Realizing Entrepreneurial Opportunities & Alternative Revenue in the Global Sport and Entertainment Marketplace

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Relevance/Significance of the Topic to Sport Management
Ever increasing operational costs continually challenge all aspects of the sport and entertainment industry throughout the world. Many sports organizations pass these additional costs onto their fans (consumers) via increased ticket prices, PSLs, additional fees, etc. However, in today’s global economy, where sports products and services compete for customers across the broader spectrum of the experiential economy (Pine & Gilmore, 1999; Schmitt, 2000; Beech & Chadwick, 2004), this practice has become a growing source of dissatisfaction and disenfranchisement amongst fans. It presents a challenge to sport managers to identify and utilize alternative sources of revenue for their sports club or organization in order to remain competitive and retain their fan base (Shilbury, Westerbeek, Quick & Funk, 2009).

Review of Relevant Literature
Tailgating at sports and entertainment events has now evolved into a consumer expectation in the United States (US) with many sports organizations and enterprises now marketing it as an integral part of their total product offer. Research examining motives for participating in tailgating events identifies socialization as a primary motivating factor amongst fans. These studies also identified the primary components that comprise the socialization aspect of tailgating such as alcohol, food and music (Cahn, 2003; Gillentine, 2003; James, Breezeel & Ross, 2001). These present an opportunity for sports organizations to recoup operational expenses by offering additional goods and services that complement the consumers experience rather than just increasing ticket prices etc. It also affords the consumer the opportunity of voluntarily augmenting their experience in line with their available disposal income. However, only recently has attention been given to the economic implications of tailgating activities (Brown, Grady & Gillentine, 2011; Gillentine & Miller, 2015; Gillentine, Miller & Gallagher, 2015).

In conjunction with the growth in tailgating activity in the US, many innovative sports-based entrepreneurs and organizations have already recognized and capitalized on its popularity as a revenue source. Tailgating enterprises now supply goods and services to heighten the tailgating experience and generate profits for their owners. Most of the private enterprises are best described as Cottage Industries or micro enterprises that are typically defined as a small-scale and often informally organized, with relatively few employees or a limited but enthusiastic customer base (Merriman-Webster, 2014; Ratten, 2010; Gillentine & Miller, 2015). However not all of these new enterprises have remained small informal organizations as many tailgating focused enterprises have evolved and grown into fully functioning incorporated businesses.

Schumpeter (1934) theorized that entrepreneurial opportunity addresses the advancement of a novel concept that others have disregarded or chosen not to pursue. Entrepreneurial opportunities exist primarily because different agents within an entrepreneurial eco-system have different beliefs about the relative value of resources when they are converted from inputs into outputs (Schumpeter, 1934; Kirzner, 1979; Shane & Venkataraman, 2000; Isenberg, 2010; Stam, 2015). Both Kirzner (1997) and Schumpeter (1934) describe the entrepreneurial role as the decision to direct inputs into certain processes rather than into other processes.

Purpose and Objectives of the Study
The purpose of this research is to introduce the theory of tailgating entrepreneurial recognition, which will be defined as the recognition of opportunities for future growth possibilities in tailgating and related activities. The aim is to develop a conceptual framework that encourages and assists sports organizations or enterprises in developing
tailgating arrangements at their sports events and availing of the opportunities achievable through its implementation.

The objectives of this study are to:

1. Identify the antecedents of tailgating entrepreneurial recognition;
2. Identify the challenges and problems faced in developing tailgating entrepreneurial activity;
3. Explore the potential direct and indirect benefits realizable through the tailgating entrepreneurial activity.

Conceptual Framework

Schumpeter (1934) indicated that innovation proceeds in an uneven fashion, surging and waning at varying intervals. He defined an entrepreneur as the one who comprehends how to combine productive factors in some new way and claimed that innovation is driven by the entrepreneur and not the consumer. According to Schumpeter, entrepreneurship opportunity includes ‘new combinations’ of resources. By recognizing new combinations of resources, an entrepreneur does not compete with an existing organization but competes with other similar organizations. The recognition of new entrepreneurial opportunities may trigger service changes that may have been unthinkable at the time within established organizations (Dobrev & Barnett, 2005).

By implementing Schumpeter’s theory of entrepreneurial opportunity, and address the research objectives of this study, a working model has been developed demonstrating the mediating role of entrepreneurial recognition in converting the antecedents of tailgating, in terms or micro inputs (existing tailgating policies, procedures and practices) and macro inputs (the entrepreneurial eco-system), into the direct outputs of revenue production and value added items; as well as indirect outputs such as fan loyalty. Further, the investigators have performed a qualitative analysis in the form of semi-structured in-depth interviews with sports organizations and enterprises that currently provide tailgating and those that have the potential to but have yet to begin. Full details of the qualitative analysis and the application to the conceptual model will be presented at conference.

Contribution to the Body of Knowledge

There is little question that tailgating at intercollegiate and professional sports has become a significant part of the fan experience. However, the identification of entrepreneurial resources such as entrepreneurial recognition and the ability to coordinate tailgate resources has been non-existent. The proposed conceptual model has been designed to illustrate how entrepreneurial recognition can identify the micro and macro inputs as they apply to direct and indirect outputs.

References available on request from authors