CONCEPTUALISING INNOVATIVE BUSINESS MODELS FOR SUSTAINABLE SPORT TOURISM

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ABSTRACT

In today’s complex business environment, creating and delivering value to the customer, as the ultimate goal of business models, implies continuous research of elements and relationships within the business model. Despite the growing level of quality research in the field of business models, there seems to be a remarkable gap in the topic of tourism, especially in sport tourism. Being a unique combination of an experience-oriented activity (i.e. tourism) and a performance-oriented activity (i.e. sport), sport tourism presents many challenges to service providers. In fostering sustainable and profitable sport tourism, it is reasonable to ask how complex challenges affect business models and whether new model definitions and elements should be propounded. The aim of this paper is to propose a conceptual business model for sport tourism that will consider some critical issues that challenge the industry. First, a range of contrasting perspectives regarding business model elements will be analysed. Second, three potentially significant issues for sport tourism operators – tourist experience, safety and security, and the importance of the environment – will be analysed, and their position within the context of the business model will be discussed. Finally, a new conceptual business model framework for sport tourism will be proposed. This framework would facilitate research into the managerial aspects of sport tourism supply to provide additional guidelines for practitioners, particularly for small, private-owned businesses.

Keywords: business models, environment, safety and security, sport tourism, tourist experience.

1 INTRODUCTION

Despite the growing level of quality research on the subject, the term business model and its basic elements are not clearly defined in the literature [1, 2]. The lack of consensus on the definition and elements of business models may in part be attributed to the fact that this issue is dealt with by researchers from different disciplines [1]. Also, there seems to be a remarkable gap in the topic of tourism, especially in sport tourism. The literature mostly refers to e-tourism business models and travel agencies [3–5] while neglecting sport tourism [6].

2 METHOD

To conduct this study, we first made a review of relevant literature on business models over the last two decades. The analysed publications should contain the term business model in the title, abstract or keywords and must deal with the business model concept and its elements in a nontrivial and non-marginal way. Our final sample included 102 relevant publications, but given the space and scope considerations of this article, however, we present only brief reviews of the literature focusing on the elements of a business model (the full version is in an appendix that is available upon request from the authors).

To gain additional insight, we followed Shafer, Smith and Linder’s [1] approach and, based on the conducted literature review, developed an affinity diagram [7] to categorize the first-
and second-order themes of business models that were cited twice or more. Since all three authors are experts in the field of tourism, we reconsidered the findings from the sport tourism perspective. Respecting the dynamic nature of business models and the need for business model innovation by modifying existing business models or developing new ones [2, 8], we analysed three potentially significant issues for sport tourism operators, namely, tourist experience, safety and security, and the importance of environment. Finally, by discussing the position of these issues within the context of the business model, we complemented the literature-based affinity diagram with five new elements. The business model is presented in the form of a scheme simple enough so that it can be easily understood, communicated and remembered.

3 BUSINESS MODELS LITERATURE REVIEW
To be sure, many authors have offered definitions of the term business model. Timmers [9] defined a business model as architecture of the product, service and information flows, including a description of the various business actors and their roles, and of the sources of revenues. Moreover, the essence of a business model is about defining the manner by which the enterprise delivers value to customers, entices customers to pay for value and converts those payments into profit [10]. To summarise, a business model is not a simple description of what the firm does, but rather it should be a stripped-down characterisation that captures the essence of the cause–effect relationships between key stakeholders and money [11].

Too few studies have focused on business models in tourism, which is certainly surprising given the importance that this industry has in the world’s economy. Previous literature mostly refers to e-business models and travel agencies [3–5, 12], which is understandable to a point considering the significant influence that the Internet has had over the past 20 years.

Based on this short overview and respecting the system theory and organisational approach, it is reasonable to ask what are these pieces that fit together, that is, what are the main constitute elements of a BM. Numerous authors have tried to answer this question. As described in

<table>
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<tr>
<th>Element(s)</th>
<th>No. of elements</th>
<th>Frequency</th>
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<td>1</td>
<td>23</td>
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<td>22</td>
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<td>1</td>
<td>19</td>
<td>18.63</td>
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<td>Revenue model; Technology</td>
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<td>14</td>
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<td>Value network</td>
<td>1</td>
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the methodology section, our study identified 102 different publications that deal with business model elements. Across these 102 publications one can find 380 different first- and second-order themes, that is, business model components, unique building blocks or elements. Considering the scope of this paper, only some of the elements and their frequencies can be mentioned (see Table 1).

When elements of business models in tourism are concerned there are only a few publications dealing with this issue. Kandampully [13] proposed the design of a three-phase business model (corporate intent, strategic direction, and core capabilities) useful to any hospitality company wanting to focus on its customers and deliver the value they want. Runfola et al. [14] use the example of two intermediary companies in online hotel distribution to compare business models through three dimensions (target segments, value proposition, and revenue model). Mosleh et al. [5] explore the elements of business models of travel agencies, proposing a total of eight business model elements (value proposition, target customer, relationship, core competency, partner network, technology, cost structure, and revenue model). Peric and Wise [6] analyse and compare business models of two hospitality firms in sport (tennis) tourism. It can be concluded that what previous studies lack is a critical assessment of the obvious benefits of business models for types of special-interest tourism, including sport tourism.

This short overview implies the lack of consensus on business model elements, and it seems that some of these components appear in only one definition, while others are seen time and time again. For instance, three elements (value proposition, customer, and product) are mentioned in more than 20 publications, and 39 out of 380 elements are mentioned at least five times (see Table 1). Value proposition has been recognised as a business model element in one fourth of cases, while customer and product have been recognised in more than one fifth of cases. In addition, 14 elements are mentioned four times, 17 elements are mentioned three times, 48 elements two times, and 262 elements are mentioned only once.

Moreover, Table 1 indicates that some elements could have similar or even overlapping meaning (e.g. revenues, revenue model, revenue stream, and revenue sources all imply to the financial aspect of a business model; product, service and value proposition often overlap; while resources and key resources actually mean the same). It seems some categories, such as value, product, customer, resources, processes or revenue, are crucial when business models are concerned. Something consistently recognised was that definitions often included value proposition as a core element [8, 15].

The authors reconsidered this review of business model elements from the sport tourism perspective and concluded there is a gap between the results of the review and the resulting affinity diagram on the one hand and sport tourism practice on the other. This paper now turns to focus on three possible components that are missing in the business model for sport tourism.

4 PROPOSAL OF BUSINESS MODEL FOR SPORT TOURISM
Tourism and sport are closely inter-related social phenomena [16, 17]. Sport tourism, as a unique combination of these two phenomena, poses new challenges for sports (and) tourism managers in the destination, facing them with the need to create new sports products, typical for their destination. Given the spatial (places), physical (activities), and social (people) dimensions of sport tourism as proposed by Bouchet et al. [18] and Weed and Bull [16], new business elements arise from these challenges.
4.1 New BM element: experience

The review of business model elements abstracted value proposition as a core category consisting of products, services, and customers. However, when it comes to tourism, value delivery shifts focus, and more emphasis is put on experience [19]. Consequently, providing experience becomes a key component of tourism management and development [20]. Despite the fact that only one author mentioned experience as a dimension when companies innovate their business models [21], tourist experience should be an important element of a business model construct. There are several explanations to justify this assertion.

First, the fact is that experience is a distinct economic offering [22, 23], diverse from products and services [24, 25]. Experiences have become products that require much effort to create, manage, and sell [26]. Not only are they memorable, but they also could have transformative power to change existing values and attitudes of tourists [23, 27]. Such experiences, that is, transformations, represent the final step in the progression of economic value [23].

Second, the highly individualised character of experiences is perhaps best expressed in tourism and hospitality, and tourism and hospitality are surely pioneer examples and key players in the experience economy [22, 28, 29]. The decisive moment for the economics of tourism experiences is the moment when tourism consumption and tourism production meet [30]. In such value co-creation [19, 31], the consumer is assumed to play an active role, and the emphasis should be more on modern consumers and less on the actual destination [19, 32–34].

Third, in the business model context, Brand and Rocchi [35] also suggested that the feature of value proposition is changing. From the perspective of the company and its business model, the value that is offered within the experience economy takes the form of targeted experience. Referring to Brand and Rocchi [35], Boswijk [36] believes that the old, traditional business models have reached the end of their life cycles and that their strategies are no longer effective. Therefore, companies must refocus their business models. Although new business models may not be available to everyone, Boswijk [36] holds that they should be oriented towards alternative revenue formulas that include access to experiences instead of paying a price for the product.

The combination of active or passive participation and the unique characteristics of sports resources and a destination as a whole can provide tourists with extraordinary experiences. Indeed, it could be said that sports experiences are a particular type of tourist experience [37] and greater understanding of the nature of the sport tourism experience will aid in providing a more detailed explanation of participation in sport tourism [16]. However, the approach implemented in this paper suggests that experience is a complex (and) individual construct involving motivational, emotional, social, environmental, organisational, and physical attributes [38–40]. Thus, sport tourism customer experience could be defined as “customers’ comprehensive assessment of social interaction, personal hedonic benefits, destination attributes, their relationship to the environment (social and nature) and their personal growth related to challenges and sense of communitas” [40]. This means tourism managers and planners should give sport tourists more space and freedom to create their own experiences by encouraging them to explore for themselves [38]. The latter is in line with the above-mentioned principle of co-creation that focuses on the role of consumers in creating experiences.

This leads us to the fact that the providers do not actually create experiences [41]. Experiences are more a matter of one’s mental “readiness” and the specific situation, i.e. context. In
other words, the providers deliver only elements (inter-related parts of an offering) that serve as a stimulus, and experience is generated in the minds of consumers as a reaction to such stimuli received [41]. It is important to identify these stimulating elements and their impact on the creation of experiences. Where the creation of sport tourism experience is concerned, sports experiences cannot therefore be created and structured as Kurtzman [37] claims. There are many factors that contribute to the process of value creation. Many of these (e.g. physical facilities, processes, networks, etc.) are also identified as integral parts or constitute elements of the business models of individual companies (Fig. 1).

To summarise, the fact that sports can provide tourists with extraordinary adventures and experiences should not be surprising. Experience is a key element in the context of sport tourism supply, and without a doubt, it should be a part of the value proposition category. However, it should be regarded in interdependence with other elements within this category and other categories as well.

4.2 New BM element: safety and security

Some international studies on holiday customs and habits have shown that safety and security have become the most important decision-making aspect for a significant number of tourists, ahead of the price and quality of service [42, 43]. Regarding safety and security issues, an individual’s evaluation is mainly influenced by his/her personal feelings about the safety level of the tourism product [44, 45]. Security risks have an effect on tourists because safety is at the top of the pyramid of values. In the past, unpleasant safety issues (crime in Mexico, terrorist attacks in New York, London, Madrid, Paris, and at the Boston marathon) had already slowed down tourism development for a shorter or longer time, depending on the response of all the people and sectors involved in the tourist industry.

Grazioli [46] and Lesnik [47] state seven elements important for strengthening the customers’ trust, including safety and security. The need for safety and security is therefore not diminishing but rather is developing and changing in relation to other social currents. Within the services sector, this means that potential clients look for and expect such elements that will ensure a feeling of safety [47].

For the purpose of this paper, safety and security are proved to be important elements of a tourist experience [48]. What’s more, it seems safety is one of the key attributes valued by sports attendees [49], with personal safety more highly valued by sport tourists than non-sport tourists [50]. For instance, in sport adventure tourism, safety issues and the planning needed to minimize risk support, the functional value of experience and value for money [51]. The safety theme is thought to be an important attribute for sport facilities and spectator sports [52, 53] and the winter sport experience [54]. Also, event and course safety as well as destination safety were important items when preferred event and destination characteristics were analysed by active sport event tourists [55]. This aspect of personal safety can be monitored from the consumer perspective, but there is also another perspective, that of tourism supply. Respecting this, Kaplanidou and Vogt [39] suggest active sport tourists attribute meanings related to organisational, environmental, physical, social, and emotional aspects of the sport event experience, whereas, for instance, safer routes belongs to the organisational aspect of the experience which is under the control of the provider. Further, results from another study [56] outlined security as an important organisational component, which organisers should include in their services to enhance the sport event’s image. Failure in this service may impact future attendance, as well as word-of-mouth knowledge about the event.
A possible reason for such conclusions could be that sport tourism implies a higher level of risks (not only the threat of terrorism, but also health risks, like the possibility of injury, etc.) compared to other specific types of tourism. It is therefore speculated that sport tourists may be more sensitive to safety issues related to a destination because many sporting events are held in areas where large groups of people are gathered and/or take place outdoors where safety is more difficult to ensure [57].

A safety audit to analyse and define safety risks should become a part of the process of developing a sport tourism product. The level of possibility of a safety risk occurrence and the level of consequences should be recognised, defined and afterwards managed. Overall safety of a sport tourist product and the possibility of assuring personal safety are two factors which influence the tourist’s decision of using the services again. Event-specific risks and security strategies differ not only in their main causes, forms, and effects but also in their symbolism and indirect consequences. Threats of terrorism and political violence, for example, are often seen not only as a danger to athletes, spectators, and the local population but also as a symbolic and political embarrassment—and hence financial risk—for host nations and organising institutions [58].

In risk assessment, we should also take into account the feature of sport tourism (active or passive participants), implementation of space (outdoor or indoor), the number and structure of participants, the duration of the performance, and other factors affecting the provision of security. Safe execution of the sporting event is the responsibility of all who are involved in it, organisers, competitors and visitors. All persons involved in the organisation of an event, volunteers in particular, must be provided with appropriate instructions on handling a security conflict or crisis. This means that managing security for sport tourism entails a high level of partnership working to plan security down to the smallest detail, taking into account the safety and security standards stemming from past experiences. This implies the implementation of optimal security strategy benefiting from hardware security tools and technologies that can be developed in specific sport branches, new security practices, involvement of volunteers, and appropriate governmental policies and new legislation [59].

It could be concluded that safety and security are important where the sport tourism experience is concerned. Each type of tourism offering includes safety elements. At the same time, the high security standard of a destination is, in itself, a competitive advantage. However, our review of business models failed to find either safety or security as business model elements; this surely is surprising. We therefore propose that safety as a highly personal construct should be a part of customer value, while security as an organisational issue, i.e. under the control of the sport tourism provider, should belong to key processes within a business model.

4.3 New BM element: environment

One of the key resources that sports and tourism very often share is the natural environment which has a strong influence on the tourist perception of a chosen destination [60]. Designing products and services without considering their environmental impacts should become a thing of the past. More attention to environmental outcomes involving all stakeholders in more systematic discourse will be needed to overcome the well-established economics bias and generally lead to better environmental management [29]. Measuring results can become a precondition for ecological regeneration and community recovery in periods of reduced activity. With the significant increase of sport tourism popularity, the issue of the impact on
natural resources is quickly gaining momentum. First, we should distinguish the term *environment* for outdoor and indoor sport activities. Indoor sports are held in closed, constructed and private spaces, perceived as artificial spaces, that is, a wholly artificial environment which is non-climate dependent and created by people. Contrarily, outdoor sports are held in open and public spaces considered to be natural spaces, i.e. they are much more dependent on natural environmental conditions [18, 61].

Consumers and providers must be aware of various aspects of outdoor and indoor sport tourism activity which can potentially harm the environment. In the first place, this refers to the constant use of unspoiled land and impact on soil by the infrastructure and grounding for sport tourist activities, that is, golf and alpine skiing activities. Direct impacts on vegetation (being crushed, sheared off, and uprooted) can result from activities that do not require infrastructure, such as horse riding, walking, off-road driving and mountain biking [62]. There are numerous examples of the negative influence of sport tourists and their equipment. These include impacts on water resources and animal life, e.g. noise, light, spills and discharges of oil and toxic chemicals from speedboats and rally cars, boat anchors and scuba divers damaging underwater flora and fauna, and hikers and boaters dumping garbage. Furthermore, eating and drinking before, during and after sport activities, pollution by vehicles transporting participants, car parking and energy consumption can considerably burden the environment which can result in the need for investment in additional infrastructure, services and transport facilities. By using two methodologies, the ecological footprint method and the environmental input–output framework, Collins and Flynn [63] have demonstrated on a large-scale event the significant environmental impact of visitor resource consumption through data on visitor transport, food and drink, waste and capital investment. Also, input-output framework showed how visitor spending can be tied to production externalities in a transparent manner. On the other hand, small-scale events may have a lesser carbon footprint as the majority of participants are local (non-tourists) and regional visitors (within a 4-hour drive) [64]. Nevertheless, there are examples of wholly non-polluting mechanical sports with no need for non-renewable energy resources, such as cycling, cross-country skiing, sailing and rowing, which meet the criteria of sustainable development [61].

Sport tourism development can cause negative impacts on the local, cultural environment, so managers should prepare preventative action and solutions. It is important that managers are highly-skilled and trained for the specifics of sport tourism with proper environmental empathy. They must be leaders to a significant number of workers (volunteers) who sometimes have little or no formal training and who do not want to enter long-term employment commitments (e.g. students). Likewise, providers in sport tourism must be educated about sport tourists, and explanation service and management become necessary to minimize negative effects. Improper care and maintenance of sport facilities and equipment can cause environmental inconvenience and damage. Concurrently, in many cases the construction of sport facilities that are in collision with the neighbouring environment negatively impacts the aesthetics of the landscape. Undoubtedly, the goal is to master space using the latest and safest equipment and technology [18] and in such a way that would enable sport tourism to significantly contribute to environmental protection and the sustainable use of natural resources.

All the above-mentioned are practical problems that companies in sport tourism need to address. One of the possible solutions for reducing negative effects on the environment is fostering eco-innovations, a technological term usually closely correlated to eco-efficiency and ecological design. Assessing visitor perspectives of eco-efficient destination planning
options, Kelly et al. [65] have found that significant tourist support existed for options that could increase the overall eco-efficiency of destinations. As corporate practice demonstrates, the development of a sustainable and profitable business model is extremely challenging [66]. Therefore, by considering the environment as one of the three pillars of sustainability, a commitment to being “green” must be a recognised and strict part of the business strategy that has to be incorporated in every function of business [67]. Consequently, we propose to consider environment as one of the vital elements in the key resources of the business model and environmental protection as one of the business model’s key processes.

4.4 Business model proposal

According to the resulting affinity diagram based on literature review and prior elaboration on three possible elements of a business model, an innovative business model for sport tourism is proposed (Fig. 1). This proposal consists of four major categories (value proposition, key resources, key processes, and value capture) that make up the core of the business model, and 27 elements in total (of which five newly added are shown in italics) within these four broader clusters.

Value proposition gives an overall view of a company’s bundle of products and services [68] delivered to targeted customers. Since the sport tourism experience is a final offering and key value that should be delivered to sport tourists, it should be regarded as an independent element within the value proposition category. Safety as a highly personal construct is proved to be an important element of a sport tourist’s experience [48, 50, 51] and should therefore be part of the customer value proposition as well. Key resources are key assets (e.g. people, facilities, equipment and brand) required to deliver the value proposition to the customer. Consequently, interaction between those elements that create value for the customer and the company must be in focus of every business model [8]. The majority of key resources are within a company but resources can also be found (e.g. partners) or procured (e.g. technol-

![Figure 1: Components of business model for sport tourism.](image-url)
ogy, information) outside the company. As mentioned in the previous chapter, environment is also a key resource for sport tourism providers [60], especially when it comes to outdoor sport tourism. Key processes are operational and managerial processes that allow a company to deliver value in a way it can successfully repeat and increase in scale [8]. Security, as an organisational issue under the control of a sport tourism provider aimed towards making the tourists feel safe, should belong to key processes. Moreover, environmental protection efforts aimed towards protecting one of the vital resources of sport tourism (i.e. the environment) is also an integral part of the key processes. Finally, value capture defines how the company creates value for itself, that is, how it generates revenue and profit [1].

5 CONCLUSION (LIMITATIONS AND IMPLICATIONS FOR FUTURE RESEARCH)

Discovering hidden potentials in the industry and addressing them in theory is one of the secrets of innovative business models conceptualisation. Regardless of the large number of perspectives provided and the huge number of identified elements when business model elements are concerned, it seems that existing approaches fail to cover the real needs of tourism practices. Hence, when it comes to tourism, especially sport tourism, specific features that characterise the industry indicate the need to redefine the concept of the business model and its elements.

In this paper, three features of sport tourism industry, namely, tourist experience, safety and security issues, and the importance of the environment, were discussed regarding their role within the business model of companies. Based on this discussion, five new elements have been added to the proposed business model for the sport tourism affinity diagram.

Sport tourist experience and safety, as highly personal constructs and complex offerings, become an integral part of the value proposition category that has to ensure viable and profitable business. Although the environment where sport activities are carried out is not usually owned by the providers, it is surely *conditio sine qua non* for sport tourism and should be treated in a responsible manner. Therefore, security and environmental protection as two managerial issues that correspond to safety and environment are among the most important processes of a business model and definitely one of the essential preconditions for sustainable development.

From a conceptual viewpoint, this easily understood and communicated framework would facilitate research into the managerial aspects of sport tourism supply. Still, the question remains how to implement this knowledge in tourism practice. This framework will also provide additional guidelines for practitioners, particularly the small, private-owned businesses which predominate in the visitor economy. Applied to a number of companies (newly established companies will create new business models, while existing companies will adapt, revise or re-formulate their current ones), this could have an incremental effect on the distinctiveness and competitiveness of the destination as a whole. However, no one-size-fits-all solution exists and most companies will use some combination of the proposed business model to develop their own.

Despite our attempts to rigorously and objectively analyse the selected literature on business models, tourist experiences, and safety and environmental issues in sport tourism, this paper comes with several limitations. First, the literature is widely divergent; making sense of it is therefore a challenging job. One could also argue that the tourism industry has other features that should be explored within a business model context. Future research on business models should seek to overcome these limitations.
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