

Suggesting a Service Research Agenda in Sport Tourism: Working Experience(s) into Business Models

Purpose: Business models describe how value is delivered to customers/consumers. When considering sport tourism, the focus on delivering value shifts to the sport experiences being offered in a destination. The purpose of this paper was to fulfil a void that links concept of business models to the area of sport tourism management by integrating notions of experience.

Approach: To merge these areas, a review of literature identifies key approaches and missing links. This paper determines research gaps to propose a new holistic research agenda for sport services—specifically relevant to sport tourism.

Findings/practical implications: This paper addresses types of sport experiences, economic dimensions of experiences, and business models to determine capabilities of delivering different types of experiences. These interrelated fields of analysis represent a platform for both academic and business stakeholders to shape the future of delivering sport tourism experiences—based on seeking a wider range of motivations in a specific spatial and activity context.

Originality/value: A series of research questions and proposals are identified to support the need for future research. Extending understandings of experience in relation to consumer demand has the potential to result in practical elements of sought after experiences being incorporated into business models—aimed at delivering service value.

Keywords: business models, experience economy, sport tourism

Article Classification: This is a conceptual paper that assesses the literature on business models and experience economy to suggest a service research agenda in sport tourism. This paper

outlines critical and conceptual points identified in these literatures to identify directions that build on existing research.

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Introduction

There is a need to outline service agendas in the field of sport tourism focusing on business modules that explicitly address consumer experiences alongside value delivery. Business models describe how value is created and delivered to consumers (Teece, 2010; Wikström *et al.*, 2010; Zott *et al.*, 2011). Similarly, experiences offered are essential elements of value delivery and service quality, and this focus has seen increased attention among researchers in the field of management (see Andersson, 2007; Kim *et al.*, 2012; Knutson and Beck, 2004; Morgan *et al.*, 2009; Oh *et al.*, 2007; Perić and Wise, 2015; Prahalad and Ramaswamy, 2004; Sheng and Chen, 2013; Williams, 2006). This conceptual paper offers perspective and adds to the literature by looking at business models and experiences. Specifically, this paper outlines the need for an approach to evaluate how experiences are managed and delivered in sport tourism. The sustained growth of the sports industry worldwide is accompanied by the development of different sport experiences. Accordingly, based on the final component of Pine and Gilmore's (1998) progression of economic value delivery, it can be argued that memorable sport experiences are becoming increasingly diversified—with different products, goods and services being offered.

Linked to the focus of this paper, the disciplines of sport and tourism are often studied together (De Knop and Van Hoecke, 2003; Downward, 2005; Glyptis, 1982; Harris, 2006; Weed, 2007). From a management perspective, whether looking at sport and tourism independently, or interdependently, experiences have to be developed, manufactured, marketed and delivered.

Developing, manufacturing, marketing and delivering experiences represent a challenge for sport and tourism managers/marketers when trying to cater to a range of visitor needs. However, when considering these areas all together, there is little research that integrates experiences within business models in the field of sport tourism (e.g. Perić and Wise, 2015). This paper proposes a research agenda that seeks to fulfil a void that links concepts of business models with the areas of sport tourism management along with the notion of the experience economy. As discussed below, these areas assessed together have been underexplored in previous research. Other scholars would agree that alternative approaches to the study of sport management is needed (e.g. Amis and Silk, 2005; Doherty, 2013; Ostrom *et al.*, 2010), and therefore this paper proposes a new holistic research agenda for sport services, with a focus and proposed examples provided relevant to sport tourism.

Given this focus, the next section outlines the three different theoretical concepts brought together in this paper: business models, experience economy, and sport tourism (see Figure 1). The conceptual article reviews the literature on business models before focusing on the notion of experience economy. Subsequent sections in this paper attempt to integrate the concepts of business models and experiences pertinent to sport tourism. By discussing sport tourism experiences, the focus is placed on emphasising gaps and approaches that could be considered in future research agendas in sports studies, sport management and sport tourism. The concluding remarks section highlights some further theoretical and managerial implications and types of sport destinations for this research.

[FIGURE 1 ABOUT HERE]

Conceptualising Business Models

Magretta (2002) argues that every viable organisation is built on a sound business model. Research on business models help facilitate theoretical development in entrepreneurship and enterprise research (Hacklin and Wallnöfer, 2012; Johnson *et al.*, 2008; Nenonen and Storbacka, 2010; Morris *et al.*, 2005; Shafer *et al.*, 2005; Teece, 2010; Zott *et al.*, 2011). Recent management literature looking at business models, as expected, suggests there are numerous interpretations concerning how business models are understood. For instance, a business model is defined as “an architecture of the product, service and information flows” (Timmers, 1998, p. 2) or a variation of generic business value chain (Magretta, 2002). Business models explain how a business operates, with emphasis on: developing (i.e. designing, purchasing raw materials, and manufacturing) and selling and delivering (i.e. marketing, transactions, and distribution) a product or offering a service. Business models do not only outline a firm’s business logic (Osterwalder *et al.*, 2005), they position how an organisation structure activities and (intend to) deliver value to consumers (Wikström *et al.*, 2010). Hence, the essence of a business model is about defining the manner by which an enterprise delivers value to customers, entices customers to pay for value and converts those payments into profit (Teece, 2010).

In view of economics and organisational theory, organisational business models contain a set of elements and relationships that continuously develop to match today’s complex business environment. An organisational business model is a structure which makes all the elements work in tandem with one and another to form a virtuous cycle for delivering a value (Table 1 outlines numerous authors have defined business model elements).

[TABLE 1 ABOUT HERE]

When it comes to service delivery in tourism, business models focusing on service seem to be more complicated than manufacturing and retail business models. To set the context for sport tourism below, the use of business models in the field of tourism will help to guide the framework below. Tourism scholars have mainly focused on business models for e-tourism and tourist agencies (e.g. Kabir *et al.*, 2012; Mosleh *et al.*, 2015; Rayman-Bacchus and Molina, 2001). With the emergence of the internet in the 1990s, traditional travel agent business models have been significantly altered and now bear no resemblance to previous approaches (Rayman-Bacchus and Molina, 2001). For instance, Runfola *et al.* (2013) compared business models of two online hotel distribution companies by looking at target segments, value proposition and revenue management.

Definitions and elements of business models are not consistent in the literature (see again Table 1). Elements only partially overlap, giving rise to a broad conceptual reach of possible interpretations. A lacking consensus may be in part attributed to interdisciplinary scholarly perspectives and approaches (Shafer *et al.*, 2005). Some scholars consider customer value creation as an important element of a business model (Johnson *et al.*, 2008; Nenonen and Storbacka, 2010), while others focus more on product creation, offering and commercialising value to discrete customers (Magretta, 2002; Osterwalder *et al.*, 2005). This proposed research agenda intends to show how co-creation is essential when creating experiences for a wider range of consumers. In tourism, as argued here, value relies on experiences.

Experience Economy and the Tourist Experience

Modern consumers seek new experiences to satisfy their sense of exploration, wellbeing or to fulfil personal needs. Because consumers continually seek a wide range of experiences, they are willing to pay for it (Andersson, 2007; Howell, 2005; Škorić, 2008). Experiences were often seen just as a supplement to basic products and services; however, perceptions of experiences and their market value now require more attention (Perić, 2015). Not only are industries further promoting what experiences customers will gain (O'Sullivan and Spangler, 1998; Pine and Gilmore, 1998, 1999; Schmitt, 1999), experiences has become the actual focus of economic and scientific activities (see Chang and Horng, 2010; Knutson and Beck, 2004; Morgan *et al.*, 2009; Prahalad and Ramaswamy, 2004).

The foundation work of Toffler (1971), Holbrook and Hirschman (1982) and Schulze (1992), and Pine and Gilmore (1998) makes evident that we have entered the experience economy era. Scholars have since built on the concept of experience economy. O'Sullivan and Spangler (1998) for instance discussed strategies of experience marketing ahead of the new millennium. The central focus on earlier studies focused on feelings looking at both economic motives and sociological aspects by addressing supply and demand, respectively, opposed to deeper psychological evaluations with the actual motivations of consumers.

From the aspect of consumer demand, experience is defined as the result of encountering, undergoing or living through situations that provide sensory, emotional, cognitive, behavioural, relational and functional values (Schmitt, 1999). When considering the delivery side, experiences occur when the provider intentionally stages services to create memorable events – creating value for each individual consumer (Pine and Gilmore, 1998). Definitions indicate that experience is a complicated and highly individual construct. Because experiences are derived from a series of interactions between consumers (consumption), the environment and the

provider (O'Sullivan and Spangler, 1998), the state of mind then relies on how an individual interacts with, relates to the event they are attending and the place they are in (Pine and Gilmore, 1998). An interaction, when supported by a unique sensory stimulus, leads to certain kind of reaction from the consumer (Getz, 2007). If the experience reaction is positive, it will long remain as a memorable to the consumer (Pine and Gilmore, 1999). Lounsbury and Polik (1992) noted that two people cannot have identical experiences, representing a challenge for service providers. Memorable experiences have become products that require much effort to create, develop and eventually sell. Nowadays, from a managerial perspective, experiences are considered part of the offer – different from other goods and services. When considering this notion of the experience economy, O'Sullivan and Spangler (1998) outline three types of actors: (1) infusers, (2) enhancers, and (3) experience makers. While the 'infusers' and 'enhancers' incorporate elements of experience into their products in order to increase selling potential and satisfaction, the 'experience makers' create experiences as the core of their business.

Expanding on the understandings outlined above, Pine and Gilmore (1998) identified two dimensions of experience. The first dimension is customer participation – involving active and passive participation. Active and passive participation are especially relevant in sport tourism (Weed and Bull, 2009). The second dimension describes connections that unite consumers, such as an event or performance – whereby at one end of the spectrum there is absorption and at the other there is immersion. As a result, from these two broader dimensions, Pine and Gilmore (1998) categorised experiences into four broad categories commonly referred to as the 4Es model; (1) entertainment experiences (passive participation and absorption), (2) education experiences (active participation and absorption), (3) escapist experiences (active participation

and immersion), and (4) aesthetic experiences (passive participation and immersion). The 4Es model has remained the basis for assessing memorable experiences in academic inquiry.

Alternatively, Schmitt (1999) distinguished five different types of experiences, or so-called strategic experiential modules, which refer to sensory experiences (sense), affective experiences (feel), creative cognitive experiences (think), physical experiences, behaviours and lifestyles (act) and social-identity experiences linked to a reference group or culture (relate). Arguably, a focus on highly individualised experiences suggests the need to distinguish between general experiences that can be experienced at any event (i.e. entertainment). Furthermore, special experiences closely associated with particular types of planned events (i.e. sports spectator's experience) and other types of experiences provide tourists largely with so-called 'guaranteed' experiences (e.g. amusement parks) (see Travel Industry Association of America, 1999). Moreover, based on their intensity, Getz (2007) classified experiences into 'basic,' 'memorable,' and 'transforming,' which can change people's existing values and attitudes (see also Pine and Gilmore, 1999). While these models and types of experiences detailed offer a conceptual overview, they are not regularly linked to business models.

The highly individualised approach to experience is perhaps best expressed in the tourism and hospitality industries. Tourism, especially, is one of the pioneer examples of the experience economy (Quan and Wang, 2004). As argued by Cohen (1979, p. 180), given the heterogeneity of tourism products, "different kinds of people have a desire to experience a different kind of tourist experience." Consequently, Cohen (1979) developed a typology of five modes of tourist experience, namely recreational, diversionary, experiential, experimental and existential. Similarly, Pine and Gilmore's findings (1998, 1999) are largely based on an analysis of tourist attractions in the United States, such as theme parks, concerts and sporting events. Quan and

Wang (2004) added, 'purified' tourist experiences are sharp contrasts to daily experiences and suggested a two-dimensional tourist experience framework with the first addressing the 'peak touristic experience' (representing the attractions that constitute the major motivations to tourism) and the second as 'supporting the consumer experience' (representing the basic consumer needs on the journey). Bringing the above observed perspectives together, Sheng and Chen (2013) suggest tourists expect to experience the following five factors: experience expectations of easiness and fun, cultural entertainment, personal identification, historical reminiscence and escapism. The tourism and hospitality sectors cannot be seen as immune to fundamental changes in the orientation of marketing because innovative experience design is core and needs to adapt to continual changes (Williams, 2006). Experience economy concepts and tourism are interlinked based on theoretical and practical implications (Getz, 2008; Morgan *et al.*, 2009).

Hence, the notion of experience economy represents a conceptual turn not only in business strategies, but also in tourism destination management strategy. The emphasis today is on accommodating today's consumers and less on the actual destination or place. To this regard, consumers are assumed to play an important role in the final link of the value creation (Andersson, 2007; Binkhorst and Den Dekker, 2009; Klaus and Maklan, 2011; Prahalad and Ramaswamy, 2004), representing the co-creation of value and experience. Businesses increasingly focus on non-material features of products which relate to customer motivations and perceptions of particular events, places and (wider geographical) regions (e.g. Getz and McConnell, 2011; Klaus and Maklan, 2011). Getz (2008) concluded that the nature of planned event tourism experiences (events delivering experiences expected by consumers), has been given little research attention. Additionally, Ritchie and Hudson (2009) note specific kinds of

tourism experience as one of the major challenges faced in consumer experience research. This paper concurs to these conclusions because work relating business models and experience (as an element representing proposed value for tourists) has not been explicitly highlighted until recently (see Perić and Wise, 2015).

Sport Tourism and Consumer Experiences

Sporting opportunities are a major part in many people's lives and increasingly people are seeking new sport experiences when traveling (Radicchi, 2013; Roche *et al.*, 2013). Moreover, the relationships between tourism and sport has been a crucial point of analysis among academics (e.g. Anthony, 1966; De Knop and Van Hoecke, 2003; Downward, 2005; Gibson, 1998; Glyptis, 1982; Hinch and Higham, 2001; Hunziker and Krapf, 1942; Radicchi, 2013; Weed and Bull, 2009). Scholars have argued that tourism and sport are cognate areas, whereby tourism (the experience-oriented activity) and sport (the performance-oriented activity) offer differing active and/or passive motives (Gibson, 1998; Glyptis, 1982).

The notion of experience economy is present in sport tourism research. Kurtzman (2005) suggested that sport experiences have been created and structured as a particular type of tourist experience. Indeed, active or passive participation in sports, or sport-related activities, combined with unique characteristics of sports resources, can provide tourists with extraordinary adventures and experiences (see Weed and Bull, 2009). Weed and Bull (2009) broadly view sports tourism as the interaction of activities, people and places. Given these socio-spatial dimensions, Bouchet *et al.* (2004) integrated these three points to propose a framework for analysing sport tourism consumption. They found consumer choice depends upon vacation destinations and sport services offered in relation to the experiences people seek. Harrison-Hill

and Chalip (2005) found that sport and the host destination have to be cross-leveraged. This means vertical and horizontal alliances among the providers and what physically exists will optimise the quality of experiences that the sport tourist obtains—or at least seeks to obtain. Moreover, Harrison-Hill and Chalip (2005) also claimed that infrastructure quality and services at the destination provide essential support for the overall sport tourism experience. Because the consumer experience is a subjective emotional journey full of personal, social and cultural meaning – therefore sport tourism needs controlled and stage-managed. Morgan (2007) argues that rather than trying to channel sport tourists into special areas, planners should give them space to create their own experiences and encouraging travellers to explore themselves. Perić (2010) integrated Weed and Bull's (2004) types of sport tourism (based on characteristics) into the 4E's scheme of experiences—thus connecting theoretically independent categories in the new segment of the interdependent tourist offer. Gibson and Chang (2012) investigated how involvement in cycling tours linked with what benefits participants' sought. They found age differentiation as mid-life participants' sought relaxation and later-in-life participants' wanted new experiences. Wäsche *et al.* (2013) noted that sport tourism products focus on experience and proposed a conceptual framework for practical quality management delivery, considering structure, processes and outcomes through evaluation on the network level consisting of multiple stakeholders within sport tourism.

Other studies have covered dimensions of sport experiences. Papadimitriou and Gibson (2008) identified five key benefits experienced by mountain sport tourists, namely sport experience, socialisation, excitement, enrichment and relaxation. Similarly, Kaplanidou and Vogt (2010) found active sport tourists attribute meanings related to: organisational, environmental, physical, social and emotional aspects of the sport event experience. Additionally, Klaus and

Maklan (2011) addressed: hedonic enjoyment, personal progression, surreal feeling, social interaction and efficiency. Event and tourism experiences are also central for both active and passive sport tourists, and these distinct experiences are greatly enhanced by the individual's sense of identity that they attach to their chosen activity in a destination (Shipway and Kirkup, 2011). These points were further elaborated in recent study of Shipway *et al.* (2016) who developed a model for understanding sport event tourism experiences consisting of co-created personal experiences and meanings, identity and sense of belonging. Pine and Gilmore's (1998) framework was also used to analyse experiences in sports. For instance, Hallmann *et al.* (2012) analysed active sport tourists' behaviours and determined the activities performed by the tourists impact their perceptions of safety, comfort, hedonism and relaxation. Mykletun and Rumba (2014) demonstrated that the realms of education, aesthetics and entertainment were the strongest predictors of enjoyment, satisfaction and memories of extreme sport athletes. In addition to Pine and Gilmore's (1998) framework, Perić and Wise (2015) also used a framework proposed by Johnson *et al.* (2008) to analyse and compare business models of two hospitality firms delivering sport (tennis) tourism experiences.

While there have been studies exploring the creation and development of various types of sport tourism, and numerous studies have integrated notions of experience and experience economy, more work is needed to argue how these areas are integral components of service research agendas.

Suggesting a Service Research Agenda in Sport Tourism

As described above, types of sport experiences and sport tourism experiences differ based on classifications. Previous work shows that different sectors of sport tourism provide different

types of sport tourism experiences (e.g. active sport experience, sporting event experience, nostalgia experience) (see Gibson, 1998; Glyptis, 1982). The same could be claimed for different sporting activities (e.g. diving or cycling experiences) or a group of activities (e.g. winter sport experience). Although these claims are completely eligible (i.e. there is nothing to be complained about these claims), Weed and Bull (2009) stated that one way to achieve more detailed explanations of participation in sport tourism is to achieve greater understandings of the nature of the sport tourism experiences. Therefore, this paper aims to move the focus from a ‘content based’ to a ‘participant based’ approach to examine sport tourism experiences. This paper does not consider ‘sport event experience,’ ‘winter sport experience’ or ‘cycling experience’ as true categories of an experience because these are too general – plus these are named depending only to the type of supply (i.e. content). A more profound and holistic approach to understanding sport tourism experiences should be implemented. In this paper, sport tourism experiences are considered as complex individual constructs involving personal, social, environmental, organisational and physical attributes. The very word ‘experience’ implies participation, observations or activities experienced in the moment opposed to experiences over longer periods of time. As a non-material feature experienced in the moment, experience encompasses both the athlete and her/his connection to the place and the service. This paper complements previous studies (e.g. Gibson and Chang, 2012; Hallmann et al., 2012; Klaus and Maklan, 2011; Shipway et al., 2016) that defined sport tourism experiences based on tourists’ expectations and perceived meanings of sport experiences, including: hedonic enjoyment, personal progression, surreal feeling, social interaction, comfort and relaxation – each key dimensions of sport tourism customer experiences. Still, if experience is considered an action goal, then experience rational puts acting aims at the centre (Schulze, 2013). It is often unclear what kind of experiences the

person is aiming at. Some experiences (e.g. marathons) seem – although they have one obvious aim (e.g. to race) – in reality to satisfy another aim (e.g. competitiveness or testing of one's abilities). However, whatever the motivation, it is based on what the individual wants (Schulze, 2013). In the context of sport tourism, motivation is both the underlying drive to travel and aim for specific sport (or event) experiences (see Getz and McConnell, 2011). Furthermore, Suvantola (2002) noted tourists construct their own experiential space from physical space – at least according to their individual motivations and interpretations.

Distinctions need made between sport as a primary or secondary motive to travel along with the motive to participate in sport during travel (see Robinson and Gammon, 2004). When faced with more leisure options (e.g. visiting a music concert or museums), sport tourists choose sport – but the true question is why sport instead of other options? Overall the emphasis should be on individual challenges and choices that need to be considered in relation to the experience an individual seeks, and how this relates to personal motivation and general wellbeing.

The motivation-experience relationship (i.e. understanding the tourist) has been highlighted by many authors (e.g. Getz and McConnell, 2011; Quan and Wang, 2004; Ritchie and Hudson, 2009). There exist clear motivations in sport, such as: competitiveness or a desire to win, weight control, physical appearance and self-esteem, socialising, or self-development through meeting a challenge and mastering/developing/testing of one's abilities/skills/competencies (see Aaltonen *et al.*, 2013; Buckley, 2012; Getz and McConnell, 2011; Spray *et al.*, 2006). While these areas of classification focus on various sport motivators, it represents a very complex task to combine such a range of motives. It is unrealistic to list all possible motivational variations, but it could be suggested that a relationship exists based upon primary and secondary considerations (see Robinson and Gammon, 2004). Many of these

motives pertain to both tourism and sport. Therefore, it is clear that in each of these areas, understanding behaviours or motivations that link tourists with sport participation (active sport tourists) or observing sport(s) (passive sport tourists) requires further research to build on and contribute to the existing knowledge base (e.g. Downward, 2005; Gibson, 2004; Weed and Bull, 2009). As Gibson (2004) points out, it is important that sport tourists are not simply profiled, but classified based on motives. Individual behaviours are integral elements that need further consideration when integrating motives and desired experiences in business models to ensure service quality is delivered and consumer satisfaction is achieved (see Downward, 2005). But this is surely not enough. Other contextual factors such as interaction among other participants, environment, event-specific (organisational and physical) attributes and sport activity itself should not be neglected when experiences are created (see for instance Hallmann *et al.*, 2012; Klaus and Maklan, 2011; Saayman and Saayman, 2012).

Given the range of motivations linked to sport, as outlined in the previous paragraph, it could be expected that motives and expected experiences of a serious downhill bike rider and a recreational bicycle racer are not the same. Not only the motive, but also the overall context of the activity which is different (place, service, organization of the event etc.) influences the experience. Therefore, the following research question (*RQ1*) arises:

RQ1: What types of sport experiences do sport tourists seek from their travel and on what attributes do these sought after experiences depend on?

Consequently, the following is proposed (*PI*):

PI. Sport experiences that tourists seek differ significantly from one another and depend on participation motives as well as contextual factors.

Although this proposal may relate to research already conducted in the field (see, for instance, Hallmann *et al.*, 2012; Klaus and Maklan, 2011; Kaplanidou and Vogt, 2010; Mykletun and Rumba, 2014), conclusions are not consistent, and ‘defining’ sport tourism experiences still lie on the basis of motivation. Considering the importance of experiences in (sport) tourism, it is surprising that this stream of research seems to be evolving in recent years (Hallmann *et al.*, 2012). Another reason for developing this proposal is to develop a strong foundation to build on the subsequent proposals discussed below.

Putting the aforementioned considerations in the context of service organisations and a destination, it is possible to assert elements of differentiation between certain service organisations and destinations highlighting the need to focus on experiences rather than on accommodation or supplemental offerings. In addition to *value for money*, tourists expect to gain *experience for money* (Andersson, 2007). By respecting trends as general directions, a service organisation and/or tourist destination becomes recognisable only to the extent to which it offers experiential activities that lead to satisfying the originally intended desires and motives of travel. Moreover, in conditions of rapid change, the key role in market positioning belongs to construction, implementation and maintenance of the set of experiences as part of an integrated system. In this regard, Pine and Gilmore’s (1999) perspective about service is: for an organisation to be competitive in the long run it is essential the organisation creates and delivers unique and memorable (sports) experiences for their guests. To be more precise, providers deliver stimulus elements (inter-related parts of an offering) that result in experiences. Experiences are thereby generated in the minds of consumers as reactions to received stimuli (Sundbo and Sørensen, 2013). This argument can be replicated in the context of destination competitiveness. This means that tourist destinations must create a set of incentives which will

help create unforgettable experiences that tourists can ‘take home’ and share with friends and family. Similarly, a tourist destination becomes recognisable according to its offer of experiential content. This refers to the set of experiences complemented by the fundamental purpose of meeting the needs of the tourist based on the motivation of travel.

In terms of developing a service agenda that meets the demands of the contemporary sport tourist, an individualised approach is required followed by the active role of the consumer in the final link of value creation (Binkhorst and Den Dekker, 2009; Prahalad and Ramaswamy 2004; Williams, 2006). Since delivering value focuses on meeting consumer needs/demands, and is an integral part of a business model, it is safe to assume there are additional factors between tourist experiences and business models. Therefore, it is clear that when delivering sport experiences, providers need sound and innovative business models. Additional factors involve integrating customer value, key resources/processes and a determined profit formula (see for instance, Johnson *et al.*, 2008). In this regards, the potential of sport resources with a designed system of customer value, referring to experiences, adds to the impulse and a supplement to the offer. It is linked to the enrichment of the tourist destination’s offer in terms of delivering new services and increasing the quality and competitiveness of the destination, along with the significant role of managing sports resources and the experiences. Because tourists are willing to pay for unique experiences (Howell, 2005; Škorić, 2008), expenditures can be analysed as an important element of the business model – influence the profit formula.

Tourism is an expenditure-driven form of leisure activity (Mihalic, 2002) and sport tourism can generate significant economic impacts and enterprise opportunities for local, regional, and national economies (see Kurtzman, 2005). Numerous studies have estimated determinants of tourist expenditures (e.g. Bull, 2006; Dixon *et al.*, 2012; Downward *et al.*, 2009;

Thrane and Farstad, 2011; Jang and Ham 2009; Sato *et al.*, 2014; Škorić, 2008; Uysal and El Roubi, 1999; Wang and Davidson, 2010; Wang *et al.*, 2006; Wicker *et al.*, 2012). While tourism scholars often consider exchange rates, incomes and prices (Uysal and El Roubi, 1999), a range of other independent and dependent variables are also important. Independent variables include: purpose of trip, transportation mode, destination characteristics, length of stay, marital status, education level and if the destination is urban or rural. Dependent variables mostly include total travel expenditure, such as expenditure per person per day and expenditure in the destination (Wang and Davidson, 2010). Accordingly, Wang *et al.* (2006) examined psychological characteristics of travellers (stability/excitement, self/family, being passive/being active, learning/dropping out, and follow tradition/try new things) on their total and disaggregated expenditure. Research shows that people seeking excitement had higher expenditures than those seeking stability. Self-oriented people spent more on accommodation than those who were family-oriented. Jang and Ham (2009) proposed a segmentation distinguishing between socio-demographic variables (age, gender, occupation, and marital status) and travel-related variables (travel companion, travel party size, and number of children) while Wang and Davidson (2010) identified economic variables (such as household income, price), social-demographic variables (such as age, marital status and sex, education and occupation), trip-related variables (such as accommodation type, number of people travelling, first time or repeat visits, length of holiday) and destination-related psychological variables (such as destination type, tourist activities, trip motives, psychological characteristics) as independent variables in empirical modelling of tourist expenditure. Results observed by Thrane and Farstad (2011) found that the trip-related characteristics explained more about expenditure variance than socio-demographic characteristics.

Similar findings were found regarding expenditures of sport tourists. A study by Downward *et al.* (2009) confirmed that incomes, group sizes and duration of activities are integrally linked determinants of recreational cyclist's expenditure. Barquet *et al.* (2011) analysed tourists' expenditure on winter sports events and found socio-demographic differences between the four expenditure groups. Heavy spenders were predominantly mature tourists, but the most important factors were income level, the geographical origin of the spectator and the size of the travel group. For Kruger *et al.* (2012), gender, language, province of origin and group size were significant determinants of sport event spectator spending. Dixon *et al.* (2012) found significant differences between the three expenditure-based segments of sport tourist spectators (at golf events); these were based on spending patterns, trip characteristics and trip preferences. Wicker *et al.* (2012) looked at participant expenditures at marathon events in Germany and revealed that event participants (i.e. athletes and coaches) had higher expenditures than spectators and volunteers. Based on active triathletes in Germany, Wicker *et al.* (2013) concluded that consumption capital (years of participation, weekly time of practice, self-assessed level of performance and participation in competitions) and socio-demographic characteristics (age and income) were significant drivers of annual sport-related expenditures in this case. Similar results were found by Brown *et al.* (2007) and Cobb and Olberding (2010) when using the Alchian-Allen theorem – both studies found positive correlations between distance travelled and spending. More specifically, people who travel further to reach their destination are likely to purchase higher quality sport experiences at that destination.

Several other studies focused on motivation as spending determinant. When analysing economic contribution of active sport tourism in Greece, Drakakis and Papadaskalopoulos (2014) found that primary sports tourists (for whom the activity was the primary purpose of their

trip) spend more money per capita each day than tourists interested in sport for each separate activity (golf, windsurfing, horse riding and scuba diving). Kruger *et al.* (2012) and Saayman and Saayman (2012) referred to sporting events. It seems that visitors who are motivated more by 'event attractiveness' tend to have a higher spending per person compared to other spectators who are motivated by 'support and socialisation' and 'escape and relaxation' (Kruger *et al.*, 2012). Saayman and Saayman (2012) found that a mixture of socio-demographic, behavioural and motivational factors influenced spending per person for cycling, marathon, and swimming event participants. However, strong dedication to sport (both psychologically and behaviourally) is also a strong predictor of spending. For instance, those devoted to triathlon and running (both psychologically and behaviourally) are likely to spend more money on the sport and at an event (see also, Myburgh *et al.*, 2014; Sato *et al.*, 2014).

The points in the last few paragraphs indicated a few psychographic variables, as indicated by Wang and Davidson (2010) and Brida and Scuderi (2013). The same is true when customer experiences are concerned. Customer experience affects business performance, and future research should determine how customer experience explains and influences important marketing outcomes such as market share and ultimately profitability (Klaus and Maklan, 2013; Osterwalder *et al.*, 2005; Teece, 2010). As Bull (2006) notes, there is a need to expand research approaches to evaluate the economic dimensions of the sport tourist experience rather than simply concentrating on behaviour. Furthermore, it would be useful if tourist experiences were used more frequently in tourist expenditures studies. Variables such as trip motives and psychological characteristics, as outlined above (see Kruger *et al.*, 2012; Myburgh *et al.*, 2014; Sato *et al.*, 2014; Thrane and Farstad, 2011; Wang *et al.*, 2006; Wang and Davidson, 2010), and traveller evaluations are the closest and most similar ways tourists reflect on experiences.

However, respecting the complex nature of sport tourism experiences goes beyond the content or motivation viewed independently, the link between realms of experiences and tourist expenditures is still under-researched – again reiterating the need for more research in this area.

Building on *P1* (where it is supposed that types of sport experiences depend on participants' motives and contextual factors), to develop further research in this area, the next research question (*RQ2*) asks the following:

RQ2: Is it possible to determine any kind of relationship between specific types of sport experience and tourist expenditures as two important elements of the business model?

Consequently, the following proposal (*P2*) points to:

P2. The type of sport experience will impact on the sport tourists' expenditure in the destination.

The first and second research questions (*RQ1* and *RQ2*) and proposals (*P1* and *P2*) address the analysis of both the supply- and demand-side of sport tourism. However, the emphasis is on the demand-side – the sport tourists and their motivations, experiences and expenditures. All these considerations are particularly important for destinations that rely heavily on tourism. Subsequently, these considerations are even more important for seasonal destinations and less-developed destinations. By implementing year-round activities as a method of development, tourism can offer long-term sustainable impacts, make use of favourable natural resources and encourage numerous other businesses to contribute to the development of tourism in a particular destination – all supports the promotion of sport as a form of niche tourism.

Both proposals (*P1* and *P2*) provide grounds to further integrate conceptual understandings of relevant business models by analysing the potential relationship between

different types of sport experiences and tourist expenditures (i.e. two important elements of a business model). An analysis of these two elements is not sufficient enough to cover the entire concept of the business model. Moreover, it is important to keep in mind that an organisation's business models do not actually create experiences but only propose delivery elements (inter-related parts of an offering) that serve as a stimulus (Sundbo and Sørensen, 2013). In times of rapid change, uncertainty and turbulence, the need for continuously rethinking business models has never been more prominent (Gudiksen, *et al.*, 2014); it is therefore important to identify the impacts of stimulating elements on the creation of experience(s). As a part of a firm's internal and external environment, stimulating elements involve organisational, event and destination characteristics (see Getz and McConnell, 2011; Hallmann *et al.*, 2012; Kaplanidou and Vogt, 2010) – each constituting essential business model elements. Because of different interpretations, and a lack of consensus regarding business model elements, along with a lack of critical assessments concerning evident use of business models in sport tourism, each impose the need for a more detailed approach. However, it is essential that all business model elements are analysed in more detail, for instance:

RQ3a. Are different business model elements needed to provide different types of sport experiences?

RQ3b. Is it possible to define some joint business model elements in sport tourism that provide different types of sport experiences?

Research questions (*RQ3a*, *RQ3b*) put emphasis on analysing existing business models in sport tourism (including best practices) in the context of provision of different types of sport experiences. By merging these research questions, the following proposal points to:

- P3.* The elements of the sport tourism business models that provide different types of sport experiences are identical, but depending on the type of experience provided, some elements within particular business models are more and some are less pronounced.

While the destination and its attributes play an important role in designing tourist experiences (Bouchet *et al.*, 2004; Harrison-Hill and Chalip, 2005; Klaus and Maklan, 2011, 2013; Weed and Bull, 2009), this paper suggests the need to focus on the role of the sporting event and destination in designing and implementing practical business models. When focusing on less-developed tourism destinations, another question could be raised:

- RQ4.* Do the elements of the sport tourism business models in less-developed tourist destination and the elements of the existing business models of best practice that offer the same experiences differ? Or are these identical?

Related to the previous research question, the following can be proposed:

- P4.* The main elements of the existing business models of sport tourism in less-developed tourist destination are identical to the main elements of the existing business models of best practice, but their application in practice differ.

Given the research questions (*RQ3a*, *RQ3b*, and *RQ4*) integrate the importance to experiences and business models as part of the service research agenda, the last two proposals (*P3* and *P4*) suggest the implementation of business model elements will depend on the type of experience and the development stage of a sporting event and the destination as a whole. Figure 2 shows identified gaps and summarises concerning this conceptual research agenda framework.

[FIGURE 2 ABOUT HERE]

Concluding Remarks and Conceptual/Practical Implications

What must first be acknowledged is there is no single definition of the business model concept. Second, researchers looking at business models in tourism are rare, even more so in sport tourism. Third, types of experiences in general, specifically sport experiences in particular, are not uniquely defined. Fourth, academic research that connects this focus on business models and experiences is also underdeveloped in the literature. Fifth, economic dimensions of experience are still under-researched. More research is needed to explore relations between types of experiences and tourist spending broadly, before focusing specifically on sport when assessing experiences and expenditures. Finally, considering these areas all together, there is little research that integrates business models, sport tourism and experience economy (see, for example, recently published, Perić and Wise, 2015).

Points elaborated in this paper imply five research questions and four proposals to outline and suggest a conceptual framework for future research on managerial aspects of sport tourism. When applied to business models, the aim is to better approach understandings of experience and delivering value (see Figure 2). The first and second proposal (*P1* and *P2*) suggest that sport experiences should be examined from the complex perspective including participation motivation and contextual factors, which would also have impact on expenditures of sport tourists in the destination. Therefore, this research should include other psychographic, behavioural and socio-demographic variables as well, for instance participant involvement, event and destination preferences, and travel style (see again, Getz and McConnell, 2011; Gibson and Chang, 2012; Kaplanidou and Vogt, 2010; Sato et al., 2014). In addition to experiences and expenditures as two important, but not necessarily self-sufficient, elements, the third proposal

(P3) suggests more elements of a business model construct could be found within the event and destination characteristics. Interdisciplinary focused research is needed to examine whether, and how much, certain business model elements contribute to particular sport experiences. When such a study is conducted at sporting events in less- and more-developed sport tourism destinations (i.e. best practices), findings can indicate different implementations of particular business model elements (see P4). The overall objective of this stream of future research should be to propose efficient business models which will, in the context of the competitive experience economy, allow sport tourism providers to adapt to the current market challenges.

The proposed research holds important theoretical and managerial implications in several study areas. In the case of future research, future case-studies will assist managers with the following:

1. A better understanding of the supply-side of sport tourism.
2. A better understanding of the demand-side of sport tourism, that is, sport tourists and trends in the experience demands.
3. A proposal of the conceptual business models capable to deliver different types of sport experiences.

This approach provides the opportunity for sport tourism researchers to gain useful information to better understand the demand- and supply-side of what consumers seek when considering the emphasis on experience. By integrating management theory and experience economy within the sport tourism context this research suggests three significant defining characteristics: a different approach to understanding sport tourists; a different approach to managing sport tourism services; an alternative approach to strategic thinking of (sports) managers in sport tourism. The study of sport experiences would be of great interest for the

design of management and marketing strategies that permit the event and/or destination to attract tourists with high expenditures. It may further contribute to the prediction of which sport tourism segments may have the greatest economic impact on a destination. This proposed research could also contribute to better understanding which business model elements are more important for particular sport tourism segments including the high-spenders segment. In other words, experience-based segmentation of what sport tourists seek will provide important information that event organisers and local tourism stakeholders can utilise when developing effective and efficient short- and long-term management plans and marketing strategies. This could also provide additional policy input to maximise economic impacts from tangible monetary expenditures.

It can be argued that proposed conceptual business models of sport tourism would facilitate research into the dynamics of sport tourism to offer additional guidelines for practitioners as they constantly strive to provide the very best experience for sport tourists. Those are especially applicable to private sector suppliers, particularly small privately owned businesses which predominate in the visitor economy. Small businesses could be encouraged to create new innovative products and services that can have an incremental effect on the distinctiveness and competitiveness of the destination. Moreover, small businesses can create moments of surprise and amazement – making a particular experiences and a destination seem more unique and memorable. In doing so, performances undertaken by suppliers in more-developed destinations can serve as a benchmark for suppliers in less-developed destinations. To conclude, the proposed research approach and agenda has the potential to create conditions for forming new international scientific platforms for future research. By integrating the fields of sport management, sport tourism, and experience economy, these interrelated fields represent a

platform for both academic and business stakeholders to shape the future of delivering sport tourism experiences to a wider range of attendees.

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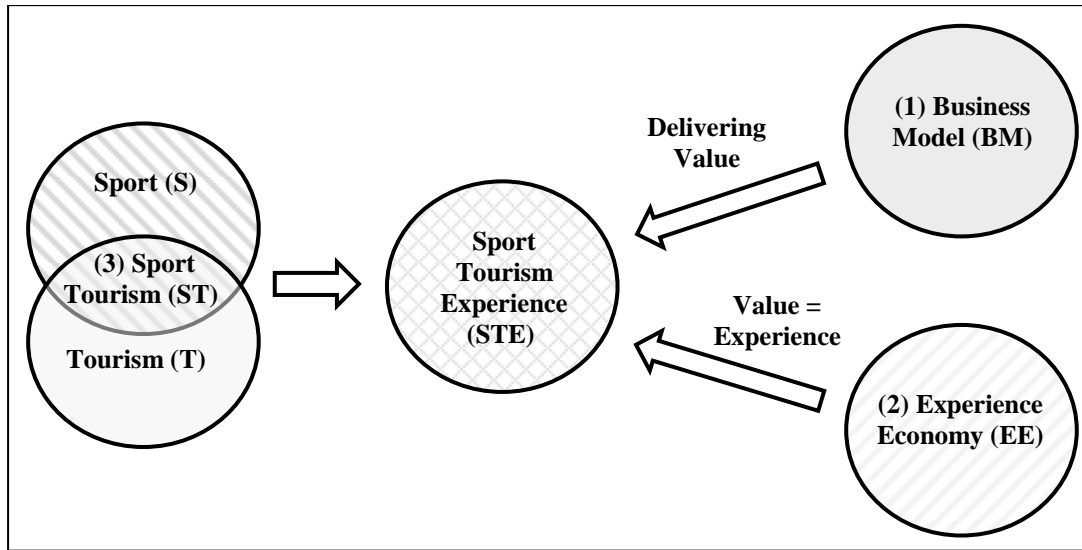


Figure 1. Interrelating conceptual approaches used in this research

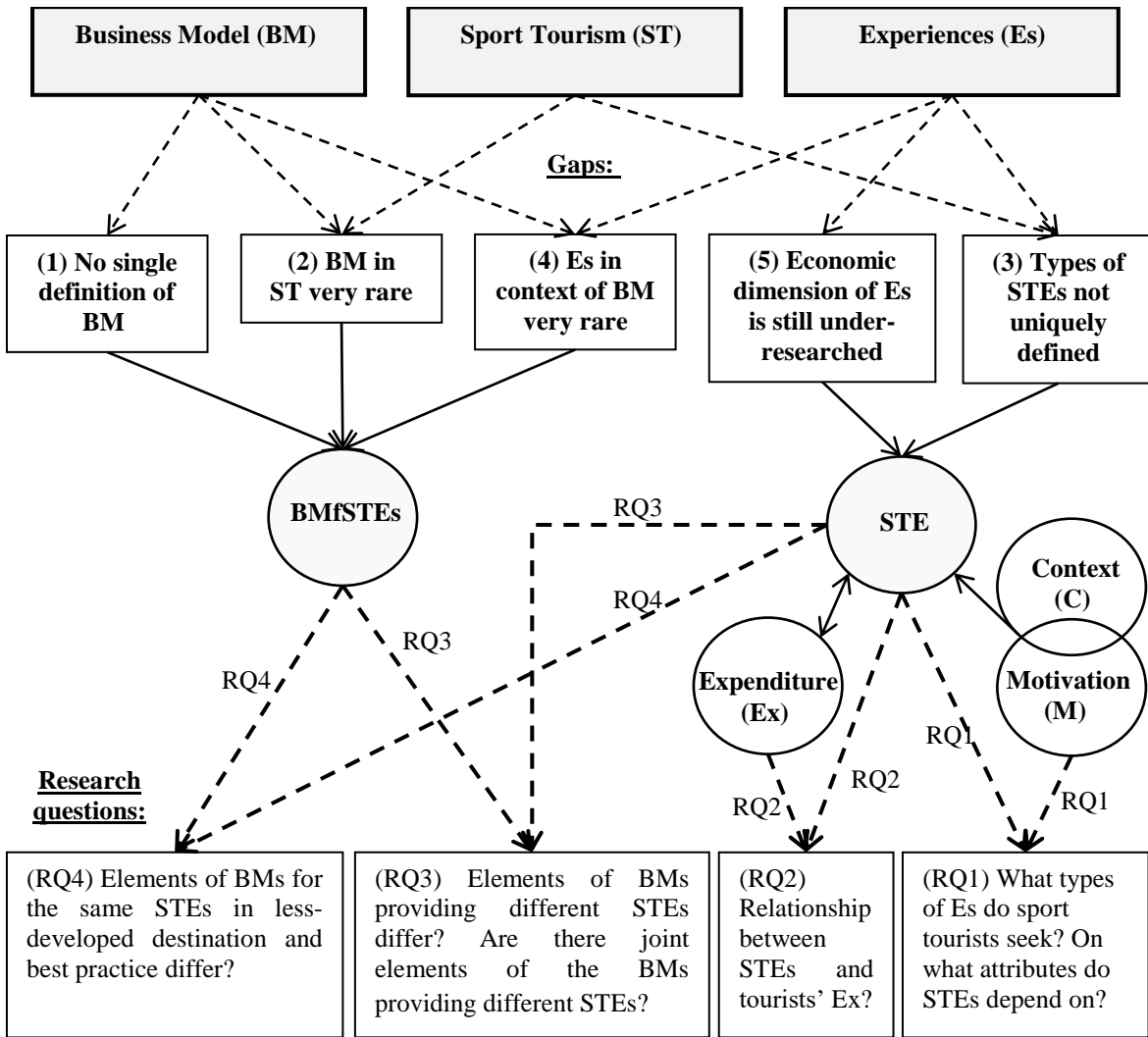


Figure 2. Identified gaps and conceptual framework for a research agenda

Author	Proposed elements of a business model
Shafer <i>et al.</i> (2005)	(1) strategic choices, (2) value networks, (3) creating value, and (4) capturing value
Morris <i>et al.</i> (2005)	(1) product offering, (2) market factors, (3) internal capability factors, (4) competitive strategy factors, (5) economic factors, and (6) growth/exit factors
Osterwalder <i>et al.</i> (2005)	(1) value proposition, (2) target customer, (3) distribution channel, (4) relationship, (5) value configuration, (6) core competency, (7) partner network, (8) cost structure, and (9) revenue
Johnson <i>et al.</i> (2008)	(1) customer value proposition (CVP), (2) profit formulas, (3) key resources, and (4) key processes
Kujala <i>et al.</i> (2010)	(1) customer, (2) value proposition for the customer, (3) competitive strategy, (4) position in the value network, (5) suppliers' internal organisation/key capabilities, and (6) logic of revenue generation
Runfola <i>et al.</i> (2013)	(1) target segments, (2) value proposition, and (3) revenue model

Table 1. Proposed elements of a business model