THE SPORT VALUE FRAMEWORK –

A NEW FUNDAMENTAL LOGIC FOR ANALYSES IN SPORT MANAGEMENT

Keywords:

sport value framework, value co-creation, service-dominant logic, sport management, sport marketing

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The Sport Value Framework – A New Fundamental Logic for Analyses in Sport Management

Research question:

Sports economic theory and management models have frequently been criticized for not sufficiently explaining phenomena in sport management. This article addresses this gap by proposing a conceptual framework that can be used to understand sport management problems and derive appropriate strategies.

Research method:

The framework proposed in this conceptual article has been developed through a critical review of existing literature on sport management and theoretical considerations based on the service-dominant logic.

Results and findings:

The sport value framework provides ten foundational premises on value co-creation in sport management and suggests three levels for its analysis. The main contribution is a new and better theoretical basis for explaining phenomena in sport management compared with traditional sport economic thinking. Moreover, the sport value framework provides guidance in structuring research in sport management.

Practical implications:

The framework encourages researchers and practitioners to rethink their strategies by applying a different logic that captures the complexity of sport management.

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1. Introduction

Sports economic theory and management models have frequently been criticized for not sufficiently explaining phenomena that can be observed in sport management. To gain a better understanding of real problems and enable the development of suitable strategies, scholars call for a further development of theories and models used in sport management (Chelladurai, 2013; Cunningham, 2013). In recent years, much of the discussion about the suitability of existing theories and models has been related to the extent to which they can explain collaboration between different parties. Sport management approaches have been criticized because they cannot sufficiently explain partnerships between sport organisations (Parent & Harvey, 2008). Some scholars doubt that competitive advantage in team sports can be examined independently of each actor's competitive scope. For this reason, they propose a framework for the development and analysis of competitive advantage in professional team sports (Dolles & Söderman, 2013). Other researchers have realised that theories from general management or economics, such as institutional theory, have not been well applied to the field of sport management and are insufficiently integrated into existing models (Washington & Patterson, 2011). We suggest that a better understanding of sport-specific phenomena and more appropriate solutions to management problems require a new perspective on sport markets.

As an answer to the increasingly apparent limitations of traditional marketing and management approaches, Vargo and Lusch (2004) have suggested such a new perspective for general marketing. It has become known as 'service-dominant logic' (SDL). In the following, the traditional approaches were frequently referred to as 'goods-dominant logic' (GDL). While we believe that a perspective similar to the one proposed by SDL could be applied to gain a better understanding of sport management problems, we acknowledge that sport markets have specific characteristics that need to be considered. These include coopetition

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(simultaneity of cooperation and competition) as a basic principle, the involvement of volunteers in the creation of services, the importance of emotions, fans' ultimate loyalty to their favourite club, and the mixture of profit and non-profit organizations.

We propose a 'sport value framework' (SVF) that aims to enable a better understanding of sport management phenomena and improve management decisions. This framework is based on the fundamental ideas of SDL, but takes the characteristics of sport markets into account. We call it the 'sport *value* framework' because it sees the notion of value as one of the fundamental concepts of contemporary marketing and focuses on how value is (co-) created in sports. We strongly believe that a new way of thinking about value creation provides the basis for relevant future research in sport management. This is why we have chosen "Value Co-creation in Sport Management" as the title of this special issue of European Sport Management Quarterly.

In the following, we will contrast the two different perspectives on value creation discussed in marketing research. We start with an overview of goods-dominant logic, the traditional perspective of economic exchange, and we will show that conventional sport management thought is in line with this perspective. With this overview, we intend to demonstrate why the traditional perspective is not suitable for fully understanding the nature of sport management. Next, we will introduce the general ideas of service-dominant logic, which will serve as the basis for the development of the sport value framework. We will conclude with some considerations about the implications of the sport value framework for future research in sport management.

2. Goods-Dominant Logic

Economic theory and traditional management approaches generally see units of output (goods) as the fundamental basis of economic exchange. In recent years, this conventional perspective has often been referred to as goods-dominant logic (GDL) (Vargo & Lusch,

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2004). The term ‘logic’ is used to describe the way of thinking on which traditional theories and models are based: goods, both products and/or services are the main reason why economic exchange takes place. The GDL perspective suggests that firms create value by producing and selling goods (products or services). Here, the term ‘producing’ is used in a broader sense and is not only limited to manufacturing. This means that, in general, GDL can include products, services and even complex services such as sport events.

By integrating internal and external resources, value is attached to the units of output during the production process. External resources are mainly provided by the firm's supply chain (see Figure 1). Further, service marketing emphasises that customers often also provide external resources that must be integrated to produce services (Fließ & Kleinaltenkamp, 2004; Grönroos, 2000). In such instances, firms then use their abilities and competencies to combine these input factors (internal and external resources) and turn them into goods (products and services). Ideally, this production process is solely controlled by the firm and results in homogeneous output. Because of their specific competencies, firms can produce goods that contain higher value than the sum of their parts. This creates added value that makes goods attractive to customers, and turns goods into objects of economic exchange (Penrose, 1959; Prahalad & Hamel, 1990). Customers are the recipients of value; they consume it and thereby destroy it. From a GDL perspective, value is typically understood as value-in-exchange that is reflected in the price consumers pay (see Figure 1).

- Insert Figure 1 here -

3. Traditional Thinking about the Nature of Sport Management

In our view, most approaches to sport economics and in sport management are grounded in GDL, as they interpret sport as something that is 'produced'. For example, Sullivan (2004, p. 129) argues that satisfying “sport customer needs with sport products and services” is the fundamental aim of sport marketing activities. According to this view,

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providing sport products or services to customers is the “nature of sport marketing” (Sullivan, 2004). Parks, Quarterman, and Thibault (2011) use three different models to describe the sport industry, all of which interpret sports competition as a production process that is complemented to varying degrees by additional services. One of these models, the ‘sport activity model’, which was initially proposed by Li, Hofacre, and Mahony (2001), divides the sport sector into the sport-producing sector and supporting subsectors. Hence, the model sees sport events as the 'core products' that are complemented by the products and services that various supporting firms and organisations (see Figure 2) provide.

- Insert Figure 2 here -

The sport activity model acknowledges that, on its own, a single firm or organisation cannot create sport events. Rather, they require the cooperation of several independent actors. And yet the model remains grounded in GDL. Similar to concepts such as strategic alliances or other forms of cooperation between firms in networks (Gulati, 1998; Sydow, 1992), the sport activity model still focuses on the firm’s production process and the respective outcomes. Many sport management approaches, which are based on economic theory and characterize sport competition as a team production process, adopt a similar perspective (Alchian & Demsetz, 1972; Borland, 2006; Frick, Prinz, & Winkelmann, 2003; Frick & Simmons, 2008). By interpreting value creation as a production process, these models limit sport consumers' role to that of buyers and consumers of, for example, 'event products'.

However, this does not mean that consumers have been entirely neglected. In fact, there is extensive and substantial research on sport consumer behaviour (e.g., Funk, 2012; Kahle & Close, 2010). Distinctive behaviours of sport consumers, such as basking in reflected glory (BIRGing)’ (Cialdini et al., 1976) or ‘cutting off reflected failure (CORFing)’ (Snyder, Lassegard, & Ford, 1986) have been the subject of extensive discussion, as has been sport consumers’ involvement (Park & Mittal, 1985; Zaichkowsky, 1985). In addition, many of

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these behavioural variables have been used to segment sport consumers and develop fan typologies (K. A. Hunt, Bristol, & Bashaw, 1999; James & Ross, 2004; Mahony, Madrigal, & Howard, 2000; Stewart, Nicholson, & Smith, 2003; Tapp, 2004). For instance, Wann and Branscombe (1990), described two very typical groups of sport consumers: die-hard and fair weather fans. These two consumer segments are characterized by very different levels of fan identification, one of the most important drivers of sport fan behaviour (Sutton, McDonald, Milne, & Cimperman, 1997). Moreover, using either structural equation models (Bodet & Bernache-Assollant, 2011; Gwinner & Swanson, 2003; Martínez Caro & Martínez García, 2007) or conjoint analysis and discrete choice models (Pedersen, Kiil, & Kjær, 2011; Theysohn, 2006), empirical studies have analysed the effects of psychological variables such as satisfaction and team identification on sport consumers' buying behaviour and loyalty.

These examples of research demonstrate that many facets of sport consumer behaviour have been studied in the past. However, previous research has not fully appreciated the role of the customer in the value-creation process. Until now, there has been a widespread assumption in sport management and economics that value is created by several firms or organizations (e. g. sport teams, league, media, event organiser, and others in the case of sport events) that combine their resources. Customers (e. g. TV spectators, stadium spectators, radio listeners) buy 'products' such as 'sport events' and consume the value that sport organizations and firms provide. For example, Borland (2006) states that the 'production' of a sporting competition requires four components: players, clubs, a sporting league, and stadium(s). "A sporting contest consisting of these components, is available to be 'consumed' by spectators" (Borland, 2006, p. 22). This statement represents the perspective of all of the above-mentioned examples and illustrates the fundamental principle of exchange that underlies most of the theories and models in sport management and sport economics to date: product (e.g. a sport event) for money (see Figure 3).

- Insert Figure 3 here -

But does this perspective truly grasp value creation and economic exchange processes in sports? In other words, can the nature of sport management really be understood through the lens of GDL?

We believe that many phenomena in sport management cannot be fully understood from the GDL perspective. For example, firm networks not only 'produce' sport events on their own. Other stakeholders at various stages before, during or after the event also contribute to its value. Politicians, for example, often make a significant contribution before the actual event takes place by making decisions about funding. Their presence during the event can provide a particular meaning, and their opinion after the event can influence the perception of others. Perhaps most importantly, it must be considered that fans, who are also the customers, make an important contribution to sport events. This contribution often begins long before the event when they start coming up with battle chants and songs, preparing choreographies to be performed at the stadium or creating fan banners and posters. During the event, fans of the home and the away teams can contribute to the atmosphere in both positive and negative ways. Their participation in the value creation process continues after the sport event when they celebrate victories or jointly come to terms with losses.

While current sport management literature already recognizes that fans contribute to the atmosphere of sport events, it is necessary to emphasize that their participation in value creation is essential. Value cannot be created solely by sport organizations and firms. Past research has not sufficiently appreciated that sport organizations and firms create value jointly with various customer groups (e.g. fans of home and away teams, VIP guests and other spectator groups) and other stakeholders (e.g. politicians, journalists). Indeed, value is created in networks of actors that include the customers.

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Clearly, many theories and models in sport management do not sufficiently consider all actors involved in value creation, particularly the customer. Moreover, non-producing value creation processes, such as problem solving and intermediating activities, are almost entirely neglected (Stabell & Fjeldstad, 1998). And yet when it comes to sport leagues, for instance, these kinds of activities are very important. It is hard to define what sport leagues 'produce', as their main activity is coordinating market partners to create a sport competition. This activity is often referred to as the "production of a sporting competition" (Borland, 2006), but we consider this definition misleading. It neither reflects the core of what they actually do, nor does it describe the 'nature of sport management' at all.

Stabell and Fjeldstad (1998) propose basic types of value creation activities that translate into three different value configurations. With regard to this typology, sport leagues mainly create value through intermediating activities, for instance by linking teams in a competition. A 'producing' activity, such as transforming input into output, at best plays a minor role. The alternative value configurations of Stabell and Fjeldstad (1998) are a first step toward a better understanding of the nature of sport management. The typology demonstrates that firms can fulfil market functions other than production. Despite this, it is still assumed that firms create value and deliver it to customers. However, as already mentioned, fans contribute considerably to the value created at sport events. For some fans, the competition itself is not at all important (Koenigstorfer, Groeppel-Klein, & Schmitt, 2010). This is why a second step is necessary to fully grasp the nature of value creation and economic exchange in sport. We propose that the ideas provided by the service-dominant logic (SDL) (Vargo & Lusch, 2004) could be useful in this regard. 'Value co-creation' is one of the central tenets of SDL. It refers to joint value creation by firms, organizations and the customer. As various actors are involved in value creation, sport organisations and firms do not have full control of them and customers do not 'consume' or 'destroy' goods. Rather, they co-create value with

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their contributions. As a result, firms and organizations can provide a platform for the value co-creation of these actors. In the case of sport events, sport organizations and firms can provide a platform which enables all types of stakeholders, including fans and other spectators, to co-create value (Ferrand, Chappelet, & Séguin, 2012).

4. Service-Dominant Logic

The introduction of the service-dominant logic (SDL) by Vargo and Lusch (2004) marked a turning point in thinking about economic exchange. It provided the broad foundation of value creation that many researchers had been calling for in the previous decades (Grönroos, 1994; Gummesson, 1995; S. D. Hunt & Morgan, 1995). In our view, SDL provides insights that have the potential to enhance our understanding of sport management problems. We thus build on it in our conceptual work.

SDL consistently contrasts the product- or output-centric view of GDL. A key distinction between both mind-sets is the conceptualization of service. SDL defines the term ‘service’ (singular) as the application of competencies for the benefit of another party. In contrast, 'services’ in the GDL sense of the term represent units of output (goods as products and/or services). According to SDL, 'service’, is the basis of economic exchange, and this means that economic exchange can be characterised as an exchange of service for service. From the traditional GDL perspective, goods (products or services*)* are exchanged for money (or other goods). While goods (products and services) in SDL are no longer regarded as the basis of economic exchange, they remain significant. Products and services function as service-delivery vehicles (*operand* resources) that have knowledge and skills embedded in them. Hence, *operant* resources that can be used to act on other resources, such as knowledge, competencies and skills, are most important for the creation of value (Vargo & Lusch, 2004).

Furthermore, the locus of value creation is no longer confined to the 'producer'. Rather, value is co-created in a collaborative process between firms, customers and other

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stakeholders. All actors (e.g. firms, customers, non-profit organisations, government) actively participate in the value co-creation process by integrating resources from (one or more) service providers with their personal (e.g. knowledge, competencies and skills) and other resources. According to SDL, value is always determined by the beneficiary, thus implying that service providers can only offer value propositions as input for potential value creation. Value co-creation requires the consumer to integrate the provider's value proposition with his or her own skills, as well as with public, market-facing and other resources. As a result, the entire context of the integration of a firm's offering leads to heterogeneous value creation and perception referred to as "value-in-context" (Vargo, 2008).

For example, a mountain bike is a manufacturer's value proposition. Depending on their personal (e.g. biking skills), public (e.g. availability and accessibility of mountain biking trails) and other resources (e.g. geography of the region), customers may use the mountain bike in very different ways (biking on trails vs. biking on streets vs. proudly presenting the possession of a particular mountain bike brand to others, etc.) and determine very individual value (Horbel, 2013). In the context of sport events, the organizer's value proposition is a platform that can be used by various actors (organizations and individuals) to co-create value. Moreover, value co-creation is a mutual and reciprocal process (i.e. service is exchanged for service). Not only do firms offer their customers a value proposition that can be integrated with other resources to create value, customers also do the same for the firms, though usually indirectly through money (rights to future service) (Vargo, 2009). This is why Vargo and Lusch (2011) have suggested using the term 'actor' for all entities involved in value co-creation, emphasizing that the roles of firms and consumers are similar and that a distinction between them is theoretically obsolete. Since no single actor possesses adequate resources for value creation, resources (e.g. competencies, knowledge, and skills) are constantly provided through interactions with actors external to the exchange. Thus, mutual service provision is

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not limited to dyadic relationships between providers and beneficiaries (e.g., firms and customers), as these central actors must also interact with others to co-create value. SDL thus advocates a network-with-network model of value creation that enables the central provider and beneficiary to integrate resources from actors connected with them (see Figure 4).

- Insert Figure 4 here -

To sum up the basic ideas of SDL and to demonstrate why it can be understood as another lens through which economic exchange can be viewed, Table 1 highlights the fundamental differences between the GDL and SDL perspectives.

- Insert Table 1 here -

5. Developing a Sport Value Framework

The SDL briefly outlined above has received a great deal of attention among academics and practitioners in past years, as it offers a unified understanding of economic exchange and provides a comprehensive view of value creation. We believe that adopting the SDL perspective can help advance research and practice in sport management. Based on the foundations of SDL, we therefore aim to propose a sport value framework (SVF) that enables a better understanding of sport management phenomena.

A conceptual framework for sport management needs to consider the field's unique characteristics, for instance the mix of volunteers and professionals, coopetition, events sold directly and via different media, and emotional customers. Besides addressing these characteristics, we would like to use the SVF to illustrate the reasons why applying alternative models of value creation will lead to better analyses, and hence, to more appropriate strategies in sport management. While we will frequently use sports events as examples throughout the development of the sport value framework, the SVF should nonetheless be understood as a general framework for analysis in sport management. In the following, we will provide and explain ten foundational premises (FPs) that represent the basic assumptions of the SVF and

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illustrate its usefulness for sport management. We will also discuss three different levels of analysis of value co-creation. These levels differ with regard to the perspective of analysis and the degree to which they cover the complexity of value co-creation.

It is generally accepted that sport management is inseparably linked with sporting activities. The specific characteristics of sports, such as the uncertainty of outcomes, the role of athletic display, the kinaesthetic nature of sporting activities, the visceral nature of many types of sporting engagements (Hinch & Higham, 2005), and the extreme emotions involved in sports (Biscaia, Correia, Rosado, Maroco, & Ross, 2012; Hanin, 2000), clearly distinguish sport management from other management areas. Consequently, a framework for the analysis of sport management should be based on this first foundational premise.

FP 1: Sporting activities are the core of sport management.

SDL defines service as the applied knowledge of the actors involved in value creation and sees it as the basis of all economic exchange (Vargo & Lusch, 2004). One of the central tenets of SDL, that service is exchanged for service, implies that products or services may still be involved in economic exchange, but only in the function of appliances for service provision. If seen through this lens, sport events can no longer be understood as products or even services. In fact, event organisers can only make a value proposition to the other actors (Vargo & Lusch, 2004). For sport events, this could be interpreted as providing a 'platform' for value co-creation. In such 'service systems' (Vargo, Maglio, & Akaka, 2008), the actors depend on the resources of others to create value, meaning that fans integrate team performance and teams integrate spectator-induced atmosphere. As a consequence, service-for-service exchange and resource integration are essential if value is to be created. This is expressed in the second foundational premise of the sport value framework.

FP 2: Service is the fundamental basis of exchange in sport.

In SDL, goods are seen as vehicles for service provision rather than the primary basis of exchange (Vargo, 2009). Whether the goods are tangible or intangible is not important, as applied knowledge is the reason why economic exchange exists. Products and services are merely the manifestation of applied knowledge (service). Following this logic, sport goods (products and services) are vehicles that convey the applied knowledge and skills of the actors involved. They provide consumers with the opportunity to achieve higher-order benefits or needs (e.g. emotions, meaning, and image). Hence, sport goods can be interpreted as resources that can be integrated into value co-creation processes (e.g. sporting activities, spectator sports). These considerations lead to the third foundational premise of the sport value framework.

FP 3: Sport goods (products and services) are vehicles for service provision.

The first three premises include the basic assumptions underlying the SVF and characterize the nature of exchange in sport markets. In the following, we aim to shed more light on value co-creation with regard to the field of sports. We will split these considerations into different levels of analysis starting with the individual actors up to the entire ecosystem of value creation.

We suggest that the first and most basic level of analysis of value co-creation is the ‘intra-level’. At the intra-level, the analysis focuses on problems within a subject or within an organization. These can include the motivations, attitudes or loyalty of consumers, or the structure of (primary and secondary) activities within an organization.

In contrast to conventional views of value creation in sport management, and as noted previously, value is not embedded in sport goods and services provided by firms and organisations, but can only be derived from their use (Grönroos, 2000; Gummesson, 1998). Interactions between actors (firms or organisations, customers, and other stakeholders) are necessary to access the others' resources and to create value (Chandler & Vargo, 2011).

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According to SDL, the role of each of these actors is to provide service through resource integration (value proposition) (see Table 1). As mentioned earlier, in the case of sport events, the value proposition of the event itself can be interpreted as a platform that fans, spectators, and other actors can use as a means of providing their value propositions. For example, the value proposition of fans and spectators is usually their contribution to stadium atmosphere through singing, chanting and other activities. While sport organizations often welcome these contributions, they can sometimes also be unwanted, for instance in the case of hooligans. Nevertheless, these value propositions are always part of the value co-creation processes of others (other spectators, journalists, etc.). Still, it must be emphasized that value propositions can always serve only as potential input for the value creation of other actors, as value is always determined by the beneficiary. This is expressed in the fourth foundational premise.

FP 4: Firms and customers can only offer value propositions.

Firms, organisations and customers have been well investigated in sport management in the past, but mainly through a GDL lens. While these pieces of research are useful in some regards, they must be re-considered from the SDL perspective. Although it is useful to understand the activities and behaviours of single actors, from the SDL perspective it is necessary to understand the entire ecosystem of value creation. Hence, we must be aware of the limitations of results if research focuses only on firms or customers.

Besides the intra-level, past research in sport management has also often been done at a micro-level and has examined, for instance, basic relationships between actors. Research has included the investigation of team-fan relationships (dyad) or team-sponsor-fan relationships (triad). However, SDL demands broader analyses that consider the entire network of actors involved in value co-creation (meso-level).

The intra-level can be seen as the link to existing approaches in (sport) marketing and management, where we find a rich body of research dedicated to an understanding of actors in the field of sport. As previously mentioned, there is both a wealth of research on the supply of sport events (e.g. the sport activity model (Li et al., 2001)) as well as on sport consumers (e.g., fan typologies (K. A. Hunt et al., 1999; James & Ross, 2004; Mahony et al., 2000; Stewart et al., 2003; Tapp, 2004)). However, these approaches fall short of capturing the true nature of sport management, as value co-creation cannot be solely analysed at an intra-level that is limited to single actors. Rather, they need to be complemented by research at the micro- and, in particular, at the meso-level. Nevertheless, we think that limiting research to the intra- or micro-level can be useful in some instances, as this helps gain a profound understanding of value co-creation processes from a particular actor's perspective.

In sport management, the value creation processes of firms and organisations are usually analysed using Porter's value chain (1985). Stabell and Fjeldstad (1998) suggested that, two other generic value configurations (value shop, value network) could be used to better account for the nature of firms' value creation activities. These value configurations have been derived from Thompson's (1967) typology of firm functions, which classifies the primary activities of firms and organisations into producing, problem-solving and intermediating activities. As many sport organisations and firms do not primarily 'produce' (i.e. transform inputs into outputs), but rather solve the problems of their customers (e.g. ski schools) or link various actors (e.g. sport events), more suitable value configuration models (value shops, value networks) should be applied to analyse their value creation processes (Stabell & Fjeldstad, 1998).

Although a marathon competition can be modelled as a value chain, the value network configuration is more appropriate. In organising a marathon, the main activity is coordinating all of the actors involved (i.e. the runners, media, sponsors, volunteers, spectators, etc.). Likewise, a friendship match between two football teams can be modelled as team production in a value chain (Woratschek & Schafmeister, 2005), but this would not cover the nature of

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managing such a match. Organising the event would require coordinating the teams, service providers in the stadium, fans, VIP guests, media, police, security staff, volunteers, medical staff, and many other stakeholders. In this instance, the 'value network' is most suitable for analysis, as the main purpose of sport event organisations is linking different partners to create the event. Similarly, sport leagues do not 'produce' in a narrow sense. They do more than merely turn input into output. Rather, their value proposition is providing a platform and coordinating teams and other actors. By providing their platform, they also give others the opportunity to use it as a means of offering their value proposition.

Sport activities and sport competitions are the core of sport management. To create value, various actors must participate. As a consequence, the purpose of sport firms and organisations frequently lies in linking these partners to one another: they create value propositions mainly in the configuration of a value network. Their activities can be supported by other sport firms or organisations that could focus on producing (value chain) or problem solving (value shop). However, the value creation of these actors is not that different from that of other industries. Firms producing and selling sporting shoes and sporting clothes can be seen as quite similar to firms producing other types of footwear and clothing. The activities of consultants in the field of sport do not differ much from those of consultants in other industries.

While the value configurations suggested by Stabell and Fjeldstad (1998) are still grounded in GDL because they assume that firms and organisations can actually create value, their models could be interpreted as a means of analysing how organisations create value *propositions*. If we restrict these models to this condition, they are useful, even from the SDL perspective. As discussed earlier, the nature of sport management lies primarily in linking actors to one another. The value propositions of sport firms and organisations can therefore be best described with the value configuration of a value network rather than a value chain, as has been done in most previous research.

FP 5: Sport firms create value propositions mainly in the configuration of a value network.

If SDL is used as a lens through which we look at sport events, regarding them as 'team products' clearly fails. From the SDL perspective, the term 'production' in sport management is misleading, as value cannot be created in a production process. Single actors cannot create value at all, because value is always the result of a collaborative process between various actors. Hence, if research is only focused on the value propositions of firms, results are limited to the intra-level and the consequences for value co-creation cannot be fully covered. In the following section, we will thus examine consumers' value creation processes before analysing value co-creation at the micro- and meso-levels.

At present, customers are mainly seen as 'destroyers of value' (Vargo et al., 2008), and are mostly analysed individually (Chandler & Vargo, 2011). Similarly, research on sport events, for example, usually limits the role of sport fans to the consumption of the events. However, it has been shown that the interaction of customers within social groups also leads to value. Research on the influence of reference groups (Bearden & Etzel, 1982), social identity theory (Tajfel, 1974), network theory (Granovetter, 1973; Scott, 2000) or the concept of many-to-many marketing known from the Nordic School (Gummesson, 2008), illustrate that consumers cannot be interpreted as independent individuals. Especially at sport events, consumers often act in a group and/or are influenced by other consumers. Fans and spectators participate in an event and contribute to it by singing, chanting, acting emotionally and creating a specific stadium atmosphere. Moreover, sport consumers co-create by contributing to the reputation of a sport event, for instance by engaging in customer communities (van Doorn et al., 2010) or recommending the event to other consumers (Horbel, 2013).

Furthermore, the presence of other customers during consumption can influence the perceived service quality, and hence, the perception of the value propositions (products, services) (Raghunathan & Corfman, 2006; Ramanathan & McGill, 2007; Uhrich & Benkenstein, 2010). Watching a football game in a small stadium with many free seats is probably a much different experience than watching it in a sold-out arena. From these considerations, we derive our sixth foundational premise.

FP 6: Sport customers co-create value primarily by integrating resources from their social groups.

Doing research on sport consumers is important, as profound insights into their behaviour are needed. However, it is necessary to be aware of the limitations of the results, as such research only considers the intra- or micro-level. To fully grasp the foundations of SDL, research on the interplay of actors (firms, customers and other stakeholders) in the entire network of value creation is necessary. This proposition is substantiated by Ferrand, Chappelet, and Séguin (2012) who argue that Olympic marketing is co-creation of value through the contributions and interaction of all Olympic stakeholders. Each of these actors creates both "value for itself and the Olympic brand" (Ferrand et al., 2012). For example, sponsors create value by providing products and services to the Olympic Games, or by communicating Olympic values in their advertising campaigns. But, they also use the Olympic platform to present their own brand, products and services to consumers worldwide. National Olympic committees (NOCs) build on the Olympic brand in their endeavours for sport development and education, but are also responsible for protecting the Olympic brand. The representation of the core values of the Olympic brand is also a key role of the athletes, which in turn create value for themselves by using the Olympic Games as a platform to market themselves. Broadcasters enable people around the world to participate in the Olympics. At the same time they profit from the strength of the Olympic brand which ensures

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them a large audience, and hence, high advertising revenues. Not to forget, fans and spectators are important actors in value co-creation by contributing to the special atmosphere of the game, consuming the games on television or buying merchandise. They derive value by feeling part of something unique and experiencing emotions. The various perspectives of these and other stakeholders (e.g. IOC, organising committees, governments, professional sport leagues) are captured in a framework which applies the logic of value co-creation within the Olympic network (Ferrand et al., 2012). The seventh foundational premise of the SVF emphasizes the collaborative nature of value creation when considered from the SDL perspective.

FP 7: Value is always co-created by firms, customers and other stakeholders.

As a first step in this direction, relationships in sport management should be analysed at a micro-level, meaning at the level of the relationships between actors in dyads and triads. Three types of dyads between actors are important to understand as parts of the entire ecosystem of value co-creation: relationships between actors on the supply side, relationships between actors on the demand side, and relationships between actors on both the supply and demand sides. Triads are the simplest form of relationship; they acknowledge that focal actors (firm and customer) often need resources from other stakeholders to co-create value.

In sport management, value is mostly conceptualized as value-in-exchange (manifested in the market price of a good), thus following the GDL perspective. However, as previously outlined, value creation in sport management always requires the interaction of different social actors, which leads to varying and individual outcomes. Value is not merely a product of buying. Every actor has to integrate his/her own resources with the value propositions of the other actors. As a result, the beneficiary always determines value individually. For example, different visitors who experience the same sport event usually derive a range of values depending on their specific interest (e.g. hooligans vs. peaceful

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visitors). Since value emerges from the actual use of the product or service, such as the participation in a sport event, value is commonly referred to as “value-in-use”. This is expressed in the eighth foundational premise of the sport value framework.

FP 8: Co-created value is always value-in-use.

Traditional models of value creation in sport management fall short of capturing the true nature of value creation, since they solely focus on quantities or qualities of goods (Parks et al., 2011; Stabell & Fjeldstad, 1998). For example, conjoint measurement analyses utility (value) by only considering characteristics of goods (quality). The problem with this approach is that it neglects the situation in which the consumption process takes place. For example, the perceived value of new skis can vary considerably in the eyes of a single customer, depending on a variety of factors such as weather conditions and whether the customer is skiing alone or with friends.

Clearly, the value of the new skis always depends on the specific context in which they are used. Chandler and Vargo (Chandler & Vargo, 2011, p. 40) define context as a ‘‘set of unique actors with unique reciprocal links among them’’. Hence, the resources that can potentially be integrated in the process of value co-creation depend on the specific context. Consequently, value propositions can be more valuable in one context but less valuable in another (Chandler & Vargo, 2011). The context dependence of value creation is acknowledged in the ninth foundational premise.

FP 9: Co-created value is always value-in-context.

In the case of team sport events, value is always co-created by many different stakeholders (e.g., league, teams, event organizer, catering providers, security staff, volunteers, media, fans, etc.). Another example is skiing tourism, where the resources of funiculars, sport producers, hotels, restaurants, skiing schools, etc. are integrated. Value co-creation requires that individual actors integrate the value propositions of others with their private, public, market-facing and other resources, which are provided through networks and relationships. This network-with-network model of value creation (Vargo, Lusch, Horbel, & Wieland, 2011) is captured in the tenth foundational premise of the sport value framework.

FP 10: The role of firms, customers and other stakeholders is to integrate the resources of their specific networks to co-create value.

Value co-creation as a whole can only be captured if the entire context-specific network is analysed. Analyses in which the whole value co-creation network is the object of research are carried out at the meso-level. This level reflects the core idea of SDL. We do not call it the macro-level, as this would refer to the entire economy. Even though an all-encompassing perspective of value co-creation in sports must sometimes include actors from politics, the government, and companies from other sectors, the SVF focuses on one particular and distinctive part of the economy: the sport industry. However, while specific networks do not include every actor in an economy, analyses cannot focus solely on sport organizations and sport firms.

Figure 5 provides an overview of the SVF based on ten foundational premises. FP 1 to FP 3 express the nature of economic exchange. They are the basic assumptions that underlie the sport value framework. FP 4 to FP 10 describe the nature of value co-creation in sport industries, whereby the complexity of the analysed object increases, from individual actors, (intra-level) dyads and triads of actors (micro-level), to the entire value co-creation system (meso-level).

- Insert Figure 5 here -

The SVF aims to provide guidance for analysing this system. Such analyses can be carried out at three different levels, depending on the matter at hand. The meso-level provides a comprehensive view of the relationships in a specific sport industry. At the micro-level, value creation in sport management is only partly covered. At this level, dyadic, triadic or

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even more complex relationships between actors are analysed, but without full appreciation of the entire value-creation network. At the intra-level, the analysis focuses on single actors (organizations, individuals). This level is the link to most existing approaches in (sport) marketing and management, where there is a rich body of research dedicated to an understanding of the actors in the field of sport. However, for analyses of value co-creation at the various levels, the interfaces with other levels must always be kept in mind and the consequences and limitations of the results considered.

6. Conclusions and Further Research

Current sport economic thinking implies that firms create value by combining resources and customers buy products and consume value. However, we demonstrate that building on this GDL perspective in sport management is inappropriate, as it does not sufficiently explain phenomena that can be observed in practice. For this reason, we suggest abandoning the GDL perspective in sport management and developing the SVF, which consists of ten foundational premises based on SDL. This new framework is better suited to analysing value co-creation in sport management. However, we do not claim that the SVF contradicts previous sport management literature. Rather, it enhances existing perspectives. SVF can be applied to re-interpret existing literature, and it can be combined with new approaches of value co-creation. This provides a full picture that promotes a deeper understanding of the nature of sport management.

The SVF based on SDL aims to provide guidance in structuring the different pieces of research in sport management. The fundamental premises can be used to

- identify the perspective of a particular analysis,
- analyse whether this perspective allows for an appropriate understanding of sport management problems, and

- determine the extent to which analysis goes beyond the inadequate perspective of many traditional theories and models in sport management and economics.

According to the SVF, sport events should be regarded as platforms where different actors (e.g. organizations, customers and other stakeholders) co-create value within a network. We suggest analysing this network at three different levels:

- the intra-level, which examines the role and behaviour of sport firms, customers and other stakeholders,
- the micro-level, which comprises the dyadic, triadic and somewhat more complex relationships between sport firms and customers, and
- the meso-level, or the entire network of actors involved in value co-creation on a sport market and their relationships with one another.

Depending on the matter of interest, value creation should be analysed on one of these levels. However, it is always necessary to take interfaces with other levels into account and consider possible limitations and consequences.

In our view, applying the SVF and considering sport events as platforms for co-creation will lead to new insights in sport management research and practice, as managing a platform (value network) is different from managing a production process (value chain). Therefore, researchers and practitioners should be open to breaking new ground and developing new management approaches. And while the nature of these new approaches cannot yet be fully anticipated, some of the emerging topics are clear: Managers must be aware that they have limited control over their organizations' value creation, as they rely on other actors (e.g. partners, consumers, fans, clubs, and media). Consequently, they must develop strategies for value co-creation and collaborative brand building with other actors in the network. However, the influence of customers, potential customers and especially non-consumers on the value creation of sport events is yet not fully understood. How do these groups influence the value of a sport event? What is the impact of fan or brand communities and anti-brand communities on value creation? If sport events are well connected to other markets, shouldn't we know more about brand alliances and branded communities in sport? And what are the consequences of the answers to these questions for the evaluation of brand values?

Moreover, recognizing that other customers are present on a platform and contribute to value co-creation calls for the development of new approaches to utility measurement (discrete choice models) or measurement of service quality. If services cannot solely be provided by one firm or organization, traditional approaches to measuring service quality and customer satisfaction (e.g., SERVQUAL , SERVPERF) that do not cover the contributions of fans, spectators, or VIP guests to service quality are no longer suitable.

Although we cannot yet answer all these questions, we hope that we have successfully demonstrated that thinking about sport management should change. Applying the SVF based on SDL is an adventure, and we look forward to seeing to where it will take us in the next ten years. If one thing is certain, it is that we will think differently about sport management in the decade to come. We will no longer consider sport events as goods, but as platforms that actors can use to co-create value in their business and leisure activities.

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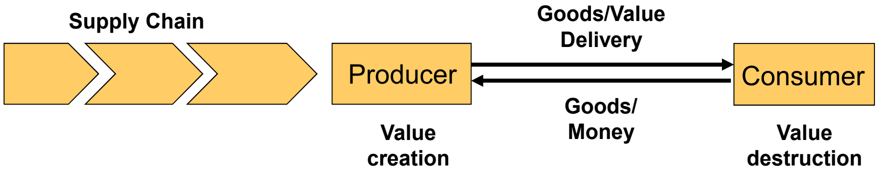
Table 1: Comparison of GDL and SDL (adapted from Vargo, Maglio, & Akaka, 2008, p. 148)

	Goods-dominant logic (GDL)	Service-dominant logic (SDL)
Purpose of economic exchange	Utility/value	Value co-creation
Objects of economic exchange	Goods (products or service**s**)	Service, defined as applied knowledge (competencies and skills)
Value generation	Value is produced by firms	Value is co-created in a collaborative process between firms, customers and other stakeholders
Creator of value	Firm, often with input from firms in a supply chain (and sometimes customers as 'external resources')	Firm, network partners, and customers
Role of firm	Produce and distribute value	Provide service through resource integration (value proposition)
Role of customers	To „use up" value created by firms	Co-create value through resource integration
Role of goods	Get embedded with utility/value during manufacturing	Vehicle for service provision (manifestation of service)
Role of resources	Firm resources primarily as operand ("a resource to be acted on", e.g. raw material)	Firm resources primarily as operant ("a resource that is capable of acting on other resources", such as skills and knowledge)

Figure 1: Goods-Dominant Logic (adapted from Vargo, 2009)



Goods are mainly
but also

- **products,**
- services.

Figure 2: Sport Activity Model (adapted from Li et al., 2001)

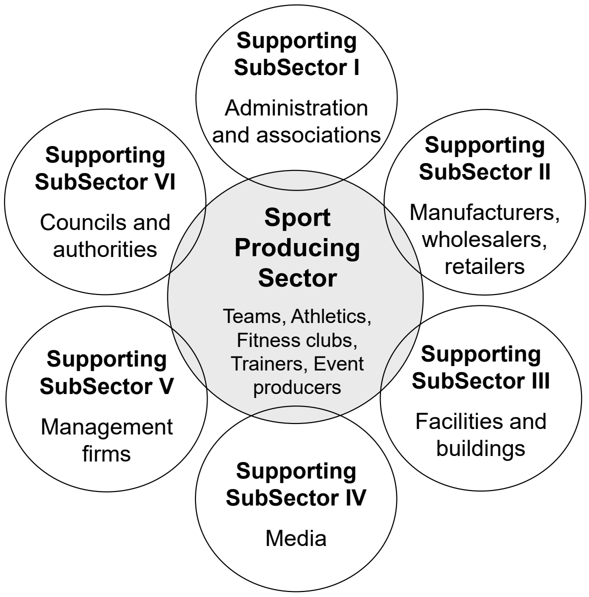


Figure 3: The State of Thought on the Nature of Sport Management

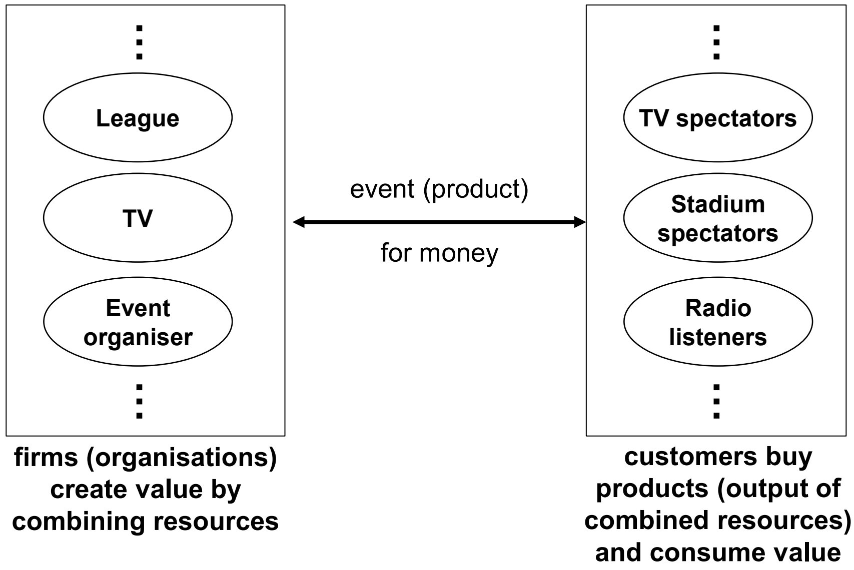


Figure 4: Service-Dominant Logic (adapted from Vargo, 2009)

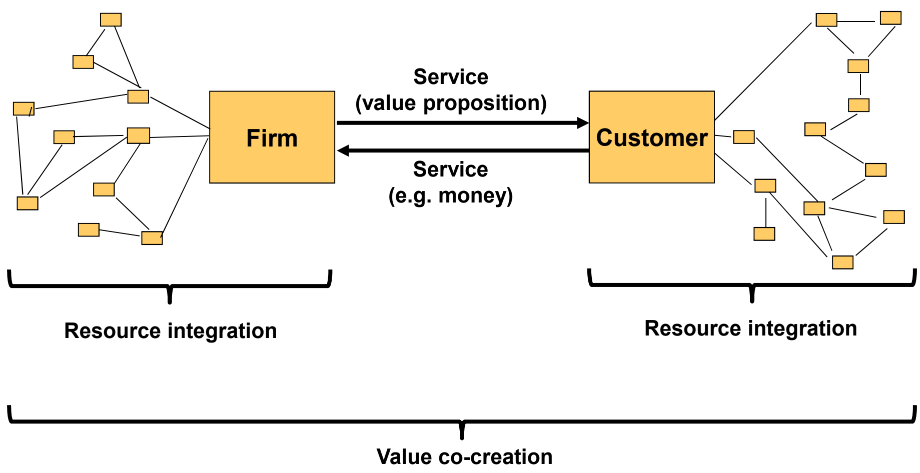


Figure 5: Sport Value Framework

FP 1	Sporting activities are the core of sport management.
FP 2	Service is the fundamental basis of exchange in sport.
FP 3	Sport goods (products and services) are vehicles for service provision.
FP 4	Firms and customers can only offer value propositions.
FP 5	Sport firms create value propositions mainly in the configuration of a value network.
FP 6	Sport customers co-create value primarily by integrating resources from their social groups.
FP 7	Value is always co-created by firms, customers and other stakeholders.
FP 8	Co-created value is always value-in-use.
FP 9	Co-created value is always value-in-context.
FP 10	The role of firms, customers and other stakeholders is to integrate the resources of their specific networks to co-create value.