Perceived Benefits of Outsourcing Football Stadium Foodservice Operations: Differences between FBS and FCS Institutions

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Despite the widely reported examples of record breaking multimedia contracts, sponsorship deals, and bowl game payouts, as well as oft-packed stadiums and arenas, the perception of National Collegiate Athletic Association (NCAA) Division I athletic programs as profitable is far from reality. In fiscal year 2009, only 14 of 120 Division I Football Bowl Championship Subdivision (FBS) athletic programs reported positive net generated revenues, down from 25 just a few years earlier (Fulks, 2008; Fulks, 2010). During the same fiscal year, not a single member institution of the Division I Football Championship Subdivision (FCS) reported positive net generated revenues (Fulks, 2010). Consequently, Division I athletic programs are facing increased pressure to generate additional revenue while limiting expenditures.

Outsourcing one or more functions is a potentially viable alternative for athletic programs seeking to become profitable. Bounds and Lamb (1998) defined outsourcing as “taking work away from internal resources and giving it to ‘outsiders,’ other companies that specialize in the work” (p. 27-28). The outsourcing of marketing, event security, facility management, foodservice operations, website management, media rights, and other functions is not new to intercollegiate athletics. Given the increased interest in collegiate properties from outsourced service providers, a study on the perceived benefits of outsourcing was warranted. Recognizing this reality, Li and Burden (2002) studied the outsourcing of marketing operations, included the perceived benefits of doing so, by Division I institutions.

Due to the increasing pressure to make collegiate athletic venues more commercially viable through premium seating, enhanced foodservice operations, and other revenue generators, this study focused on the perceived benefits of outsourcing football stadium foodservice operations. Specifically, the research sought to answer the question "Does a significant difference exist in perceived benefits of outsourcing foodservice operations between athletic administrators at FBS and FCS institutions?"

The instrument consisted of a benefit inventory adapted from the work of Li and Burden (2002). Instead of focusing on the outsourcing of the marketing function by Division I athletic programs as Li and Burden did, this study adapted their instrument to focus on the outsourcing of football stadium foodservice operations. Participants were asked to indicate their level of agreement or disagreement with statements about outsourcing foodservice operations. Five-point Likert items, ranging from strongly disagree (1) to strongly agree (5) were used. The statements were grouped into four categories: Improvement in Administrative Efficiency (four items), Utilization of External Expertise (two items), Enhancement of Foodservice Operations (four items), and Financial Advantages (four items). An expert panel review of the instrument was conducted to assess content validity.

The survey instrument was administered to athletic administrators responsible for the oversight of the foodservice function at each NCAA member institution sponsoring the sport of football at the Division I level during the 2010-11 academic year, as well as provisional FCS members, and institutions that had just added the sport of football but played a Division I schedule in 2010-11 (n=244) via the online survey administration site FormSite.com. For the purposes of this study, the athletic administrator at each institution responsible for the oversight of football stadium foodservice operations performed one of the following responsibilities: oversight (as opposed to direct management duties) of an in-house concessions unit; serving as athletic department liaison to an institutional dining services unit that manages athletic foodservice; serving as athletic department liaison to an outsourced concessionaire; or serving as athletic department liaison for matters such as foodservice to an off-campus facility not owned by the institution where the institution plays its home football games. After issuing reminders to participants, the number of usable responses totaled 103 for a response rate of 42.2%.

No statistically significant differences (p < .05) were found between FBS and FCS institutions regarding agreement with the benefit inventories. Li and Burden (2002) also did not find any significant differences between FBS and FCS...
institutions when using the benefit inventories in their study on the outsourcing of athletic department marketing operations. Even when further subdividing FBS institutions based on BCS conference status (i.e., FBS/BCS, FBS/non-BCS, FCS), NCAA classification did not have a significant effect on agreement with the benefit inventories (p < .05).

On average, participants from FBS institutions showed greater agreement with the Improvement in Administrative Efficiency (M = 4.02, SE = .100), Utilization of External Expertise (M = 4.10, SE = .100), and Financial Advantages (M = 3.77, SE = .091) inventories than participants from FCS institutions (M = 3.89, SE = .124; M = 3.92, SE = .116; M = 3.61, SE = .115). The Enhancement of Foodservice Operations inventory was the only inventory on which participants from FCS institutions showed greater agreement (M = 3.68, SE = .085) than participants from FBS institutions (M = 3.58, SE = .093).

The findings of this study have implications for both athletic administrators and foodservice firms such as Aramark and Sodexo, but particularly for the foodservice firms. Recommendations for practice resulting from the study include the suggestion that foodservice firms undertake efforts to improve how existing and potential clients view the ability of outsourcing to make operations timelier and create a competitive advantage, as well as enhance quality and the ability to expand foodservice efforts to nonrevenue sports due to the Enhancement of Foodservice Operations inventory having the lowest overall mean score of the four outsourcing benefit inventories.