles to marketing strategies in the sports industry and to recognize the factors of sports marketing as a unique enterprise. These objectives are pointer to the lofty intensions of sports marketing for the developmental goals of sports. Many sport researchers attempted to apply the marketing planning process to the sport sector (Mullin, Hardy and Sutton, 1993; Stotlar, 1993; Shilbury, Quick and Westerbeek, 1998).

Kurttila et al. (2000) and Stewart et al. (2002) combined the analytic hierarchy process (AHP) with SWOT to provide a new hybrid method for improving the usability of SWOT analysis. Although a consistency test is used to ensure the weight was scored objectively by the evaluative group, to carry out a SWOT analysis comparison on several

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enterprises simultaneously, using this method is difficult. Zhang et al (2005) presented a fuzzy MCDM method based on a trapezoidal fuzzy AHP and hierarchical fuzzy integral. The results showed that fuzzy AHP method was a useful way to deal with the MCDM problem.

Due to its abovementioned capabilities in strategic management, SWOT analysis has been widely utilised in various business settings to make effective decisions. However, it possesses a major drawback: the lack of the identification of the importance ranking for the SWOT factors/criteria. Therefore, researchers developed models which incorporate Analytic Hierarchy Process (AHP) in SWOT and named their approaches "SWOT-AHP method (or analysis)" which can determine the priorities for the SWOT factors (Kahraman, Demirel, & Demirel, 2007; Kurttila, Pesonen, Kangas, & Kajanus, 2000; Shrestha, Alavalapati, & Kalmbacher, 2004).

2. Literature review

2.1. Sport marketing

Marketing is a complex function that is extremely important to the overall success of sport organizations. Pitts and Stotlar (2002) defined sport marketing as "the process of designing and implementing activities for the production, pricing, promotion and distribution of a sport product or sport business product to satisfy the needs or desires of consumers and to achieve the company's objectives". Balancing a company's business objectives with consumer wants and needs is a challenge in any industry, but sport marketing is even more complex because sport has certain characteristics that make it unique.

Marketing objectives must be aligned to the strategic direction of the sport organization and should serve its needs, its purpose and its mission in the social context. Consumer identification with a company/brand (Gupta & Pirsch, 2006) and a cause beneficiary (Cornwell & Coote, 2005) also were considered important factors affecting consumer responses to CRM campaigns. Lachowetz and Gladden (2002) initially provided a framework for understanding the cause-related sport marketing (CRSM) phenomenon. Most importantly, they conceptualized the CRSM as any strategic marketing programs associated with social causes for mutual benefit between sports organizations or athletes, sponsoring corporations, and cause organizations using the sports events and programs. Following their definition, a wide range of social responsibility initiatives can be considered as CRSM programs. The business sector has long recognized the contribution of marketing planning in the financial success. The sport sector has begun to recognize the usefulness of strategic marketing planning as well. Many sport researchers have argued that without the improvement of strategic marketing planning activities, sport will not survive to the competitive

environment of the entertainment industry (Shoham and Kahle, 1996; Stotlar, 1993).

2.2. SWOT analysis

The next step for sport managers is to move from the appraisal stage of analysis (external and internal), where the key factors have been identified, estimated and assessed, to the use of these appraisals in the development of effective marketing strategies. The method for achieving this is SWOT analysis. In essence, SWOT analysis is the concluding part of the analysis stage where the most important elements of the external and internal audit, are assembled and categorized in four categories.

The SWOT approach involves systematic thinking and comprehensive diagnosis of factors relating to a new product, technology, management, or planning (Weihrich, 1982). It is used extensively in strategic planning, where all factors influencing the operational environment are diagnosed with greater detail (Weihrich, 1982; Kotler, 1994; Smith, 1999; Hill and Westbrook, 1997). Specifically, it allows analysts to categorize factors into internal (strengths, weaknesses) and external (opportunities, threats) as they relate to a decision and thus enables them to compare opportunities and threats with strengths and weaknesses. SWOT analysis is a useful tool for strategic planning in environmental management, and supplies the basic foundation for identifying the situation and designing future procedures which is necessary in strategic attitude (Nikolaou & Evangelinos, 2010). SWOT matrix analyzes the internal strengths and weaknesses as well as external opportunities and threats to derive promising future strategies (Rauch, 2007).

SWOT analysis is an important support tool for decision-making, and is commonly used as a means to systematically analyze an organization's internal and external environments (Kotler, 1988). By identifying its strengths, weaknesses, opportunities, and threats, the organization can build strategies upon its strengths, eliminate its weaknesses, and exploit its opportunities or use them to counter the threats. The strengths and weaknesses are identified by an internal environment appraisal while the opportunities and threats are identified by an external environment appraisal (Dyson, 2004).

2.3. Analytic hierarchy process (AHP)

AHP integrates experts' opinions and evaluation scores, and devises the complex decision-making system into a simple elementary hierarchy system. The evaluation method in terms of ratio scale is then employed to perform relative importance pair-wise comparison among every criterion. An appropriate linguistic variable set can help decision makers to give right judgments on decisions. Here, we use this kind of expression to evaluation dimension by nine basic terms, as "Perfect," "Absolute," "Very good," "Fairly good," "Good," "Preferable," "Not Bad,"

“Weak advantage” and “Equal” defined by Gumus (2009) in Table 1.

Table 1: Pairwise comparison scale -Source: Saaty (1980)

Intensity of importance	Definition	Explanation
1	Equal importance	Two activities contribute equally to the objective
3	Weak importance of one over another	Experience and judgment slightly favor one activity over another
5	Essential or strong importance	Experience and judgment strongly favor one activity over another
7	Very strong or demonstrated importance	An activity is very strongly favored Over another. Its dominance is demonstrated in practice
3	Absolute importance	The evidence favoring one activity over another is of the highest possible order of affirmation
2, 4, 6, 8	Intermediate values between adjacent scale values	For use when compromise is needed
Reciprocals of above non-zero numbers	If the activity i has one of the above non-zero numbers assigned to it when compared with activity j, then j has the reciprocal value when compared to i	A reasonable assumption

3. Research methodology

To investigate the decision making factors using a SWOT and AHP model, individuals who have some decision making power in regard to outsourcing sport marketing functions need to be identified first. For the purpose of this study, the decision makers from the Tehran University were chosen. To identify decision making factors, two SWOT analyses were conducted using different expert panel groups; one SWOT was collected from industry practitioners and a second SWOT from academic professionals who are considered to be sport marketing experts.

Based on both SWOT analyses, the authors chose 12 factors which were believed to appropriately represent the important decision making factors. These factors were then grouped into each SWOT category. Table 2 shows a brief description of the factors.

Table 2: AHP factors

SWOT groups	SWOT factors	Weight of factor
Strengths (S)	Increase in financial return	W_{S1}
	Cost management	W_{S2}
	Focus on core business	W_{S3}
Weaknesses (W)	Lack of media coverage	W_{W1}
	Loss of institutional control	W_{W2}
	Limited opportunities for staff development	W_{W3}
Opportunities (O)	National trend	W_{O1}
Threats (T)	Competition	W_{T1}
	Recession	W_{T2}
	Decrease in relationship with local business	W_{T3}

4. Data analysis

The objects were professional experts of the Tehran University in Iran (8 experts). Data collected from the experts was analyzed with the AHP method. Here, the data achieved from Analytical Hierarchy Process (AHP) are depicted in Table 3.

Table 3: AHP global weights and ranking result

SWOT group weights	SWOT factors weights	SWOT factors local rank	Global weights	SWOT factors global rank
Strengths (S)= 0.342	$W_{S1} = 0.257$	2	0.0879	4
	$W_{S2} = 0.179$	3	0.0612	6
	$W_{S3} = 0.564$	1	0.1928	2
Weaknesses (W)= 0.241	$W_{W1} = 0.295$	2	0.0711	5
	$W_{W2} = 0.452$	1	0.1089	3
	$W_{W3} = 0.253$	3	0.0610	7
Opportunities (O)= 0.306	$W_{O1} = 1$	1	0.306	1
Threats (T)= 0.111	$W_{T1} = 0.387$	2	0.0430	9
	$W_{T2} = 0.411$	1	0.0456	8
	$W_{T3} = 0.202$	3	0.0224	10

The results of this study indicated that the decision makers view strengths with total weight of 0.342 more important than weaknesses, opportunities, and threats. This would indicate that the resources they have in the organization are the most important consideration for the decision makers. Opportunities with total weight of 0.306 and Weaknesses with total weight of 0.241 are known as the second and the third effective factor from experts’ point of view. In sub-criteria of Strengths, Focus on core business and Increase in financial

return are known as the most important effective factor.

5. Conclusions

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 consider strengths, or potential positive outcomes, more importantly than weaknesses, opportunities, and threats. Specifically, Opportunities and Focus on core business are the most important decision making factor for decision makers. Opportunities and Weaknesses are known as the second and the third effective factor from experts' point of view. In sub-criteria of Strengths, Focus on core business and Increase in financial return are known as the most important effective factor.

Harris and Jeckins (2001) examined the relationship between marketing planning and business performance in the UK rugby clubs. They found that clubs in higher divisions are significantly more likely to be involved in formalized marketing planning, while clubs in lower divisions were not involved in strategic marketing planning activities. This fact led them to the conclusion that the extent of strategic marketing planning plays an important role in the overall success of UK rugby clubs. Since sport marketing is a commercial activity, precise customer and marketing segmentation must be investigated frequently and it would help to know the sport market after a specific customer profile, segmentation, or pattern come with marketing activities has found.

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