SWOT and AHP hybrid model for sport marketing outsourcing using a case of intercollegiate sport

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ABSTRACT

Given the importance and prevalence of commercialization in intercollegiate sport, outsourcing sport marketing functions has become a popular business decision with the possibility of becoming more popular in the future. Yet, there is a lack of research about outsourcing in sport marketing with respect to decision making factors when determining whether or not to outsource some aspects of an organization’s marketing functions. Thus, the purpose of this case study is to examine sport marketing outsourcing decision-making factors using a SWOT and AHP combined model. These results indicate that decision makers at this institution consider strengths, or potential positive outcomes, more importantly than weaknesses, opportunities, and threats. Specifically, financial return is the most important decision making factor for decision makers whereas cost minimization is not as important.

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1. Introduction

During the several past decades, outsourcing has become one of the most popular and influential business strategies across various industries. According to Real-Time Technology Solutions (2007), approximately 95% of Fortune 1000 companies have adopted outsourcing functions. Busi (2008) simply defined outsourcing as “the strategic decision of a business to stop carrying out an activity in-house (p. 8)”. Specifically, outsourcing is a practice in which an organization contracts out one of its in-house operations that the organization does not or cannot concentrate on anymore to the hired third party specialized in that operation (Kumar & Eichhoff, 2006). The sport industry is one in particular which is actively adopting outsourcing strategies (e.g., Lee, 2010; Li & Burden, 2002). For example, in sport many organizations will hire other companies to commonly handle their merchandising, concessions, sales and customer service functions.

Whereas outsourcing as a subject matter has been frequently examined in various academic areas, there is only a limited amount of research about outsourcing in sport marketing (e.g., Burden & Li, 2005, 2009; Burden, Li, Masiu, & Savini, 2006; Li & Burden, 2002, 2004). In spite of previous studies about outsourcing in a sport marketing context, scientific knowledge about outsourcing decisions may be still in an early stage. Accordingly, the purpose of this study is to investigate sport marketing outsourcing decision making factors in intercollegiate sport. This study will employ a SWOT (Strengths, Weaknesses, Opportunities, and Threats) and Analytic Hierarchy Process (AHP) hybrid model to identify the decision making factors that intercollegiate sport administrators employ when determining if they should outsource their sport marketing functions.

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1.1. Outsourcing and sport marketing

Although the overriding goal of outsourcing is to achieve, maintain, or enhance the effectiveness of the organization, there are number of different factors which lead organizations to outsource areas of their business. As Mello, Theodore, and Terry (2008) noted, the two most commonly used factors are cost reduction and quality improvement, and many other studies support these two motives.

From economic benefits of outsourcing standpoint, the cost savings have emerged the most important goal of outsourcing. Previous studies about outsourcing clearly indicated that outsourcing could bring organizational effectiveness by allowing the organization to minimize and control their costs, such as overhead costs mainly including labor wages (Coward, 2003; Kumar, Aquino, & Anderson, 2007; Kumar & Eickhoff, 2006; Lee, 2010; Rajan & Srivastava, 2007) or turning fixed costs into variable costs (LaLonde, 2005). Outsourcing is also chosen because an improvement in quality is an expected result, and even sometimes guaranteed. This takes place as through outsourcing, a hired third party can enhance the operation as they have appropriate skills to perform the operation (Baldwing, Irani, & Love, 2001; Elmuti & Kathawala, 2000; Lee, 2010).

Outsourcing for cost reduction and quality improvement purposes eventually generates other benefits. A lack of certain skills necessary to perform the operation within the organization is another major driving factor for outsourcing (Baldwing, Irani & Love, 2001; Elmuti & Kathawala, 2000). Developing the necessary skills to perform certain functions through continuous training takes a lot of time, effort, and most importantly it can be costly. Therefore, outsourcing can be preferred over in-house operations, allowing the organization to focus their time and energy in areas where they excel. Furthermore, outsourcing also provides a continuous strategic relationship or resource access to the service providers (Clott, 2004; Kumar & Eickhoff, 2006; Lee, 2010; Mukherji & Ramachandran, 2007), and continuous learning opportunities (Yakhlef, 2009).

As previously mentioned, outsourcing in sport is a prevalent business decision. Many sport organizations outsource such functions as human resources (Adler, 2003), facility management (Muret, 2010), sponsorship sales (Li & Burden, 2002), media relations (Ourand & Smith, 2010), or webpage management (Li & Burden, 2002). There are several leading outsourcing agencies in the field of sport management, such as, IMG, Global Spectrum, Delaware North, and more. One of the most common operations to be outsourced by sport organizations is their marketing activities. Maltz (1994) noted that, small organizations with a lack of manpower and expertise tend to especially have more interest in outsourcing. Sport organizations, particularly a sport marketing department from intercollegiate athletic programs or minor league sport teams, typically have a small staff with many job responsibilities. As such, it is quite common for these organizations to outsource a variety of their marketing activities. Some examples include, but are not limited to, sponsorship sales, ticket sales, suite sales, media production, licensing, retailing, or webpage management (e.g., Burden & Li, 2005, 2009; Burden, Li, Masiu, & Savini, 2006; Li & Burden, 2002, 2004). Burden and Li (2009) reported that approximately 41% of minor league baseball teams outsource a part of their marketing operations such as creative design of marketing materials, production and management of the team’s webpage, and publishing of programs. In intercollegiate sport, outsourcing sport marketing is a common business decision. According to Li and Burden (2002), more than half of the National Collegiate Athletic Association (NCAA) Division I athletic programs have employed outsourcing options for their sport marketing operations. Georgia Tech University, for instance, outsources the ticket sales operation of football and men’s basketball (Lombardo & Smith, 2009). Several universities including the Ohio State University, Oregon State University, and Arizona State University decided to outsource their merchandise operation to specialized firms who manage their arena’s retail shops (Muret, 2009).

Previously, very little research in sport marketing has focused on outsourcing. One study examined the decision making factors that a collegiate athletic department should consider when determining if they should outsource some of their sport marketing functions. Burden and Li (2005) suggested several circumstantial factors to contemplate when making this decision: (a) the institution’s mission, philosophy, and goals, (b) the quality of the sports programs on a national stage, (c) control of property rights, (d) relationship with local businesses, and, (f) in-house option. These situational factors are crucial to consider, however, they were not empirically tested by the actual decision makers. Hence, this case study will identify important decision making factors of intercollegiate administrators at a NCAA Division I athletic program utilizing a SWOT and AHP combined model.

1.2. SWOT and AHP model

1.2.1. SWOT analysis

In order to stay effective and successful in the marketplace, every organization has to be aware of internal and external forces which could impact their success or failure. Conducting a SWOT analysis is a simple but effective strategic planning tool to allow the organization to be cognizant of these factors (Leanne, Christensen, Andrews, & Guth, 1965). SWOT analysis comprised internal factors (strengths, weaknesses), which examine the assets within the organization which could impact success or failure, and external factors (opportunities, threats), which investigates factors in the environment which are typically outside of the organizations control that may affect the performance of the organization. While a SWOT analysis is a commonly accepted business analysis tool, these factors are difficult to quantify. Therefore, to overcome this matter, the AHP method will be combined with the SWOT analysis.
1.2.2. Analytic Hierarchy Process (AHP)

AHP is a multi-objective or multi-criteria measurement which helps to address the complicated decision problems. It does so by structuring the problem, identifying decision making factors, measuring the importance of the factors, and synthesizing all the decision making factors (Saaty, 1980, 1982, 2008). AHP reflects a simple fact that the nature of decision making requires a series of logical considerations of different factors involved in a certain decision making situation. Many times, decision making factors are difficult to quantify or prioritize as they are intangible, subjective, and non-quantifiable. One of the advantages of AHP is that the method can convert intangible factors into numerical values, and systematically evaluate weights of selected factors in pairs through a series of comparisons (Saaty, 1980, 1982, 2008). Therefore, the cornerstone of AHP is the logic of pair-wise comparison. The pair-wise comparisons allow for the production of the relative importance value, which is called weight, and the importance value is computed using the eigenvalue method. The algebraic matrix of paired comparisons is depicted by the following expression:

\[
A = \begin{bmatrix}
a_{11} & a_{12} & \cdots & a_{1n} \\
a_{21} & a_{22} & \cdots & a_{2n} \\
\vdots & \vdots & \ddots & \vdots \\
a_{n1} & a_{n2} & \cdots & a_{nn}
\end{bmatrix}
\]

where \(a_{ij}\) is the relative importance for \(i\) to \(j\), \(a_{ij} = 1/a_{ji}\) and \(a_{ii} = 1\) if \(i = j\).

And the importance vector value, \(\hat{W}\) is computed by this formula:

\[
\hat{A} \cdot \hat{W} = \lambda_{\text{max}} \cdot \hat{W}
\]

where \(\lambda_{\text{max}}\) is the largest eigenvalue of \(\hat{A}\).

An application of AHP method is common in outsourcing studies (e.g., Grewal, Saren & Gill, 2008; Yang, Kim, Nam, & Min, 2006), however, no studies have utilized AHP in sport outsourcing literature. In addition, several studies have previously used a SWOT and AHP combined model (Kahraman, Demirel, & Demirel, 2007; Kurttila, Pesonen, Kangas, & Kajanus, 2000; Masozera, Alavalapati, Jacobson, & Shrestha, 2006; Shrestha, Alavalapati, & Kalmbacher, 2004). As argued by Kurttila et al. (2000), this hybrid method is often used to improve the usability of a SWOT analysis because AHP can quantitatively determine the importance of the factors in SWOT groups. For instance, Shrestha et al. (2004) investigated the prospects and challenges for an agroforestry technique using SWOT analysis in combination with AHP. Masozera et al. (2006) combined SWOT and AHP to assess the perceptions of the stakeholder groups regarding the suitability of a community-based management approach. More recently, Kahraman et al. (2007) employed the SWOT and AHP model to, first, prioritize strengths, weaknesses, threats, and weaknesses groups, and, secondly, decide and evaluate the alternatives of e-Government strategies. Each of these studies also employed a case study approach to examine a specific situation.

Whereas SWOT analysis is a simple, effective, and comprehensive diagnosis of internal and external factors which may impact an organization, each of these factors may not be easily measured. By combining with AHP, this enables researchers to provide a measure of quantitative importance for these SWOT factors (Anada & Herath, 2003; Kurttila et al., 2000). Despite the advantages of this hybrid model, no studies in sport management have utilized the hybrid model to date.

2. Methods

2.1. Case study participants

To investigate the decision making factors using a SWOT and AHP model, individuals who have some decision making power in regard to outsourcing sport marketing functions need to be identified first. For the purpose of this study, the decision makers from the University of Akron (UA) were chosen. UA located in Akron, Ohio is one of the 12 institutions of the Mid-American Conference (MAC) in NCAA Division I. UA was chosen for the case because UA is Division I institution, and more importantly, UA is transforming to a leading institution in the MAC. The transformation includes very visible additions to the athletic program including items such as a new football stadium, upgrades of a soccer field, and the success of the various athletic programs. This growth opens up many opportunities to outsource various sport marketing functions, thus fostering the ability to obtain professional perspectives from outsourcing decision makers at the university.

2.2. Factor generation

To identify decision making factors, two SWOT analyses were conducted using different expert panel groups; one SWOT was collected from industry practitioners and a second SWOT from academic professionals who are considered to be sport marketing experts. First, using the UA as the point of reference, the SWOT analysis was conducted by 4 expert panel members from the UA athletic department. The panel members were chosen because they have specific experiences dealing with outsourcing their sport marketing functions in terms of operations, contracts, and they understand both the benefits and
Table 1
SWOT analysis.

<table>
<thead>
<tr>
<th>Strengths (S)</th>
<th>Weaknesses (W)</th>
</tr>
</thead>
<tbody>
<tr>
<td>S1: success of UA athletic programs</td>
<td>W1: lack of media coverage</td>
</tr>
<tr>
<td>S2: increase in financial return</td>
<td>W2: loss of institutional control</td>
</tr>
<tr>
<td>S3: cost management</td>
<td>W3: limited opportunities for staff development</td>
</tr>
<tr>
<td>S4: focus on core business</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Opportunities (O)</th>
<th>Threats (T)</th>
</tr>
</thead>
<tbody>
<tr>
<td>O1: growth of UA</td>
<td>T1: competition</td>
</tr>
<tr>
<td>O2: national trend</td>
<td>T2: recession</td>
</tr>
<tr>
<td></td>
<td>T3: decrease in relationship with local business</td>
</tr>
</tbody>
</table>

risks of outsourcing. Thus, each of the panel members was asked to identify the various strengths and weaknesses associated with outsourcing, as well as opportunities and threats. Also, another 4 expert panel members from academia conducted a SWOT analysis on sport marketing outsourcing in intercollegiate sport in general. These members were selected because they have previously published scholarly articles in the area of outsourcing, and/or they have academic interests in the area of outsourcing. Based on both SWOT analyses, the authors chose 12 factors which were believed to appropriately represent the important decision making factors in the case of the UA. These factors were then grouped into each SWOT category (see Table 1). Table 2 shows a brief description of the factors.

The strengths included the overall success of the universities athletic program, the guaranteed revenue derived from outsourcing, reduction in expenses for the athletic department, and their ability to focus on areas of expertise. The weaknesses included the lack of national media coverage the institution receives, the loss of some control over the marketing functions, and the limited opportunities to develop their current staff members skills in the outsourced area. In regard to opportunities, the common responses included the ability to grow the university’s athletic department and the ability to compete from a business aspect with other athletic departments across the country. Finally, the threats included outside competition, the effect the economy is having on college athletics, and a decrease in the interaction the athletic department has with local businesses when they outsource their marketing functions.

2.3. AHP instrument

Although it is desirable to consider many factors during a decision making process, it is important to keep the number of factors limited for pair-wise comparisons (Masozera et al., 2006; Shrestha et al., 2004). There is no specific rule regarding the number of factors. However, it is recommended that the number of factors should not exceed 10 within each of the individual SWOT groups in a SWOT AHP combined study (Kurttila et al., 2000; Shrestha et al., 2004). Using the factors derived from the SWOT analysis, an AHP hierarchy was constructed (see Fig. 1).

In order to conduct an AHP analysis, a questionnaire which asks for a series of pair-wise comparison of factors was created. Survey respondents were asked to provide an answer based on his or her own preferences by comparing two given factors. There was a question of which of the two factors has a greater weight in the choice and how much greater. AHP then transforms each preference to a numerical value which can be compared and evaluated. The relative importance is given a value on a scale of 1–9 (Saaty, 2008). Table 3 shows the 1–9 scale of AHP.

Pair-wise comparisons were made separately for each set of the hierarchy. For example, pair-wise comparisons of factors within each SWOT group are needed. The number of pair-wise comparisons is dependent on the number of factors within the same hierarchy level. If there are n factors, the number of comparisons within the level are required based on the equation: \(n(n - 1))/2\).

Table 2
AHP factors and description.

<table>
<thead>
<tr>
<th>SWOT groups</th>
<th>SWOT factors</th>
<th>Weight of factor</th>
<th>Description of factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengths (S)</td>
<td>Success of UA athletic programs</td>
<td>(W_{s1})</td>
<td>Overall success of athletic programs</td>
</tr>
<tr>
<td></td>
<td>Increase in financial return</td>
<td>(W_{s2})</td>
<td>Guaranteed revenue through outsourcing</td>
</tr>
<tr>
<td></td>
<td>Cost management</td>
<td>(W_{s3})</td>
<td>Reduction of overhead expenses</td>
</tr>
<tr>
<td></td>
<td>Focus on core business</td>
<td>(W_{s4})</td>
<td>Focus on traditionally strong areas</td>
</tr>
<tr>
<td></td>
<td>Lack of media coverage</td>
<td>(W_{s5})</td>
<td>Limited media attention to UA</td>
</tr>
<tr>
<td></td>
<td>Loss of institutional control</td>
<td>(W_{s6})</td>
<td>Institutional dependency on external company</td>
</tr>
<tr>
<td></td>
<td>Limited opportunities for staff development</td>
<td>(W_{s7})</td>
<td>Loss of opportunities to train staff</td>
</tr>
<tr>
<td>Weaknesses (W)</td>
<td>Growth of UA</td>
<td>(W_{w1})</td>
<td>Overall growth of UA</td>
</tr>
<tr>
<td></td>
<td>National trend</td>
<td>(W_{w2})</td>
<td>Prevalence of sport marketing outsourcing</td>
</tr>
<tr>
<td></td>
<td>Competition</td>
<td>(W_{w3})</td>
<td>Direct and indirect competitors</td>
</tr>
<tr>
<td></td>
<td>Recession</td>
<td>(W_{w4})</td>
<td>Slow economy</td>
</tr>
<tr>
<td></td>
<td>Decrease in relationship with local business</td>
<td>(W_{w5})</td>
<td>Limited relationship with local community</td>
</tr>
</tbody>
</table>
2.4. Survey respondents

Senior management team members of the UA athletic department were contacted to request survey participation. Although the Athletic Director (AD) makes the final decision about outsourcing their sport marketing functions, the AD usually goes through a consultation stage with a group of senior management team members from the athletic department to make the decision. The senior management team usually consists of senior managers of each athletic department (e.g., Associate Director of Development or Associate Director of Marketing). For this study, more than 80% of senior management team members who did not participate in SWOT analysis earlier agreed to participate in the study (n = 10). Although the sample size was small, respondent size is not a limitation of the current study as AHP can be conducted with small number of responses (e.g., Cheng & Li, 2002; Kurttila et al., 2000; Shrestha et al., 2004). In addition, AHP is designed to survey people, such as decision makers, who have specific knowledge about a topic (e.g., Kurttila et al., 2000; Masozera et al., 2006; Shrestha et al., 2004).

Instead of sending out the survey, a face-to-face meeting was conducted with each senior management team member that agreed to participate in the study. This ensured that the authors were able to explain the logic of AHP and clarify the description of each decision making factor prior to the respondents completing the questionnaire. Each meeting took between 45 min and 60 min. Each senior management team member was asked to evaluate the relative importance of each factor through a series of pair-wise comparisons. Expert Choice (EC), a decision support software program, was used to analyze the data.

2.5. Consistency Ratio (CR)

Because people tend to make inconsistent decisions, decision making science should judge consistency of decision making (Saaty, 1980, 1982, 2008). CR is one of the most important cornerstones of AHP and can be illustrated in the following manner: if factor A is more important than factor B, and factor B is more important than factor C, then, ultimately, factor A should be more important than factor C. However, there are instances where people do not use this logic. A CR test is a measurement of the validity of the survey respondents’ responses. Mathematically, matrix A is consistent when the following condition is satisfied:

\[ a_{jk} = \frac{a_{ik}}{a_{ij}}, \quad i, j, k = 1, \ldots, n \]

<table>
<thead>
<tr>
<th>Intensity of importance</th>
<th>Definition</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Equal importance</td>
<td>Two activities contribute equally to the object</td>
</tr>
<tr>
<td>3</td>
<td>Moderate importance</td>
<td>Experience and judgment slightly favor one over another</td>
</tr>
<tr>
<td>5</td>
<td>Essential or strong importance</td>
<td>Experience and judgment strongly favor one activity over another</td>
</tr>
<tr>
<td>7</td>
<td>Very strong importance</td>
<td>An activity is strongly favored and its dominance demonstrated in practice</td>
</tr>
<tr>
<td>9</td>
<td>Extreme importance</td>
<td>The evidence favoring one activity over another is of the highest possible order of affirmation</td>
</tr>
<tr>
<td>2, 4, 6, 8</td>
<td>Intermediate values</td>
<td>When compromise is needed between two</td>
</tr>
</tbody>
</table>

Fig. 1. AHP construction.
Table 4
Relative importance of SWOT groups.

<table>
<thead>
<tr>
<th>SWOT groups</th>
<th>Weights (W_S, W_W, W_O, W_T)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengths (S)</td>
<td>0.581</td>
</tr>
<tr>
<td>Weaknesses (W)</td>
<td>0.112</td>
</tr>
<tr>
<td>Opportunities (O)</td>
<td>0.154</td>
</tr>
<tr>
<td>Threats (T)</td>
<td>0.153</td>
</tr>
</tbody>
</table>

CR < 0.2.

The EC helps to measure CR, and generally, CR < 0.2 should be consistent (Saaty, 1980, 1982, 2008). After the CR test, 4 respondent’s answers were discarded due to the violation of CR, which indicates these four respondents made inconsistent decisions throughout survey completion. The weights are measured using only consistent decision making cases, and it allows for the production of a scientific decision making model. Thus, this study used 6 responses. Duke and Aull-Hyde (2002) argued that since AHP is a mathematic basis analysis, unlike typical consumer surveys where a large number of samples is normally required, one decision maker’s answer is suitable for data analysis.

3. Results

3.1. AHP weights

3.1.1. Local weight

As shown earlier, in the algebra matrix the sum of priority vector is 1, and the priority vector represents the relative importance among the factors compared. AHP results revealed that decision makers consider strengths to be the most important consideration followed by opportunities, threats, and weaknesses (see Table 4). Strengths are 5.18 times more important than weaknesses (0.581/0.112 ≈ 5.18) and approximately 3.7 times more important than opportunities (0.581/0.154 ≈ 3.77) and threats (0.581/0.153 ≈ 3.79). Under the strength category, financial return was rated as the most important factor, followed by focus on core business, cost management, and success of UA athletic programs. Under weaknesses, loss of institutional control was the highest rated factor followed by, limited opportunities for staff development, and lack of media coverage. In regard to the opportunities associated with outsourcing, growth of UA outweighed national trends. In threat category, the recession is the highest rated factor. The decrease in relationships with local businesses was the next highest factor with competition being noted as the least influential in the group.

3.1.2. Global weights

To examine the rank of all 12 factors, global weights were calculated and outlined in Table 5. The global weights of the factor can be obtained by multiplying the weight of SWOT group by the local weight of the factor. For instance, the global weight of increased in financial return can be obtained by the following: 0.581 (weight of the strength) × 0.503 (weight of increase in financial return) = 0.292. The rank shows that increase in financial return is the most important factor followed by growth of UA, focus on core business, cost management, recession, success of UA athletic program, loss of institutional control, decrease in relationship with local business, limited opportunities for staff development, competition, national trend, and lack of media coverage. Increased in financial return is about 2.2 times more important than growth of UA (0.292/0.131 ≈ 2.2) and 2.4 times more important than focus on core business (0.292/0.120 = 2.4).

Table 5
AHP global weights and ranking result.

<table>
<thead>
<tr>
<th>SWOT group weights</th>
<th>SWOT factors weights</th>
<th>SWOT factors local rank</th>
<th>Global weights</th>
<th>SWOT factors global rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>W_S</td>
<td>W_s1 = 0.132</td>
<td>4</td>
<td>0.581 × 0.132 = 0.077</td>
<td>6</td>
</tr>
<tr>
<td>0.581</td>
<td>W_s2 = 0.503</td>
<td>1</td>
<td>0.581 × 0.503 = 0.292</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>W_s3 = 0.160</td>
<td>3</td>
<td>0.581 × 0.160 = 0.093</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>W_s4 = 0.206</td>
<td>2</td>
<td>0.581 × 0.206 = 0.120</td>
<td>3</td>
</tr>
<tr>
<td>W_W</td>
<td>W_w1 = 0.140</td>
<td>3</td>
<td>0.112 × 0.140 = 0.016</td>
<td>12</td>
</tr>
<tr>
<td>0.112</td>
<td>W_w2 = 0.494</td>
<td>1</td>
<td>0.112 × 0.494 = 0.055</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>W_w3 = 0.366</td>
<td>2</td>
<td>0.112 × 0.366 = 0.041</td>
<td>9</td>
</tr>
<tr>
<td>W_O</td>
<td>W_o1 = 0.848</td>
<td>1</td>
<td>0.154 × 0.848 = 0.131</td>
<td>2</td>
</tr>
<tr>
<td>0.154</td>
<td>W_o2 = 0.152</td>
<td>2</td>
<td>0.154 × 0.152 = 0.023</td>
<td>11</td>
</tr>
<tr>
<td>W_T</td>
<td>W_t1 = 0.173</td>
<td>3</td>
<td>0.153 × 0.173 = 0.027</td>
<td>10</td>
</tr>
<tr>
<td>0.153</td>
<td>W_t2 = 0.520</td>
<td>1</td>
<td>0.153 × 0.520 = 0.080</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>W_t3 = 0.307</td>
<td>2</td>
<td>0.153 × 0.307 = 0.047</td>
<td>8</td>
</tr>
</tbody>
</table>

CR < 0.2.

Note: W_s1, success of UA; W_s2, increase in financial return, W_s3, cost management, W_s4, focus on core business, W_w1, lack of media coverage, W_w2, loss of institutional control, W_w3, limited opportunities for staff development, W_o1, growth of UA, W_o2, national trend, W_t1, competition, W_t2, recession, W_t3, decrease in relationship with local business.
4. Discussion

Coupled with the fierce competitive nature of intercollegiate sport due to commercialization, outsourcing of sport marketing operations is becoming quite popular. This case study identified influential decision making factors using a SWOT and AHP combined model. The combined model is a great application to identify the decision making factors because a SWOT analysis allows for a thorough investigation of not only internal factors affecting the organizational performance, but also external circumstantial factors. In the context of outsourcing, circumstantial factors are crucial to making actual decisions on whether to outsource or not (Burden & Li, 2005). AHP then allows for the conversion of qualitative SWOT factors to measurable weights.

4.1. Local weights

The results of this study indicated that the decision makers view strengths more important than weaknesses, opportunities, and threats. This would indicate that the resources they have in the organization are the most important consideration for the decision makers.

Under strengths, financial return was rated as the most influential factor. It would indicate that decision makers believe outsourcing can bring revenues to the institution because of specialized expertise of the agency. By outsourcing marketing operations, the athletic department can focus on their own core businesses, for instance, academic services or donation programs. The results of the AHP support this. Outsourcing allows the institution to focus on its own core business, the second highest rated factor. Importantly, unlike previous outsourcing studies which found the importance of cost reduction (Coward, 2003; Kumar, Aquino, & Anderson, 2007; Kumar & Eickhoff, 2006; Rajan & Srivastava, 2007), effective cost management is considered less important by the decision makers at the intercollegiate athletic department utilized in this study.

Under the weaknesses category, loss of institutional control was the highest rated factor. This would indicate that giving too much power to the outsourced company is a concern, which is consistent with previous studies which discussed potential loss of control by the organization and organizational dependency to the external group as a result of outsourcing (Burden & Li, 2005; Lee, 2010). In particular, Burden and Li (2005) noted the possible loss of institutional control to the outsourcing agency in intercollegiate sport. They indicated that the athletic department has the control over the rights of their athletic properties. However, it also has to be mentioned because the outsourcing agency’s staff is deeply involved in overall management of the athletic department, this fundamental question about the control should be carefully and seriously handled.

Under opportunities, growth of UA outweighed national trends. The overall growth of the institution, such as increase in student enrollment, is perceived important by the decision makers. Interestingly, the national trend factor is perceived less influential. Given the prevalence and previous successful examples of sport marketing outsourcing by many other institutions, it was believed that the national trend factor would strongly affect decision makers; however, the results of the study do not support this.

Lastly, in threat category, the recession is the highest rated factor. The slow economy which definitely affects budgetary decisions at both the athletic department level as well as institution level is a major consideration factor. The decrease in relationships with local businesses was the next highest factor, with competition being noted as the least influential in the group.

4.2. Global weights

According to the results, revenue generation is the main priority for the decision makers. Outsourcing is believed to generate more revenue to the institution than the in-house option. However, not all outsourcing decisions are successful (Gay & Essinger, 2000); thus, realistically, not all sport marketing outsourcing is going to be successful (Burden & Li, 2005) and have the ability to generate revenue for the institution. The quality of the services provided by the agency, communication with the agency, hidden costs of outsourcing, intellectual property, and institutional control or dependency should be carefully reviewed to implement successful outsourcing agreements. The results would also indicate that in order for outsourcing agencies to earn the business of intercollegiate athletic departments, they must show proof that they have the ability to generate revenue for the institution and/or they should provide guaranteed levels of revenue that they will generate. Importantly, outsourcing represents one potential cost saving option. However, this study found that this particular intercollegiate sport organization does not utilize sport marketing outsourcing operations for the purpose of cost minimization. Rather, the institution views the outsourcing agency primarily as a tool to generate revenue. With the same token, during the slow economy, budgetary decisions are important to any organization. Although the results of the study indicate that a slow economy is an important decision making factor, it also shows that decision makers are not really reluctant to spend money on sport marketing outsourcing. Again, this is mainly due to the belief that the agency can bring revenue to the institution.

The growth of the institution has a higher weight than the success of athletic programs. That is to say, student enrollment increase is more important than success of the teams regarding sport marketing outsourcing decisions. It is assumed since outsourcing is a budgetary decision approved by the president’s office of the institution, the institution’s overall growth may
strongly affect the decision. Also, as Burden and Li (2005) indicated, outsourcing decisions should be in line with the institution’s mission, philosophy, and goals, and that is why the growth of the institution is fairly important. As for the success of the athletic department, this is a more important matter to the outsourcing agencies than it is to the institution because outsourcing agencies are more likely to seek relationships with successful athletic programs.

Interestingly, decrease in relationship with local business is eighth in the global ranking. Previously, a business relationship between the institution and local businesses in intercollegiate sport was an important circumstantial decision making factor for outsourcing (Burden & Li, 2005; Li & Burden, 2004). Although this study supported the importance of the factor as selected in SWOT analyses, the overall weight indicated it is not as important as other decision making factors. As one of the survey respondents mentioned, the outsourcing agency pursues the relationship with local as well as national businesses so that the institution does not necessarily lose the relationship with local businesses.

The national trend factor was ranked 11th. According to organizational behavior literature, organizations mimic what other competitors do when a certain behavior by competitors is perceived to be successful (DiMaggio & Powell, 1983; Scott, 1995). The mimic behavior is also supported by sport marketing studies (Berrett & Slack, 1999; Shaw & Amis, 2001); however, the results of this study do not strongly support the effect of mimic behavior. This would indicate that this institution does not make sport marketing outsourcing decisions based on what others do. This result is consistent with the global weight of competitors. Put simply, both global weights indicate that the institution makes the decisions based on their own positioning (e.g., institutional growth, or market size) as opposed to what others do.

5. Recommendations for future studies

Given the importance as well as prevalence of commercialization in intercollegiate sport, outsourcing sport marketing functions will be more popular in the future. Future studies will enrich the body of literature in both outsourcing and sport marketing.

Regarding AHP, there is no one correct or uniform way to generate factors for AHP studies. This study employed expert panel reviews to generate decision making factors, yet, other methods, like a Delphi study may be applied in future research. Also, this study surveyed only the decision makers of one institution. Each institution has its own strategic plans reflected by a mission or vision statement and has its own uniqueness in terms of a market size, success of team, institution size, and so forth. However, future research may want to examine sport marketing outsourcing decision making factors using different institutions or even conferences to see if similarities or differences exist.

Finally, this study examined the decision making factors from an institutional standpoint. However, it is also worthwhile to see how outsourcing agencies develop the relationship with the institution because outsourcing agencies’ decision making factors may be different from the institution’s (Burden & Li, 2005). Although Burden and Li (2005) provided a good list of questions outsourcing agencies should consider, empirical information might be also necessary.

6. Conclusion

This case study was the first in the sport marketing literature to empirically test what factors decision makers at an intercollegiate athletic department consider when determining if they will outsource one of their marketing functions. The results indicate that the potential positive outcomes, specifically the financial return, are the most important considerations. The study also utilized a method which has yet to be examined in sport marketing outsourcing decisions. This case study provided some evidence that the SWOT and AHP combined model is beneficial to use in sport literature as it quantifies, and provides a measure of importance to factors of a SWOT analysis. Future research should further utilize this method with additional institutions in order to produce generalizable results.

References


