COMPARING BUSINESS MODELS FOR EVENT SPORT TOURISM: CASE STUDIES IN ITALY AND SLOVENIA

MARKO PERIĆ,* VANJA VITEZIĆ,* AND JANEZ MEKINC†

*Faculty of Tourism and Hospitality Management, University of Rijeka, Opatija, Croatia
†Faculty of Tourism Studies–Turistica, University of Primorska, Portorož, Slovenia

A business model (BM) describes how value is created and delivered to consumers. This managerial concept has gained growing popularity in the last few decades. However, it seems the analytical possibilities of a BM framework have not been recognized by sport tourism researchers. This article intends to fill a void that would link the BM concept to the area of sport tourism. Its aim is to examine, from the perspective of the sporting event organizer, the BMs of two cycling tourism events. Using the case study method, this article highlights the interplay of key resources and processes in designing and setting customer value. The findings indicate that although the BMs of the two events differ in many aspects, they both have a strong emphasis on networks and managerial processes aimed at ensuring participant safety and preservation of the environment. Besides providing a better understanding of the BM concept within the context of sport tourism, the findings would be of great interest for event-related sport practitioners and particularly for the design of management and marketing strategies for the sporting events they organize.

Key words: Business model (BM); Sport tourism; Sporting events

Introduction

The business model (BM) concept has become increasingly used in the last two decades, in terms of a company’s competitive success as well as in management science. The growing level of quality research on BMs indicates that BMs are all about value (DaSilva & Trkman, 2014; Johnson, Christensen, & Kagermann, 2008; Teece, 2010; Zott, Amit, & Massa, 2011). However, there is a lack of consensus on what key elements are needed to create value and deliver it to customers (Klang, Wallnöfer, & Hacklin, 2014; Onetti, Zucchella, Jones, & McDougall-Covin, 2012; Osterwalder, Pigneur, & Tucci, 2005; Richardson, 2008; Shafer, Smith, & Linder, 2005; Wirtz, Pistoia, Ullrich, & Göttel, 2016). When it comes to tourism, value shifts to experiences (Prahalad & Ramaswamy, 2004) and it could be claimed that BMs describe how experiences are
co-created (Perić, Wise, & Dragičević, 2017). Still, too few studies have focused on BMs in tourism, and they mostly refer to e-tourism business models and travel agencies (Mosleh, Nosratabadi, & Bahrami, 2015; Rayman-Bacchus & Molina, 2001). Additionally, being aware that sport could be both a primary or secondary reason for travel, it is even more surprising that the BM concept in sport tourism has not received the attention it deserves. Besides a few studies (Perić, Vitezić, & Mekinc, 2016; Perić & Wise, 2015), there seems to be a remarkable gap in the topic of sport tourism, and existing approaches fail to cover the real needs of sport tourism practice.

Therefore, the purpose of this article was to fill a void that would link the BM concept to the area of sport tourism. The aim of this article is to examine, from the perspective of the sporting event organizer, the BMs of two sport tourism events. The proposed contribution of this article is twofold. First, it aims to contribute to the theory not only by better understanding and defining the BM in general but also by better understanding how some sport tourism characteristics, which are suggested as being a part of the BM, support value creation. The alternative approach advocated in this article could also be of great interest for the design of management and marketing strategies for event-related sport tourism. It could provide additional guidelines for practitioners as they constantly strive to provide the very best experience for sport tourists.

This article is organized as follows. The first section provides an overview of the literature on sport tourism and BMs, focusing on the applicability of the BM concept in sport tourism. The second section looks at the research design and methods used. The third section presents research results that are followed by detailed discussion in the fourth section. Finally, some concluding comments are made.

Literature Review

Sport Tourism

The World Tourism Organization (WTO, 2010) defined sport tourism as specific travel outside the customer’s usual environment for either passive or active involvement in sport, where sport is the prime motivational reason for travel. This social phenomenon is both similar and different from sport and tourism individually; it is more a synergy than a synthesis of the two (Downward, 2005; Hinch & Higham, 2001; Weed & Bull, 2009). The expansion of sport tourism in the second half of the 20th century was followed by a significant amount of literature on the topic of sport tourism. As a research area, sport tourism became firmly established in the 1990s, offering a multitude of perspectives.

Despite the sport tourism definitions that focus on sport as a primary motive for travel (WTO, 2010) or competitive sport only (Deery, Jago, & Fredline, 2004), when it comes to sport tourism practice, different types of involvement are possible for sport tourists, and sport tourism exists under a variety of forms and names. Sport tourists travel to take part in sport (active participants), to watch sport (passive participants), or to visit various sports and sport-related attractions, and these activities could be primary or secondary motives for travel (see Fairley, 2003; Gammon & Robinson, 1997; Gibson, 1998, 2003; Glyptis, 1982; Harrison-Hill & Chalip, 2005; Weed & Bull, 2009). In addition, sport tourism is also often considered within the context of adventure, outdoor, and/or extreme sports (e.g., Buckley, 2012; Klaus & Maklan, 2011; Mykletun & Rumba, 2014), and even different sports, when practiced during travel, could be considered as a separate type of sport tourism (e.g., golf sport tourism, surfing sport tourism, etc.).

Special attention has been given to event sport tourism as the highest profile product within sport tourism (Deery et al., 2004; Weed, 2009). Event sport tourism involves both competitors and spectators (Roche, Spake, & Joseph, 2013; Weed & Bull, 2009), although visitor types may vary, as some sport events are more spectator driven than others (Gozalova, Shchikanov, Vernigor, & Bagdasarian, 2014). Its popularity can be attributed to the fact that just about every form of organized sport is capable of generating planned events (Getz, 2008). Provision of event sport tourism opportunities may be by the commercial or public sector, or by a partnership of the two and, in most cases, sport organizations are involved, so there can be voluntary sector involvement (Weed & Bull, 2009).

Being a unique combination of people and activities within a particular spatial–temporal dimension (Getz, 2008; Weed & Bull, 2009), sport tourism in
is that value is central when BMs are concerned, in particular, value for the customer and the company. Yet, although definitions quite often focus on structural aspects (i.e., BM elements), the BM concept is still blurry when it comes to the question of what are the integral elements of a BM. In other words, what elements are needed to create and deliver value to consumers?

Many authors from various fields of research have been looking for appropriate answers to this question. For instance, Mitchell and Coles (2004) advocated that a BM combines “who,” “what,” “when,” “where,” “why,” “how,” and “how much” an organization uses to provide its output. Chesbrough (2007) proposed six main elements of a BM, namely value proposition, target market, value chain, revenue mechanism(s), value network, and competitive strategy. Johnson et al. (2008) suggested customer value proposition, key resources, key processes, and profit formula as the main BM elements, while Zott and Amit (2010) proposed design elements (activity system content, structure, and governance) and design themes (novelty, lock in, complementarities, efficiency). Trying to systematize different approaches, Morris, Schindehutte, and Allen (2005) found 24 different items in relevant literature that are mentioned as possible elements, and Shaffer et al. (2005) found more than 40 different items (some of the reviews and discussions on BM elements but without any quantification include also Klang et al., 2014; Nenonen & Storbacka, 2010; Onetti et al., 2012; Richardson, 2008; Wirtz et al., 2016; Zott et al., 2011). Meanwhile, the number of elements proposed in the literature has significantly increased. In a recent study, Perić et al. (2016) found at least 380 different themes mentioned in the literature, with many receiving multiple mentions. In such conditions, it is very hard to extract the main components, unique building blocks, or elements of a BM.

This is especially true for the service industry and tourism, where too few studies have focused on BMs. When compared with physical goods and manufacturing, services and service delivery have distinctive characteristics such as intangibility, inseparability, perishability, and heterogeneity (Evans, Campbell, & Stonehouse, 2009). Also, service consumers play an active role in value...
Therefore, BMs focusing on services seem to be more complicated than manufacturing and retail business models (Souto, 2015). This is also true for tourism and sport tourism where, as argued before, value relies on experiences (Perić et al., 2017; Prahalad & Ramaswamy, 2004), and providers want to know what, how, and for whom to produce or provide products or services capable of inducing extraordinary experiences. In other words, how to integrate experiences within a firm’s BM is an intriguing question for both academics and practitioners (Perić & Wise, 2015; Pine II & Gilmore, 2016).

Thanks to the emergence of the Internet over the past 25 years, tourism scholars have tried to answer these questions, mostly in e-tourism and travel agencies. Indeed, the conventional travel agent model has been modified and supplemented with innovative BMs and many of these newly introduced BMs bear no resemblance at all to traditional travel agencies (Rayman-Bacchus & Molina, 2001). This has led to the combining of best practices of traditional and online models (Corigliano & Baggio, 2004; Rayman-Bacchus & Molina, 2001; Sigala & Marinidis, 2009). Joo (2002) analyzed a case study of the electronic tourism market (ETM) and argued that a BM for the ETM includes business practices ranging from business ideas to sources of revenue and the distribution structure for partners. In addition, he highlighted potential travelers and communities, cooperation among players, and a technology and development methodology as three strategic factors important for implementing and operating the BM for the ETM. Ping (2010) examined four basic models implemented in Chinese tourism e-business, namely the information release model, tourism enterprise operated online business model, segmented tourism products online business model, and integrated tourism products online sales model. In the context of developing countries, Kabir, Jahan, Adnan, and Khan (2012) reported certain problems in implementing BMs that are present in e-tourism (B2C, B2B, etc.) such as lack of communication infrastructure, lack of IT knowledge, and cost of initial investment.

Regarding BM elements in tourism and for tourism, Kandampully’s (2006) customer-oriented BM proposal consists of three phases (corporate intent, strategic direction, and core capabilities) and is useful to hospitality companies that focus on their customers and the value they ask for. Runfola, Rosati, and Guercini (2013) compared the BMs of two intermediary companies in online hotel distribution through three main dimensions, namely target segments, value proposition, and revenue model. Working on the concepts of Linder and Cantrell (2000) and Osterwalder et al. (2005), Mosleh et al. (2015) proposed a BM for travel agencies. It consists of eight elements (value proposition, target customer, relationship, core competency, partner network, technology, cost structure, and revenue model) grouped in four major categories (product, customer interface, infrastructure management, and financial aspects).

Perić and Wise (2015) used Johnson et al.’s (2008) framework as a core and compared the BMs of two hospitality firms in sport tourism. The authors focused on the linkage between customer value proposition, key resources, and processes as the main elements of the firms’ BMs in the provision of tennis experiences. Their research results indicated that similar tennis experiences can be delivered by different BM approaches. Souto (2015) examined the role of BM innovation in successful incremental innovations that lead to the competitive advantage of a hotel and tourism company. He claims that companies need a new BM that delivers new services and a new combination of services in order to change a tourist’s living experience. Coles, Warren, Borden, and Dinan (2016) examined the importance of environmental costs and cost control in terms of value creation in small- and medium-sized tourism enterprises (SMTes). Perić et al. (2016) have recently proposed an innovative BM for sustainable sport tourism where 27 different elements are placed within four broader categories that make up the core of the BM (value proposition, key resources, key processes, and value capture). They suggested that the first category, called value proposition, explains what benefits (products/services and experiences) an organization provides and to whom it provides. Key resources are assets required to deliver the value proposition to the targeted customer. The purpose of key processes is to leverage and transform resources within value creation and delivery. Value capture is a function that aims to generate a value for the organization which, in most cases, takes the form of a profit. The BM proposal of
Perić et al. (2016) is innovative because it includes five elements (experience, environment, environmental protection, safety, and security) that have not been mentioned before in BM studies and are, therefore, new for the conceptualization of BMs in both tourism and sport tourism. Finally, building on their previous work, Perić et al. (2017) proposed a service research agenda, trying to fill a void that would link the concept of business models to the area of sport tourism management by integrating notions of experience, a current hot topic as mentioned above.

Accordingly, BMs of both business and service industries are focused on value and therefore share some identical BM core elements. However, the specific features of the tourism industry, arising from the very nature of a service, call for more profound elaboration on BMs capable of delivering tourist experiences. Yet, despite the aforementioned studies, it seems the analytical possibilities of a BM concept have not been recognized by tourism researchers (Coles et al., 2016), a fact that applies to sport tourism as well.

Research Design and Methods

Our empirical study was focused on two sporting events in different communities, Südtirol Selaronda HERO 2016 Event in Selva Val Gardena, Italy, and Assault on Vršič 2016 in Kranjska Gora, Slovenia. These two events were chosen because the organizers of both events are trying to make the events into new tourism brands in order to enhance the summer season in both Val Gardena and Kranjska Gora. We preferred multiple-case study (or collective case study; see Stake, 1995) over single-case study, given the analytical potential of such design. The comparative case study method, in which we asked the same questions in similar organizations, was used to examine the BMs of these two sporting events. Such an approach is appropriate due to its applicability for investigating events and real-life contexts and when it is difficult to draw the line between the phenomenon and its context (Yin, 2009).

Research Field

Südtirol Selaronda HERO Event (Val Gardena, Italy). Val Gardena is located in South Tyrol (Italy), right in the heart of the Dolomites and Selva Gardena are three beautiful localities in the valley known best as a skiing destination (more than 500 km of connected slopes; hosts the downhill and super G races of International Ski Federation [FIS] Alpine World Cup). Beyond the winter season, it also welcomes visitors with a captivating combination of sporting challenges and leisure activities with a focus on hiking, rock climbing, and mountain biking.

Since 2010, Sport Association HERO Südtirol Dolomites (SA HERO) has been organizing the Südtirol Selloronda HERO mountain bike (MTB) race (hereinafter referred to as the HERO race). SA HERO is a nonprofessional sport association headquartered in Selva Val Gardena, and its main objective is to promote cycling and bike tourism via sporting events. It collaborates closely with local tourist associations, and the organization of this event aims to promote the tourism offering during the summer (which is actually the low season in Val Gardena). Because of the very challenging configuration of the HERO race (e.g., the total altitude difference of the 86-km race is up to 4,500 m), participants are well-trained recreational and professional cyclists, both individual competitors and members of sporting associations. The first edition of the HERO race in 2010 gathered 500 participants. The number of participants grew and the 2016 edition gathered 4,016 participants from 50 countries, most of them from Italy, Germany, Switzerland, Austria, and Slovenia. Over the years, a multiple-day HERO Bike Festival has emerged around the HERO race. In addition, in June 2015, Val Gardena hosted the UCI (International Cycling Union) MTB Marathon World Championship as part of the 9-day-long Festival. In 2016, the Hero Bike Festival was held June 16–19 and the 7th edition of HERO race (two races actually; 60 km and 86 km) was scheduled for Saturday, June 18th.

Assault on Vršič Event (Kranjska Gora, Slovenia). Kranjska Gora is a town on the Sava Dolinka River in the Upper Carniola region of north-western Slovenia, in the Julian Alps, close to the Austrian and Italian borders. It is best known as a winter sports town (20 km of connected slopes; hosts the slalom and giant slalom races of FIS Alpine World Cup; 40 km of cross-country skiing tracks). In addition, one of the largest ski jumps in the world, the ski jumping hill Planica, is located in the nearby
Tamar Valley. During the summertime, summer sledding, wall climbing, cycling, and downhill and mountain biking are popular activities.

For the last 38 years, on the first Saturday in September, the Tourist Association Kranjska Gora (TAKG) has been organizing the traditional annual cycling event Assault on Vršič. The motivations for organizing this event were twofold. First, the TAKG seeks to establish Kranjska Gora as the number one cycling destination in Slovenia (during the summer) and, for this purpose, they have developed various types of bike tourist packages. Second, the TAKG wants to establish itself as the best organizer of sporting events in Slovenia. Due to its 12-km uphill run with an altitude difference of up to 801 m, a maximum slope of 10.8%, and an average incline of 7.25%, the Assault on Vršič is a well-trained recreational (and professional) cyclist-oriented event. Between 500 and 1,100 participants usually participate in the event. The 38th edition took place on Saturday, September 3, 2016 in Kranjska Gora and gathered 672 participants from several countries—mostly Slovenia, followed by Italy and Austria.

Research Framework

This case study is of an exploratory nature, aiming to acquire a more fundamental understanding of BM elements in sport tourism organizations. Although the BM is a very broad notion, this research field is underresearched and relatively scarce, and it was difficult to decide what BM elements should be observed and questioned and how the collected material should be organized and analyzed. Following Teece (2007), to help condense reality and identify classes of relevant variables and their interrelationships in a less rigorous manner and solve the aforementioned problem, the authors decided to use an existing BM framework for sport tourism proposed by Perić et al. (2016) (Fig. 1).

Data Collection and Analysis

Fieldwork was conducted from April to September 2016 and comprised three different procedures regarding data collection: documental research of the events, qualitative interviews, and direct observation of the events. Following Patton (1990) and Yin (2009), one of the positive features of case study research is manifested in the possibility of using multiple data sources that can also enhance comparison and interpretation of the data gathered (i.e., data plausibility). Therefore, in order to comprehend the “big picture” of the events, to identify data, and to gather general context on these events, the authors first conducted an extensive research of

![Figure 1. Components of business model for sport tourism (Perić et al., 2016, p. 476).](image-url)
the websites of the events’ organizing bodies and Val Gardena and Kranjska Gora local tourist organizations. A justification for focusing on websites is the growing importance of the Internet in the tourist’s search for information and bookings (Buhalis & Laws, 2001). In total, we gathered 164 pages of internal online documentation, of which 148 for the HERO event (includes 128 pages of special HERO Edition) and 16 for the Assault on Vršič. The website data provided general information about the research field but to prevent data bias, further steps had to be made. Second, to gain deeper perspectives from those immediately involved in organizing the selected events we conducted semi-structured interviews with key informants for each event. Interviews were conducted in May (Südtirol Selaronda HERO) and September 2016 (Assault on Vršič). Two persons were interviewed: The Managing Director of the SA HERO, and the President of the TAKG. They are key persons in the event organization and management process, responsible for strategic decision making, and also acting as operational managers responsible for a majority of local field operations. Interviews included similar core questions dealing with specific choices facing event organization and management, following Perić et al.’s (2016) BM structure. Further, based on each interview, supplemental questions sought additional insight to a number of other, more specific issues that emerged during interviews, including the atmosphere surrounding the event, anticipated challenges, and the vision of tourism development in the destination. Each interview lasted approximately 1.5 hr to ensure enough time to cover the above-mentioned topics related to event BMs. Finally, we made on-site visits to observe both events, more precisely opening and awards ceremonies, and start/finish of the races. However, due to length of the races, road closure during the events, and limited access to the events’ pavilions, we were not able to cover all units of activities such as the course route, intermediate control points, press conferences, and promotional tourism actions in VIP pavilions. Therefore, observations allowed us only limited understanding of the real practices.

To explore if the research framework is valid in new conditions, deductive coding was done. A deductive approach helps to examine whether the relationships and patterns of the two sporting events have obtained a more general context. Case study data from all sources were categorized into content themes in order to facilitate a comparative and conceptual analysis. All 27 BM subelements have been used as coding categories to group the empirical material in four major BM categories: value proposition, key resources, key processes, and value capture (see Tables 1–4). Two of the authors (both present at the interviews) worked independently on analyzing and classifying the collected material into a priori codes and then they jointly discussed and agreed on the results. Two event analyses helped to generate insight within each case for the purpose of a cross-case comparison (Eisenhardt, 1989). Patterns across the cases to identify important similarities and differences between the events’ BMs were searched for and analyzed through discussion and joint decision by the same two authors. Insight gained contributes to the analysis of the BMs of these two events.

Results

In line with the selected BM framework (Perić et al., 2016), data emerging from collecting procedures are presented under the predefined themes of the BM and its related elements. Tables 1–4 summarize the findings for both sporting events.

Value Proposition

The race itself, and the experience it provides, are actually the core product and are therefore the first to be analyzed (see Table 1). As mentioned above, the HERO 2016 event comprises two races, one 60 km long and the other 86 km. There are gender and several age categories as well as a distinction between elite (100 competitors) and hobby competitors. The event is part of the HERO Bike Festival that over 4 days includes other events such as Bike & Tech Expo, HERO Charity Fashion Night, HERO Kids, or Selaronda Bike Day. On the other hand, the uphill run on Vršič is organized as a sole event with no accompanying events. Although most of the participants were competing in this race only, a minor part was competing for the Schneekoppe Cup as well (Assault on Vršič is the last in a series of three races that are jointly scored for the Schneekoppe Cup). As
in Val Gardena, there are gender and several age categories (<30, 30–39, 40–49, 50–59, 60+). Distinction between elite and hobby competitors was not needed because only one participant was an elite athlete.

Having accumulated knowledge and experience about event participants over the years, the organizers expressed interesting additional information on participant profiles and their expectations. Similarities regarding sociodemographic characteristics and motivations for participating are found between the two events. Wealthy and well-trained recreational male athletes make up the majority of participants (e.g., only 3% of HERO

<table>
<thead>
<tr>
<th>Table 1</th>
<th>Value Proposition of the two Analyzed Events</th>
</tr>
</thead>
<tbody>
<tr>
<td>BM Element</td>
<td>Südtirol Selaronda HERO 2016 Event, Val Gardena, Italy</td>
</tr>
<tr>
<td>Product/service</td>
<td>Two races: 60 km &amp; 86 km (different gender &amp; age categories); Event is a part of 4-day HERO Bike Festival with many accompanying events; Race packs for all participants; Prizes for winners; Lunch</td>
</tr>
<tr>
<td>Customer</td>
<td>4,016 participants from 50 countries; Around 100 professionals, others well-trained recreationists; Participated on average 1-3 times in the HERO race; Work, quite rich, very busy, good organizational skills</td>
</tr>
<tr>
<td>Experience</td>
<td>Main motivations to participate: - Dolomites environment (UNESCO World Heritage site!) - to compete with himself/herself (challenge) - good organization of the event</td>
</tr>
<tr>
<td>Safety</td>
<td>na</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Table 2</th>
<th>Key Resources of the two Analyzed Events</th>
</tr>
</thead>
<tbody>
<tr>
<td>BM Element</td>
<td>Südtirol Selaronda HERO 2016 Event, Val Gardena, Italy</td>
</tr>
<tr>
<td>Employees</td>
<td>Sport Association HERO Südtirol Dolomites—5 persons (1 professional full time, 4 volunteers); 17 persons and several public institutions in Organizing Committee; &gt;100 volunteers</td>
</tr>
<tr>
<td>Technology Equipment</td>
<td>Official website; Online pre-registration; eCHIP</td>
</tr>
<tr>
<td>Partners network</td>
<td>Start/finish area in the city center; Time measuring equipment (subcontracted)</td>
</tr>
<tr>
<td>Partners network</td>
<td>54 partner hotels (HERO PACKAGE = race fee +3 overnights); Tourist Office Selva Val Gardena, Aiut Alpin Dolomites, Croce Rossa, Croce Bianca, and Soccorso Alpino; Regional, general, institutional and media partners, and official supporters (46 altogether); Other stakeholders and subcontractors</td>
</tr>
<tr>
<td>Environment Competencies</td>
<td>Dolomites (UNESCO World Natural Heritage site) HERO Südtirol Dolomites trademark; Long-term partnerships with key stakeholders</td>
</tr>
<tr>
<td>Information</td>
<td>Internal and external information</td>
</tr>
</tbody>
</table>
Table 3
Key Processes of the two Analyzed Events

<table>
<thead>
<tr>
<th>BM Element</th>
<th>Südtirol Selaronda HERO 2016 Event, Val Gardena, Italy</th>
<th>38th Assault on Vršič 2016 Event, Kranjska Gora, Slovenia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Design/Product development/ Manufacturing</td>
<td>Different course each year; Innovative programme; New events during duration of the Festival; Experience of organising UCI MTB Marathon World Championship</td>
<td>Same course each year; Long tradition; Experience in organizing different events</td>
</tr>
<tr>
<td>Marketing</td>
<td>Promotion worldwide (online, in lifestyle and bike magazines, newspapers, publish special HERO Edition, leaflets etc.); Many sponsors (see partners network); TV transmission in 67 countries (Eurosport2 International, Asia &amp; Pacific, and Rai Sport); Course covered by helicopters</td>
<td>Promotional activities only in Slovenia, not abroad (because of the limited road/track capacity); Just a few sponsors; No TV transmission</td>
</tr>
<tr>
<td>Security</td>
<td>Special traffic regulation—closed roads where necessary; Each participant competes at his/ her own risk; Participants must wear cycling helmet; Participants are obliged to possess the appropriate medical certificate; Refreshment point during the race course + Participants are advised to bring sufficient refreshments; Insurance policy + Participants are obliged to have a liability insurance against third parties; Other supportive partners: Aiut Alpin Dolomites, Croce Rossa, Croce Bianca, Soccorso Alpino, medical teams (including helicopter rescue service), Carabinieri (police)</td>
<td>Special traffic regulation – closed roads for three hours (traffic not allowed); Each participant competes at his/her own risk; Participants must wear cycling helmet; Refreshment point at the finish line + Participants are advised to bring sufficient refreshments; Recommendation to participants to arrange their own accident insurance; Insurance policy sponsored by an insurance company; Other supportive partners: Mountain Rescue Service Kranjska Gora, a medical team, police</td>
</tr>
<tr>
<td>Environmental protection</td>
<td>Obtained the Green Event Certificate; Environmental protection measures (waste is collected separately, penalty for throwing litter onto the course route is disqualification, music only in the city center, etc.)</td>
<td>Follows the slogan “Active–Healthy–Green,” Environmental protection measures (location is cleaned the same day after the event, waste is collected separately, the tent is packed a day after the event, participants are encouraged to respect nature and not throw litter onto the street)</td>
</tr>
<tr>
<td>Hiring/Training</td>
<td>Introductory seminar for volunteers</td>
<td>No special activities</td>
</tr>
<tr>
<td>IT</td>
<td>Internet is the official medium for event information</td>
<td>Internet is the official medium for event information</td>
</tr>
<tr>
<td>Sourcing/Investment</td>
<td>Activities related to partners (see partner network)</td>
<td>Activities related to partners (see partner network)</td>
</tr>
<tr>
<td>Rules</td>
<td>Rules for participants; Internal procedures and rules regarding communication and decision making</td>
<td>Rules for participants; Internal procedures and rules regarding communication and decision making</td>
</tr>
</tbody>
</table>

Table 4
Value Capture of the two Analyzed Events

<table>
<thead>
<tr>
<th>BM Element</th>
<th>Südtirol Selaronda HERO 2016 Event, Val Gardena, Italy</th>
<th>38th Assault on Vršič 2016 Event, Kranjska Gora, Slovenia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>Race fees from 110€ to 140€; To participate in HERO PACKAGE scheme, 54 partner hotels pay a 800€ fee</td>
<td>Race fees from 22€ (at preliminary registration) to 30€ in the day of the event</td>
</tr>
<tr>
<td>Revenue</td>
<td>Fees; Additional donations from local authority and sponsors</td>
<td>Fees; Additional donations from local authority and sponsors</td>
</tr>
<tr>
<td>Cost Margin model</td>
<td>Costs are covered na</td>
<td>Hard to cover costs na</td>
</tr>
</tbody>
</table>
participants were women). The Managing Director of the HERO race confidently stated “On average, they [referring to the participants] are quite rich, with good and expensive bikes . . . do not have much free time, but are able to organize their time efficiently.”

At both events the organizers highlighted competition (with others and with oneself) and challenge as common motivations for participating. For instance, the President of the TAKG argued “People attend the event to prove to themselves that they can do it . . . and when they do prove to themselves that they can do it, they want to compete with themselves, that is, improve their best time.” In addition, HERO participants are attracted to the Dolomites environment (which is classified as a UNESCO World Heritage site) and the good organization of the event. On the other hand, for Vršič participants, the President of the TAKG stated “People come to socialize, too. I know people who have participated in the event for the 38th time, from the first edition,” meaning that besides the challenge, socializing is also important. Rich prizes (e.g., up to 3,000 euro [€] for the HERO race; quality bikes, and free accommodation in partnering hotels) are not highlighted by organizers as a motivation to participate, probably because it is a massive event and most of the participants are aware that they cannot compete for any of the first three places in the respective category. On the other hand, each participant who paid the fee got a “start pack” (t-shirt, present) when collecting the race numbers.

The above-mentioned motivations strongly determine the overall participant experience. In addition, the discussion on safety, another important element of a tourist experience, turned out to focus on what organizers are doing to make participants feel safe and what they can do to improve safety. Because these issues actually belong to the BM’s key processes, they will be analyzed in the corresponding section.

**Key Resources**

Key resources include employees, partner network, technology, equipment, environment, information, and competencies (see Table 2). Regarding human resources, SA HERO has 5 persons involved in the organization team (1 professional full-time, 4 volunteers). However, it cooperates with numerous private and public partners and the whole Organizing Committee consists of 17 persons and a few institutional partners. Many of them are responsible for specific processes within the organization of the event, such as race route directors, press & press operations, social media, and safety and medical assistance. A part of the activities is delegated to various external partners. The Selva Val Gardena Tourist Office is in charge of registrations, while Aiut Alpin Dolomites, Croce Rossa, Croce Bianca, and Soccorso Alpino are responsible for providing first aid. In addition, there is a number of accommodation providers (i.e., hotels and apartments) paying a fee for the right to participate in the HERO PACKAGE scheme. This scheme stipulates that after 3,500 people have made an online registration, others are obliged to buy the HERO PACKAGE (race fee +3 overnights in a hotel of their choice). A total of 54 accommodation providers are included in the scheme and approximately 500 packages are sold in this way. Accommodation providers are also entitled to be listed on the website and other printed materials. Calling this a “win–win” situation, the Managing Director said “We both benefit from this scheme . . . partner hotels sell their capacities while we have less work dealing with questions regarding accommodation.”

Also, there is a list of regional, institutional, and media partners, supporters, and sponsors. Among many others, the main sponsor of the event is the Südtirol region. The event strongly relies on volunteers and the Managing Director declared, “More than a hundred volunteers from many countries arrive each year to join the crew and be part of this extraordinary adventure. Without them it would be impossible to organise all the work.”

In Kranjska Gora all TAKG employees have duties at the event. The Municipality of Kranjska Gora, a car retailer and an insurance company are major partners and financially support the event. Many external organizations (e.g., a hotel company providing meals on the site after the race, a company that delivers a big tent for registration, lunch, and award ceremony, etc.) are involved as subcontractors and are paid for their work. Similar to her colleague in Italy, the President of the TAKG points out the role of partners: “We need many partners to deal with the activities we are not familiar with.
The problem is that most of them act as subcontractors, not sponsors. It would be better if we did not have to pay for their engagement.”

Regarding available technology and equipment, preregistration is only possible through the electronic application on the websites of the events. Race numbers and eCHIPS have to be collected on site. In Kranjska Gora, payment of a 10€ deposit for an eCHIP is requested at registration on the day of the event (the deposit is returned after the award ceremony at eCHIP collection points). At both events, companies with sophisticated equipment are hired for official time measuring.

Both destinations take advantage of a unique, scenic, natural environment. The HERO event takes place in the middle of the Dolomites, a UNESCO World Natural Heritage site, while Vršič is part of Triglav National Park, the only national park in Slovenia. The natural setting is indeed an important resource for both events. Furthermore, relevant and timely information received from inside and outside the organization helps managers of both events to easily handle all operations associated with assets. In addition, SA HERO has achieved sustainable core competencies by developing the brand equity of HERO’s famous trademark which combines the distinct course spirit and awesome natural environment. Another SA HERO competence is creating long-term partnerships with many external actors—commercial partners (e.g., partner hotels), suppliers, and media partners. On the other hand, the TAKG has not succeeded in creating a brand of its sporting event and is successful only to some extent in establishing partnerships.

Key Processes

Although the organizers of both events have experience with previous editions, each year sees design and product development. Planning starts long before the events. Table 3 presents key findings regarding key processes for both sporting events. In Val Gardena, organizers are trying to introduce new programs and contents every year, while in Kranjska Gora the limited duration of the event (1 day) does not allow for such initiatives. “Start packs” are easier to change from edition to edition. Furthermore, while neither of the events hires new employees, training is important, especially considering the many volunteers (new ones, each year) who come to support the organization, such as is the case of the HERO race.

In Val Gardena, significant effort is devoted to marketing activities. The event is promoted online, by special HERO Edition (available printed and online), and in some lifestyle and bike magazines. The HERO race can be watched live (Eurosport2 International, Asia & Pacific, and Rai Sport) in more than 60 countries. Pointing out the importance of this not only for the event but for the whole destination as well, the Managing Director said:

International streaming makes our event popular worldwide. After watching the race on TV, many people would like to participate. . . . I think displaying the beauties of the Dolomites to a wide audience benefits the whole destination; it helps to sell the accommodation capacities.

On the other hand, Assault on Vršič has been promoted only in Slovenia, and not abroad (because of the road capacity). However, starting with the 2017 edition, they will promote the event in both Italy and Austria. There is no live TV transmission, and as the President of the TAKG said, there is always a “struggle” for sponsors:

It is difficult to find sponsors, and when you do, the amounts are not high, and sometimes donations are in kind. For instance, an insurance company gave us the insurance policy for free. The cost of this policy is around 3,000€ and it was easier for them to give us the policy than cash.

Two other extremely important processes for both events are related to security and environmental issues. The HERO race Managing Director underlined “Participants do care about their safety!” And when it comes to practice, safety issues are under the control of, and can be improved by, the sport tourism provider. Security rules are strict and very similar for both events. Special traffic regulation (closed roads) is applied where necessary. Many public services (police, medical teams, Mountain Rescue) are prepared and deployed along the track and key crossroads. Given the sizes of the events, more teams of public services are engaged at the HERO race than in Kranjska Gora. Also, in Val Gardena vehicle mechanical assistance is available during the course of the races at places defined by
the organization team. By submitting the registration form, the participants declare they are healthy and medically fit to face the challenge required to complete the race, will respect all organizers' instructions, and accept to waive any right, either direct or of third parties, against the Organizing Committee and all individuals or organizations involved in the event. Participants compete at their own risk and are obliged to wear a cycling helmet, and the organizer is not responsible for any damage caused to materials or people. It is recommended (in Kranjska Gora) or obligatory (in Val Gardena) for participants to arrange their own accident (liability) insurance against third parties. This way the organizers shift responsibility to the participants. However, if something bad happens because of the organizer’s error it will be covered by the valid insurance policy. For instance, the President of the TAKG pointed out “We are trying our best, but there are many risks involved with the race. Therefore, we have an insurance policy to cover those risks.”

Other prevention measures help to maintain the participants’ fitness and health and their privacy. Although refreshments are provided along the HERO course, in Kranjska Gora the refreshment zone is located only at the finish area. Therefore, participants are advised to bring sufficient refreshments for the time of ascent. In addition, participants grant the permission for their information and pictures to be used for marketing and publishing activities. Indeed, there is a lot of work to do regarding safety and security. When asked to estimate how much of the work refers to safety and security issues, the Managing Director of HERO race stated: “I have never thought about it. . . . I guess 30% of all work related to the organization of the event is actually safety and security work. . . . Yes, most of the work is connected to safety and security.” The President of the TAKG answered in a similar vein, stating: “If I had to estimate how much time is spent on the safety and security aspects of the event, I’d say about 20%, maybe 25%.”

Regarding the physical environment, it is imperative to reconsider the possible environmental influences of all parts of the sport tourism product. Sport tourism providers (should) know that products and services have to be designed with consideration to their environmental impacts, both positive and negative. In other words, providers have to respect and protect the environment in order to maintain its appeal. Organizers of both events know this very well. The HERO race has even received a Green Event Certification from the regional Südtirol authority, meaning it implements measures dedicated to protecting the environment. Special attention is given to the collection of waste and to noise production. Cyclists will be disqualified if they throw litter onto the course route or do not use the rubbish points at the beginning and end of each refreshment point. Music is not allowed during the race and is played only in the town center where the accompanying program takes place. However, the event will get financial support from the local authorities even if they do not have this certificate. According to the President of the TAKG, similar best practices are implemented in Kranjska Gora. During the event, waste is collected separately. After the event, the location is immediately cleaned up, collected waste is transferred to recycling yards, and the central tent is disassembled and ready for transport a day after the event. Participants of the event are encouraged to respect nature and to refrain from throwing the packaging of energy bars and drinks onto the road. Consequently, the President of the TAKG highlighted: “Everything we do in Kranjska Gora is ‘green!’ We follow the slogan ‘Active–Healthy–Green.’ However, our event does not have any official ‘green’ certificate.”

Value Capture

Making a profit is not the primary objective either for the SA HERO or the TAKG. Consequently, both the HERO race and the Assault on Vršič events
are nonprofits. Yet, they must generate revenues to remain viable over an extended period of time and they do it in a similar way (Table 4). Race fees are the main source of revenues for both events. Depending on the time of registration, race fees in Val Gardena range from 110€ to 140€. In Kranjska Gora, the fee is 22€ at preliminary registration or 30€ on the day of the event. Although the revenue these events are able to collect is significant, especially in the case of HERO race, both events also get support from public (i.e., local authorities) and private partners (sponsors). The President of the TAKG confirmed:

The event attracts many participants, but the revenue from the fees is not enough to cover all the operating costs. Everyone expects to be paid for his work. . . . The event therefore needs additional support from sponsors and local authorities just to break even.

The HERO race (and the whole HERO BIKE Festival) is very successful when it comes to attracting sponsors. Hotels and other accommodation providers wanting to participate in the HERO PACKAGE scheme pay an 800€ fee. In 2016, 54 partner hotels joined the scheme, an indication that significant revenue is generated this way. Additional revenue is generated by selling the HERO apparel (the HERO Südtirol Dolomites trademark has been regularly registered) online or in partnering shops in the city. There are no such incentives in Kranjska Gora.

Discussion

The previous section indicates that both events are organized to give an impetus to summer tourism in destinations that are traditionally more popular for their winter sport experiences. Indeed, scheduling sport events during tourism shoulder seasons is a widely accepted method for addressing seasonal fluctuations (Getz, 2008; Higham, 2005; O’Brien, 2007). In addition, small-scale sport events that complement the scale, infrastructure, and resourcing capacities of the host city may generate more positive impacts for communities and destinations than one-off major events (Cheung et al., 2016; Gibson et al., 2012; Higham, 1999). Therefore, it is understandable that the organizers of these two sporting events implement very similar core logic about event purpose which, at the same time, differs in some aspects in practice. The HERO race is a central event during the 4-day-long HERO Bike Festival, while Assault on Vršič is a single 1-day event. Although the two races differ in length and duration, both are primarily focused on well-trained recreational athletes who are looking for competition and challenges. Participants also find pleasure in the environment (HERO participants) and like to socialize with other people (Vršič). Learning about the people and their individual behaviors and motivations facilitates gaining insight into sport tourism experiences (Weed & Bull, 2009). The definition of sport tourism experiences is based on the individual motivations of tourists as well as on contextual factors such as physical space or number of attendees (Kaplanidou & Vogt, 2010; Klaus & Maklan, 2011; Mykletun & Rumba, 2014; Perić et al., 2017).

When it comes to contextual factors, physical space is the subject of different interpretations but is still crucial for the construction of sport tourism experiences (Suvantola, 2002; Weed & Bull, 2009). Both organizers (in the cases of Val Gardena and Kranjska Gora) are aware of this reality and take advantage of their spectacular surroundings (i.e., Dolomites as a UNESCO World Natural Heritage site and Vršič as a part of Triglav National Park) and establish the natural environment as an essential element of their BMs. These distinctive natural environments become a key resource for the events’ BMs in two ways. First, the natural environment is a physical resource that sport and tourism very often share in a more intense way than is the case in many other forms of tourism (Bouchet, Lebrun, & Auvergne, 2004; Han, Nelson, & Kim, 2015; Hinch & Higham, 2011; MacIntosh, Apostolis, & Walker, 2013). Second, protected areas such as UNESCO World Heritage sites are perceived as “must-visit” attractions on their own and they signal their brand, attracting tourists and having a positive effect on destination image and local business (Buckley, 2004; Hall & Piggin, 2001, 2002; Kim, Wong, & Cho, 2007; VanBlarcom & Kayahan, 2011).

These conclusions on protected areas confirm previous, though only sporadic, findings (Abdelkafi & Täuscher, 2016; Coles et al., 2016) on the importance of environmental resources to a firm’s BM. Organizers of both events have considered this
issue very seriously and implemented many measures to protect the environment. However, one can argue that these measures do not differ from measures implemented at many other events which are not considered “green” and do not have official certificates like HERO does. Hence, even more attention should be placed on environmental outcomes and better environmental management (see Coles et al., 2016; Getz, 2008; MacIntosh et al., 2013). Environmental programs are an investment, and implementation of these programs can encourage proenvironmental behavior among sport participants (Han et al., 2015; Matsui, 2015), resulting in costs savings, new opportunities to sponsorships, building goodwill among the community, or further enriching fan identification (McCullough & Cunningham, 2010). To be sure, environmental protection has emerged as one of the core processes in the events’ BMs.

Security is another key process where the events’ organizers perform in a similar way. Although safety is a highly personal construct, more highly valued by sport tourists than nonsport tourists in its contribution to a tourist experience (Chen & Funk, 2010; Mohan, 2010; Otto & Ritchie, 1996), security is an important organizational component and process (Kaplanidou & Vogt, 2010; Perić et al., 2016). Although this study did not examine participants’ perceptions of safety issues, many preventive actions that the organizers take before and during the events suggest that security planning and implementation are needed to minimize risks to which participants are exposed. This study indicates that not only can safety issues be improved by the sport tourism providers but also that a considerable part of the organizations’ work is actually devoted to safety and security. From the perspective of BM conceptualization as well as the event organizer (see again Kaplanidou & Vogt, 2010; Perić et al., 2016), security management is a process within an event’s BM.

Failure to provide the above two services (environmental protection, and safety and security) may impact future attendance, as well as word-of-mouth knowledge about the event and the destination. Core competencies provide the framework for a firm’s positioning in the market (Matzler, Bailom, von den Eichen, & Kohler, 2013) and marketing activities are crucial when it comes to event and destination cognition (Harrison-Hill & Chalip, 2005). The HERO race has gained international popularity and the HERO Südtirol Dolomites trademark has been regularly registered and can be used only with the express permission of SA HERO. This trademark benefited not only from distinctive sporting activity but also from the strong recognition of the Dolomites, listed as a World Heritage Site. Although literature showed that the sport-event image is sometimes stronger than the destination image and that event image can be used to strengthen the destination image (e.g., Hallmann & Breuer, 2010; Kaplanidou & Vogt, 2007), this study suggests it is a synergy of destination and event that has made the HERO brand famous. What’s more, the creation of this brand has facilitated negotiations with the media and enabled the selling of HERO apparel. According to this study, the organizer of the event in Kranjska Gora has failed to do so. Knowing that distinctive competencies and resources that are different from those of competitors are more valuable to the organizers (Demil & Lecocq, 2010; Shafer et al., 2005) and considering the case of HERO race and arguments on branding made by Johnson et al. (2008) and Nenonen and Storbacka (2010), the results of this study imply that the role of brand within the BM framework should be reexamined. In other words, it is reasonable to ask whether a brand could be considered as an additional key market resource (and/or branding as a key process) for BMs in sport tourism.

On several occasions both organizers also stressed the importance of various partners in carrying out all the processes, particularly those of environmental protection, security, and marketing. Indeed, partners were crucial for some activities, especially for those in which the organizer did not have adequate competence. In addition, the capacity to establish strategic partnerships with key stakeholders is crucial in securing the capital that is needed to fund the creation of customer value. This means that SA HERO has a unique ability to generate revenue. Although profit is not this organization’s only aim, it can certainly help to ensure long-term sustainability. On the other hand, the TAKG is also successful in the organization of its event (after all, its long tradition proves this) but the scope of their success cannot be compared to that of the HERO race case. To improve future editions, the TAKG...
should consider bolstering the race by organizing accompanying events and involving more multimedia partners to increase the visibility of the event. The findings of this study once again challenge Perić et al.’s (2016) BM framework where partner networks are an element within the key resources category. This approach, which treats networks as a part of the infrastructure, for sure is valid (see also Johnson et al., 2008; Osterwalder et al., 2005). However, some authors (e.g., Chesbrough, 2007; Kesting & Günzel-Jensen, 2015; Roome & Louche, 2016) have suggested networking with all types of partners as a separate BM category. Hence, given the importance and place of the partners’ involvement and networking within the BM framework demonstrated in this study, the following question could be raised: Is partner network an element within the key resources category or could it be a separate BM category?

Conclusion

This article applied an existing conceptual BM framework to event-related sport tourism practice—Südtirol Selaronda HERO 2016 and Assault on Vršič 2016. In general, analysis of events’ key BM elements within four major categories implies that the Perić et al. (2016) framework seems to fit the challenges that the event sport tourism industry presents to event organizers. However, the findings indicate that modifications to this model could be suggested. It seems some elements, like environmental protection, safety and security, and networking, are more important than others. In other words, both analyzed events have a strong emphasis on networks and managerial processes aimed at ensuring participant safety and preservation of the environment. These elements are a competitive advantage in the marketing and promotion of sporting events and, therefore, important for the sport tourism industry. Although managing environmental and security issues fits the proposed model as key resources and processes, partner networking seems to be underestimated and worth promoting as a separate BM category. The same can be said of brand and/or branding, which in the case of the HERO race emerged as a key resource and/or process capable of attracting visitors and partners (i.e., sponsors), facilitating revenue generation, and enhancing destination image. These two elements (i.e., partner networking and brand) are exactly where the greatest differences exist between the two events, and the TAKG should make additional efforts in improving unsatisfactory performance in these two domains. The questions raised by this study do not mean that other elements of analyzed event BMs are not important. On the contrary, the findings showed that all elements from all categories are interdependent to some degree and, therefore, affect each other.

Therefore, the findings and proposals of this article contribute to the management theory by providing better understanding of the BM concept in general and BMs for sport tourism in particular. Also, it links the BM concept with the area of event sport tourism, neglected in previous studies. More precisely, using the case study method, this article highlights the interplay of key resources and processes in designing and setting customer value. Moreover, the findings from the presented cases are educational and especially applicable to event-related sport tourism suppliers who are constantly striving to provide valuable experiences to sports tourists, both active and passive. They can learn from the demonstrated cases by trying to implement best practices while avoiding repeating the same mistakes. This is valid for both incumbents and newcomers in the business who want to design new BMs or reconfigure the existing ones. Accordingly, the findings could be of great interest for the design of their event management and marketing strategies, especially when communicating to extant and future sporting event participants.

Despite the attempts to rigorously and objectively analyze the selected literature on BMs and selected case studies, this article comes with several limitations. The first limitation stems from using the case study method because the study of a small number of cases cannot offer grounds for establishing generalizability of findings. Therefore, future studies using more cases within the sport tourism industry will increase the comparability of overall conclusions. Second, this study also raised questions concerning the role and position of partner networks within a BM framework. Also, issues related to different country management and cultural interactions could lead to different results in the BM approach. Future overviews on BMs should seek
to overcome these issues by focusing more on the role of key stakeholders and their country and cultural characteristics. Third, this study did not survey the active participants, and their inclusion in future research could provide more profound insights into event BMs, especially when it comes to the value proposed (i.e., participants’ experiences, motivations, and their perceptions on personal safety). The last remaining question refers to how to implement this knowledge in business practice. No one-size-fits-all solution exists and to design competitive BMs for sport tourism. Then it will all depend on the competence of managers to maintain or improve their BM performance.

Acknowledgment

This work was supported by the Croatian Science Foundation (grant number UIP-2014-09-1214).

References


McCullough, B. P., & Cunningham G. B. (2010). A conceptual model to understand the impetus to engage in and the expected organizational outcomes of green initiatives.


