Intellectual Output No 3:
Innovative offers outside the field of traditional sport

AUTHOR

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Sport Clubs for Health-enhancement, Activation, Modernisation and Participation

1.0
Introduction

The CHAMP project has as official aim to "give the sport movement innovative tools and education for modernisation, offering them fresh insights of current trends and solutions for physical activity promotion". This report presents the findings on the third of five intellectual outputs outlined by the CHAMP project in order to achieve this aim.

The third intellectual output of this project has the target to "collect innovative good practices in the fields outside of sport". In order to establish this collection, relevant academic and non-academic case studies on innovative practices to gain customer loyalty outside the sport sector were consulted and performed. Additionally, we conducted an analysis of six businesses of different sizes using these three models: PESTLE Analysis, Porter's Five Forces Model and a SWOT analysis.

Private companies need a loyal customer base to keep their business afloat, just as by its sheer purpose the organised sports movement needs a stable or growing number of participants to exist. Global market leaders, e.g. Starbucks and McDonalds, have achieved to build such a loyal global custom-er base, which will frequent their restaurants and shops not only in their home country, but also whilst travelling abroad. However, both companies do not rest on their success, but keep issuing new offers and products to maintain their global leader status. Thus, as a starting point of the research these two companies were first examined, to be able to learn from their practices.

Nevertheless, as the organised sports movement exists on different tiers: global, national and local, it would be unreasonable to assume that at each tier an organisation could follow the practices of a globally operating business. Therefore, this report will also examine medium and smaller businesses, which have the reputation of being innovative and having a loyal and growing customer base.

The report is structured in the following way, a first part explains the different tier approach and the reasoning behind choosing particular case studies, a second part presents a general model of how to generate a loyal customer base and a third and final part outlines best practices following from the model which sports organisations can adopt.

2.0
Business Analysis Models

Business analysis models are useful tools and techniques to assist a company in understanding their organisational environment and, thus, enhance their strategic approach and overall success. Companies are often tasked with examining their strategic position within the marketplace or industry to assess their competitive advantage and profitability. To this end, a multitude of models have been developed and are in existence to assist companies in strengthening their position within the industry to help maintain, if not improve, their competitive position (Koch, 2000).

Markets are evolving, the customer is more demanding, and innovations around social media, mobile technology and advanced data analytics are just some of the changes that have transformed customer behaviours and expectations. These are now some of the foundational enablers for service providers to adopt in order to win the future customer. Successful businesses try hard to understand their potential or old customers' needs and wants. Solomon (2009) stated that attracting a new customer can cost five times as much as pleasing an existing one, hence, customer retention is imperative for any business. Thus, all aspects of the business environment need to "think customer" and work together to satisfy customer needs and expectations.

The three models of analysis which were undertaken as part of this study are highlighted below.

3.0
PESTLE Analysis

A PESTLE analysis provides valuable findings that are of interest to any business, regardless of industry or sector. It is a framework which analyses the complete external environment in which the business is operating within, or intends to operate in. This type of evaluation of external forces signifies key factors which may influence the outcome of the business, either positively or negatively. If a company remains vigilant in terms of their external environment it enhances their preparedness and allows for planning and reactionary measures, in a timely manner (Gillespie, 2007: Menet, 2016). The PESTLE framework assumes that external factors which characterise an industry have the capacity to influence its ability to produce value; thus, individual businesses are directly impacted. The model comprises six categories as follows.

Political

The political environment refers to opportunities and threats as a result of government influence, changes in government, political party policies and strategies and rules and regulations enforced at governmental level. A change of government with differing mandates has the potential to significantly impact industries depending on objectives of the leading political party.

Economic

The economic environment relates to the financial structure of a society, such as GDP, interest, inflation, deflation, stock exchange, national economic policies, exchange rates, etc. These variables directly impact the nation's economic activity and industries.

Social

The social environment includes variables such as demographics, population growth, birth rate, cultural attitudes, behaviours, ethical beliefs, shared values, education and employment levels, etc. Taking these factors into consideration assists a business in consumer attainment and retention as well as maintaining a positive reputation within their chosen their target groups.

3.0 PESTLE Analysis

Technological

Technological factors include innovative and evolving technologies and a business's ability to adapt to and transfer new technologies. This is fundamental for a business to maintain a competitive advantage.

Legal

The legal environment refers to adhering to current – and adapting to changes in – laws and regulations. Legal factors play a significant role in the business environment and compliance is key. It is imperative to pay close attention to laws and regulations which may differ between geographical regions.

Environmental

Environmental factors include an awareness of ecological and climate related changes affecting the business environment. This is necessary to remain up to date with formal legal frameworks as well as informal trends and consumer expectations.

As shown, the PESTLE analysis model aims to explain variables present in the macro environment which have a direct impact on industries. Although business cannot control this environment, awareness does help in preparedness in terms of both opportunities and threats (Ward, 2005).

4.0
Porter's Five Forces Model

Porter's Five Forces model is a tool which has been designed to understand the forces which shape the competitiveness of the business environment, and for identifying the business strategy's potential profitability. Proposed by Porter in the 1970s, this model comprises powerful buyers, powerful suppliers, potential new entrants, substitute products and competitive rivalry as the determinants of the competition level of the industry (Dobbs, 2014). Taking all the following factors into consideration, this type of analysis provides insight of each force which has differing effects and impacts on the strategies which businesses develop to increase profits and gain competitive advantage (Rajasekar et al, 2013). Gaining insight and understanding of these factors allows businesses to adapt their strategies accordingly. Porter stressed the importance of the permanence of these forces, as opposed to temporary factors such as industry growth, government interventions, etc. Finally, Porter acknowledged that businesses naturally watch their competitors closely therefore he identified five forces which compose the business environment, as follows:

Competitive Rivalry

This pays close attention to the number and strength of competitors within the industry. In the instance of intense rivalry, it is possible for businesses to attract customers with aggressive price cuts and high-impact marketing campaigns. Additionally, in markets with lots of rivals, suppliers and buyers can go elsewhere if they feel that can get a better deal. Conversely, if rivalry is minimal then a business can monopolise the market and return high profits.

Supplier Power

This is determined by the ability of suppliers to increase their prices. The more suppliers that are available, the easier it is to switch to a cheaper alternative. However, in the instance of lesser suppliers, and a significant reliance from the business, leaves them in a position of power whereby they can charge more and directly impact the business profits.

3.0 Porter's Five Forces Model

Buyer Power

This is the strength of consumers to reduce prices of services and products. The power relations depend on the number of buyers, i.e. if a company has many consumers then the company holds the majority of the power whereas if only there is a smaller number then the power lies with the customers.

Threat of Substitution

This refers to the extent to which different products and services can be used in place of what the business is offering, therefore the likelihood of consumers finding alternatives to what you offer. A substitution that is easy and cheap to make can weaken a company's position and threaten their profitability.

Threat of New Entry

The threat of a new entry refers to the ease with which new competitors can enter the market if they see a successful and effective business strategy, which in turn leads to a drop in profit from the original company. This is a threat in the instance that little money and effort is required to enter the market and compete effectively or when little protection is in place for required technologies. However, if strong and durable barriers are in place then it benefits the original company by placing them in a favourable position.

Porter's model provides a general overview of the external environment, but the outcome of this approach depends on the quality of the analysis and the capability and availability of resources to utilise the results in an effective business strategy (Rivani, 2005).

5.0
SWOT Analysis

SWOT stands for Strengths, Weaknesses, Opportunities, and Threats and this mode of analysis aims to evaluate the balance between the internal resources and capabilities of a company and external possibilities and threats. The analysis focuses on identifying the external and internal factors that have the potential to affect the future business performance and, ultimately success (Xingang et al, 2013). SWOT identifies the strategies used for creating a specific business model according to the company's available resources and capabilities, including the environment in which the company operates. The analysis helps the company forecast or predict changing trends that benefit the decision-making process of the organisation (Kajanus et al, 2012).

The four components of the SWOT analysis can be broken down as follows:

Strengths

Strengths are the qualities that determine the success of the organisation in achieving their vision and mission. These qualities may be tangible or intangible. Examples include personal traits of employees, financial resources, strong brand, etc.

Weaknesses

Weaknesses are the qualities that hinder an organisation's productivity and prevent it from achieving its full potential. However, weaknesses are largely manageable, and it is possible to reduce the detrimental impact but only if the weaknesses are easily identifiable. Conducting a SWOT analysis provides an opportunity to do so. Examples include low quality products, unskilled employees, poor business planning, etc.

Opportunities

Surplus opportunities exist within the macro business environment which benefit companies and help them thrive. Opportunities may derive from the market, competition or technology. Examples include, advanced technology, change in government, failure of competitor, etc.

5.0 Swot Analysis

Threats

Threats are elements of exposure that may threaten the success and profitability of the business. Although threats are inevitable and uncontrollable, it is imperative to address them to manage the impact and associated risks. Examples include, economic recession, increasing competition, decline in industry, etc.

A SWOT analysis has many perceived benefits for an organisation. It is exceptionally cost effective, has a wide range of applications, promotes internal discussion, fosters collaboration, provides visual overview and offers insight. Many firms consider the SWOT analysis an effective tool for analysing marketing data and information. The simple and straightforward framework provides a sense of direction and works as a catalyst for the development of future marketing plans. If performed correctly, a SWOT analysis not only organises information and data but also uncovers competitive advantages that a business can use to gain leverage over its competitors in the market.

6.0
Brand Loyalty Model

Brand loyalty is defined by Jones (1971) using six necessary and collectively sufficient conditions: "(1) a biased (i.e., non-random), (2) behavioural response (i.e., purchase), (3) expressed over time, (4) by some decision-making unit, (5) with respect to one or more alternative brands out of a set of such brands, and (6) is a function of psychological (decision-making, evaluative) process."

Translated to the context of the sports movement this definition means that a loyal customer of the organised sports movement (OSM) will prefer going to the OSM to exert a physical activity rather than going to an organisation of the private sector, such as a fitness club, and this repeats over a longer period of time.

6.0 Brand Loyalty Model

Using the models developed by Lin and Wang (2006) and Luarn and Lin (2003) for customer loyalty in the e-commerce setting and the papers of Dawes, Meyer-Waarden and Driesener (2015), Choy, Am and Lee (2012), Veloutsou and McAlonan (2012) and Sasmita and Mohd Suki (2015), the following model was created for the context of the OSM:and a business's ability to adapt to and transfer new technologies. This is fundamental for a business to maintain a competitive advantage.
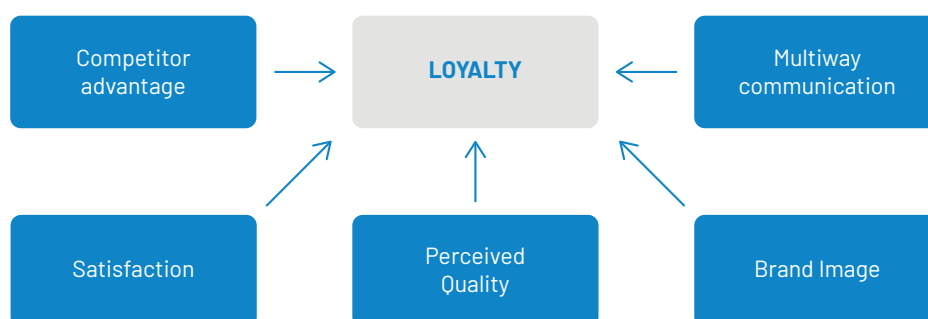

Figure 1 – Model for customer loyalty in the organised sports movement

7.0 Concepts

The centre of the model (figure 1) figures customer loyalty. The five bubbles surrounding it contain five key features or concepts which are all positively increasing customer/member loyalty towards the OSM. In this section, first the concepts are explained and second the good practices associated to each concept are presented.

Starting from the top left, the first concept of the model is competitor advantage. This term captures that to be competitive for loyalty among customers the OSM should present a certain edge over its competitors. Its offer should be different and better. An example for this could be that using the gym at the sporting organisation is cheaper or has more equipment than a gym of the private sector.

7.0 Concepts

The second concept satisfaction is self-explanatory, satisfied customers are more likely to return and become loyal to an organisation that satisfies their demands than to an organisation that disappoints them.

The third concept of the model, perceived quality, was added to the model based on the findings of the paper by Pappu and Quester (2016). Customers are more likely to become loyal to a brand if they have the feeling that the brand constantly spends funds in research and development to keep their product at the highest available technological standard. This feeling would then lead to trust in the brand of being the best option available and in terms of buying its products out of the belief that they are of the highest quality standard. For the OSM this could, for example, mean to always offer the newest training concepts to stay ahead of the offer of, for example, private fitness coaches.

The fourth concept is brand image. In order to keep or increase a loyal customer base, brand image is as crucial as the other mentioned concepts. Customers will only align themselves to a brand with a good reputation (Doyle 2008). The corruption scandals of FIFA and UEFA showed that the OSM has

to pay particular attention to their image, as crucial sponsorship deals can be lost (Gibson 2015). A decrease in sponsorship will further contribute to a loss in loyalty due to less funds being available to keep up the quality of the services.

The fifth and last concept is multiway communication. Communication with customers is important for a brand. It allows to be closer to the expectations of the customers and be ready to issue new products or services or to improve current products (see Sinha, Ahuja and Medury, 2011). Communication with employees is also of great importance for the OSM, especially as smaller clubs and federations rely to a great deal on services offered by volunteers. Making sure volunteers feel appreciated and know which task they have to fulfil is primordial.

In summary, we can say that in order to maintain and increase customer loyalty, clubs and federations should orient their activities and services around five major concepts: competitor advantage, satisfaction, perceived quality, brand image and multiway communication. The remainder of this section lists good practices associated to each of the concepts.

8.0
Good practices

We extracted and developed good practice examples using academic case studies (Sarshar and Pitt 2009 and Vittel 2016); PESTLE analyses (Gillespie 2007 and Menet 2016) were undertaken to analyse McDonalds and Starbucks (see appendix); Porter's Five Forces model (Dobbs 2014, Lee et al. 2012 and Research Methodology, 2018) was chosen to analyse Uber and Lime (see appendix); and SWOT analyses (Öneren et al. 2017) to analyse SV Werder Bremen and TOM'S (see appendix). We listed and explained each good practice under its relevant concept.

Competitor advantage

1. Consider the economic context of the environment in which you are operating; reflect this in the cost of your services and products. Ask yourself, is this affordable for my target market?

1

This good practice concerns organisations from the OSM, which are looking into whether they should expand their activities to a new market. This practice is valid for all three tiers of the OSM. The reasoning behind this good practice is that before entering a new market an organisation should first perform cost benefit research. For example, a local city club could wish to increase its member base in a residential area beyond their usual reach. The cost benefit analysis to be conducted in this case would be if there exist rival clubs in that area. The questions to be asked are whether there are enough potential non-affiliated persons wanting to exert a physical activity in the area and if the own offer would be strong enough to detract members from rival clubs.

8.0 Good practices

2. Define your unique selling proposition (USP). You can't stop competitors from infiltrating the market, but you can control your approach and strategy. Offer a competitive advantage that people associate to your brand.

2

USP is defined as a proposition that points out to the consumer that the product or service has a unique benefit that the competition does not have (Kippenberger 2000). For the OSM this means that it should focus on the uniqueness it has. The private sporting industry, i.e. fitness clubs, can never offer the sense of belonging that a sports club can. Thus, to attract members to use their facilities to train, the clubs or federations should not only focus on the quality of its equipment, but also on what other benefits the membership brings. Being part of the club enables cheaper or free access to the other activities of the club, such as for example events or matches held at the club. These activities greatly increase loyalty as they cause an identification with the club.

3. Gamification and referral programmes

3

Gamification is defined as: "a process of enhancing a service with affordances for gameful experiences in order to support user's overall value creation" (Huotari and Hamari 2012). In the context of the OSM, gamification as a core activity of the OSM means to prepare and organise games. Designing physical activity in a gamified form should not be an issue and will lead again to a competitive advantage over the private fitness industry.

Referral and loyalty programmes are programmes specifically designed to reward being a long-time member of an organisation. As these types of programmes are common and widespread among the private sector (see Yi and Jeon 2003), here again the OSM should use the strength it naturally has through its structure and core activity. For example, the benefit for referring or staying loyal could be a free training T-Shirt with the emblem of the club printed on it. Such a reward not only gives the member the material benefit of owning a new shirt, but it also strengthens her or his loyalty towards the sporting organisation, because the member is likely to use it while training at the club facilities, creating thereby an even bigger sense of belonging and loyalty, especially when other members wear the same shirt.

8.0 Good practices

4. Keep the price manageable for services/products

4

The last good practice of the concept competitor advantage is to keep the price manageable for the services/products. This is especially important for organisation with smaller budgets. In competition, often a race for the lowest price is started. However, this is not always the best choice. In the concept perceived quality it will be explained that customers appreciate a high-quality product. Therefore in the race towards the lowest price, quality should not be sacrificed. This even more when a sporting organisation needs the revenue to keep coaches employed. In most cases solely relying on volunteer work for coaching makes customers seeking high end quality coaching leave the club.

An example to further highlight this point is the company TESCO, one of the biggest supermarkets in the UK with over 2000 stores nationwide. TESCO uses a personal approach on social media (predominantly twitter) to add personality and emption to their interactions with customers. This approach makes customers more welcome in their stores, as compared to discounter supermarkets, which only focus on setting the lowest price. Therefore, setting a slightly higher price than the competition can be justified with more personal contact.

Satisfaction

1. Adapt to the needs of your target demographic; consider if your services are accessible, culturally appropriate, etc.

1

The first good practice of this concept is again of a larger scale, however with a few abstractions, every tier of the OSM can still make use of this practice. On the first and second tier of the OSM, budget can be allocated to perform a market study giving answers to the above raised question, and their offer should be adapted accordingly. Especially, when organising a large scale event, a great attention should be laid on accessibility and cultural appropriateness. If the local audience is new to the sport practiced at the event, cultural mistakes are likely to drive that audience further away from the sport.

However, on the third tier, local clubs should - already due to their local composition - have a feeling for what is their target demographic and their culture. Adapting the offer to this target group should be a continuous process.

8.0 Good practices

2. Modernise your services and increase consumer convenience through new-age technology such as apps for registering, payments, feedback, interactions, etc.

2

Modern means of communication and other technologies are advancing at an astonishing pace. The OSM should thus not lag behind in adapting those. A special emphasis in this good practice is laid on the payment feature. Consumers are used to complete most payments and subscriptions on their smartphone. Therefore, it is crucial not to miss a trend, if payment and subscription are completed through long and tedious old paper forms, existing customers may be reluctant to renew membership.

As mentioned in the practice creating an app or other form of online service is also helpful in collecting feedback about the services the OSM offers. With the answers of, for example, a simple online survey, the offer can be dramatically improved towards the needs and demands of the customers. Big retail companies as the mentioned TESCO and the German chain REWE use their online service to gain data on the purchasing behaviour of their customers and adapt the offer accordingly. In the OSM this could help filter out which training sessions are the most popular.

3. Follow social trends and adapt your services accordingly to consumer needs. This could involve bringing sport and physical activity participation opportunities to where citizens spend most of their time (home, work, school, commuting, etc) as opposed to relying on traditional settings, such as sport facilities.

3

This third good practice is difficult to adapt for an organisation of the third tier as they usually are bound by infrastructure and budget. One measure could however be to record training session on video and make them accessible for members, either to stream or to download and complete the workout remotely from home.

The first and second tier of the OSM have nevertheless a greater ease to adapt this practice. These organisations have the capacities to cooperate with schools and business-

es to enhance physical activity. For example, by sending trainers to schools to do workout sessions with children. Meeting people at their work or school can also create a positive association towards the brand, as the workout sessions help to lighten up a rather rigid daily routine and make people look forward to the sessions. This positive association can also lead people to look up and participate in activities of the organisation outside working or school hours and thus creating a path to loyalty towards the organisation.

4. Provide expert customer service built on trust and care and support (customer feedback loop)

4

This last good practice of the concept satisfaction enhances that if the OSM wants to increase and maintain loyalty it should listen to what customers have to say about their services. This practice is applicable for each tier of the OSM.

The most important aspect of this practice is to treat the customers with respect and thereby build a trusting relationship. Customers who feel respected and valued will likely return and contribute significant feedback about the services of the organisation. This will lead to better quality service and thereby complete the customer feedback loop. In the customer feedback loop, it is also important to follow up after the improvement of the service to check if the improvement was really what the customers were looking for.

Perceived Quality

1. Piggy-back on national policies, e.g. align with governmental strategies and approaches which aim to increase physical activity levels of citizens to encourage people to be more active. Don't go against the grain!

1

The first good practice of the concept perceived quality invokes the cooperation with national policies and guidelines. This is especially crucial for the second tier of the OSM. A national federation that does not follow a national guideline, could send a bad message to the public. It either shows a distrust in national authorities or an incapacity to offer services according to the national guidelines. Both could transmit to the customer the impresson that the service or product offered is of lower quality than is to be expected at national level and thus lead to a decrease in loyalty towards the organisation.

Therefore, the organisations of the OSM should always be monitoring the governmental strategies and guidelines. Furthermore, aligning completely to those strategies could lead to a cooperation with the national government and lead to an increase in funding and possibly increase the number of members of the sporting organisation.

8.0 Good practices

2. Build long-term relationships with your consumers by understanding their needs and catering for their needs through product and service development throughout their lifetime!

2

A good long-term relationship is central to ensure loyalty towards an organisation of the OSM. As mentioned earlier, trust and understanding are key when dealing with customer requests. The additional feature that this practice brings into play is the longevity. For the OSM this means that it should have different offers for different age groups. This is suggested as by law of nature different age groups are not capable of following the same workout routines. An individual should be able to stay at the same organisation, but being referred to in different schemes throughout her or his lifetime.

3. Stay innovative, keeping products up to date and designing new ones, gives the impression that you work hard to keep the product or service at the highest quality.

3

This practice was already developed in the modelling section, it is of great importance to keep the offer of products and services innovative, as a message to the customers that the OSM is working hard to keep the offer at the highest possible quality level.

An example for this is the music service Spotify. It offers its users the chance to look back at their whole year of music with their "Wrapped" feature (custom playlist of the user's top 100 tunes from the previous year). Spotify encourages users to share that information with an automatically generated personalised image across social media. This unique feature offers free advertisement for Spotify and highlights the trust that users have in the brand.

8.0 Good practices

Brand Image

1. Create a strong brand that people associate with positive feelings! Think of your brand and message in every aspect of your business environment!

1

The first good practice of the fourth concept brand image states that positive feelings are important to create an association with the brand. However, different people have different expectations from a brand (see Sukhdial, Aiken and Kahle, 2002). Therefore, the already mentioned market research is also crucial for creating a brand image. It should be targeted to find out which messages and practices have the best reception among customers.

Coca-Cola has used incredible and effective marketing channels since their inception to give assurance of product quality and credibility, which reduces the likelihood of consumers choosing another (very similar) brand during product selection (such as Pepsi). Meaning that they are perfectly aware of their target market.

Another strategy to create positive feeling towards a brand in the OSM is to have a popular ex athlete who serves as brand ambassador and endorses the brand (see Stevens, Lathrop and Bradish, 2003), linking thereby old glorious times to the current brand.

However, the OSM has to be careful in the selection of its ambassadors as missteps of these individuals can backfire and cause bad press and feelings towards the brand (Biswas, Biswas, and Das 2006).

2. Increase your credibility through ethical and sustainable business decisions! This may include going "greener" or incorporating a corporate social responsibility (CSR) strategy to make your consumer feel that they are "part of something bigger".

2

Major global crises such as global warming have or should induce customers to buy in a more responsible and sustainable manner. The OSM has every reason to be at the forefront of the sustainable movement. Attracting this growing group of customers is crucial for surviving in the 21st century, besides also helping to solve various crises. Eckhardt and Dobscha (2019) illustrated this point. They showed, when customers have the choice of supporting something sustainable at a reasonable cost, they are likely to buy in.

As the OSM usually does not have large industrial production, it should associate itself with sustainable suppliers to show the customer that it is aware of the crisis and tries to act responsibly (see Soneryd and Uggla 2015).

8.0 Good practices

3. Nurture your staff and promote employee satisfaction as the core of your business approach! Happy employees are the best promoters of your services!

3

A part of corporate social responsibility as defined by Carrol (1991) is an ethical behaviour of a brand. The ethical behaviour includes creating a good working environment for your employees. A simple practice to adapt for the OSM is to allow its employees to train at its facilities as part of their working hours.

For example an employee on a 40h contract could be allowed to use 3-5h of the 40h to do exercise in the organisations facilities, as the practice states happy employees are more likely to be motivated workers and promote the brand with ease.

4. Consider the political situation; is investment in the market safe?
a. Safe for the company
b. Safe for the brand image

4

The last good practice for this concept only concerns the first tier of the sports movement. Before entering a new market/country the two questions raised in this good practice should be answered. The first concerns the core activities. Is the situation in the country stable enough, that the activities of the OSM can be practiced there without major safety concern?

The second question concerns the brand image directly. Entering a market means entering a political system and cooperating with the authorities in some way. If the authorities have a bad global reputation, associating the brand with them has a bad influence on the brand image, as it may contradict with the values the brand normally promotes. An example for this could be the FIFA world cup in Qatar 2022. Cooperating with Qatari authorities, which are accused to rely on working conditions close to slavery (Liew 2017) to build the stadiums, seems to have caused FIFA to loose some of its reputation of improving local communities and benefitting a country by staging a world cup.

8.0 Good practices

Multiway Communication

1. Utilise technology to obtain data relating to market behaviour and consumer trends and design/ adapt your services accordingly!

1

The first good practice of this concept relies on practices already mentioned for the other concepts. Via an app or other online form, the brand should communicate with its customers to be able to extract relevant information and data for product improvement.

Zahay et al. (2004) in this context distinguish between two types of data a business should collect, namely transaction and relational data. The first is straightforward to gather, as it consists of sales data. The second has to utilise the above-mentioned techniques. Again, collecting these kinds of data will help the OSM in increasing its loyal customer base.

2. Use digital marketing and social media to increase your brand awareness and reach out to more people to create a loyal fan base through engagement on online platforms (e.g. social media)!

2

This last good principle calls to the use of social media campaigns to create loyalty. Here the sports movement can inspire itself by campaigns from the private sector. Two social media campaigns are listed below:

_ The Starbucks Unicorn Frappuccino Instagram campaign, Starbucks launched a new product with a massive online Instagram campaign, which went viral and induced a wave of people creating their own stories about the product.

_ "Gillette: The Best Men Can Get" tackled toxic masculinity with a video that "calls on men to be better in light of the #MeToo movement." The official YouTube video has over 33million views. Gillette also donated $3 million to charity as part of this campaign.

These two campaigns show that a well effectuated campaign can raise awareness about an important issue or a new product. With the aim of creating loyalty, the OSM should thus carefully build a social media campaign around that clear aim, and thus extracting the maximal benefit of it.

9.0
Conclusion

In conclusion of this report it can be said that with the use of academic case studies, business model analyses (PESTLE, Five Forces model and SWOT) a model to maintain and increase customer loyalty was developed. Attached to the model were good practices, which should help the OSM to create and implement measures compatible with the model.

1. The model itself consisted of five key concepts that should be addressed by the OSM. The five concepts are: competitor advantage, in order to gain and retain customers the offer of the OSM should be different and better than the one of its main rivals, e.g. private fitness clubs;

2. satisfaction, key to loyalty is that the customers are satisfied with the product or services;

3. perceived quality, this concept addresses the fact that the OSM should try to be at the forefront of innovative practices, customers appreciate the product or service more if they think that the organisation spends time and money on keeping that product or service at the highest technological or research level;

4. brand image, customers will be loyal to brand with which they can identify themselves having a good reputation is an important step towards achieving loyalty; and finally

5. multiway communication; this concept designates the idea that it is important for the OSM to have a constant communication flow with its customers/members in order to make sure to meet the demands of the customers.

Most of the good practices concentrate on the fact that the OSM should be aware of its target audience. This makes the conception and development of measures much easier. However, not every practice is feasible for every tier of the OSM. Especially the third tier has much less resources and capacities than the first and second tier and should therefore choose the indicated appropriate measures.

Nevertheless, the model and its key concepts remains valid for each tier of the OSM and should deliver a solid base to build more good practices and consequently concrete measures, which will return loyal members and a more physically active society.

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Appendix

Sources used for the various analyses are found in the reference section

1
PESTLE Analysis of McDonalds

Aim: *choose corporations which have responded positively to their external environment to generate new clientele and retain loyalty.*

McDonalds was chosen as it is the world's number one fast food provider.

Results

Political

- Operating with 35,000 restaurants across 119 countries, McDonald's is the world's largest restaurant chain therefore international relations between nations play a crucial role in the success of McDonald's.

- Increasing international trade agreements, government policies and emerging markets provides a huge scope for expansion for McDonald's. For example, National Health policies can create an opportunity for McDonald's to improve its products through adjustments to provide more healthy options to consumers.

- However, government restrictions and guidelines can also put pressure on – and therefore threaten - McDonald's and must be taken into consideration.

1 PESTLE Analysis of McDonalds / Results

Economic

- Economic factors play a significant role in the success of any corporation, including McDonald's. Operating across much of the world, McDonald's must consider global, regional and local economies as the economy of all areas in which the corporation is present can affect the business revenues.

- It is also important to consider employment rates as if citizens do not have a disposable income, they can not spend money on luxury items such as fast food. However, the current trend of people preferring to eat meals "on the go" is beneficial for McDonald's.

- Economic growth within both developing and developed countries is an opportunity for McDonald's to expand their business and gain additional revenue. For example, they can expand through growth in high developing markets, such as in Asia.

Socio-cultural

- Many social trends can influence consumer behaviours and, in turn, affect the macro-environment of McDonald's in terms of revenues. For example, McDonald's was once considered a "special treat" for families but this trend is no longer relevant and the business is now benefiting from an increasing tendency of consumers to buy fast food instead of cooking at home (also linked to busy lifestyles in urban environments).

- As the world has become more health conscious, McDonald's had to reshape its menu to cater to the needs of a global clientele. This was achieved by offering natural and healthier options, such as fruit juice, vegetables, fruits and salads.

- Increasing cultural diversity can be perceived as a threat and an opportunity for McDonald's as this leads to a diverse set of consumer preferences (based on various local and regional markets) which must be accounted for in product development. McDonald's achieved this in the 1970s and 1980s by franchising to local entrepreneurs which ensured the business was adequately adapted to each individual social setting.

- All of these factors influence consumers' perception about the McDonald' but they also use tools, such as corporate social responsibility, to counteract the negative effects of certain social trends on the business.

Technological

- Technology can provide a huge influence towards McDonald's success. The use of digital marketing and social media is an effective method to reach out to more customers and create a loyal fan base which can then translate to more sales.

- Digital technologies have also allowed McDonald's to modernise methods of ordering and payment; increasing customer convenience which in turn enhances customer satisfaction and builds brand loyalty, and – most importantly - sales.

- Date science can also be utilised by McDonald's to gain information relating to market behaviour and customer trends, which can then, consequently, influence product development.

Environmental

- Like all global corporations, McDonald's must address opportunities (and threats) associated with the rising interest for corporate environmental programmes and the increasing emphasis on sustainable business practices. Such external factors can significantly influence McDonald's business stability and potential growth. As the world grows more environmental-conscious, McDonald's must align its approach to fulfil its corporate social responsibility, thus avoiding backlash or scandals.

- McDonald's have outlined three of their Global Priorities as follows:

    1. **"Climate Action.** Climate change is the biggest environmental issue of our time. That's why we're committed to reducing emissions right along our value chain, from farm to restaurant to customer, to hit our science-based target.

    2. **Beef Sustainability.** We've been working with farmers, environmental groups and governments for more than a decade to help advance beef farming and production practices. And we're making progress.

    3. **Packaging and Recycling.** We've set new progressive goals to improve our packaging, reduce waste and recycle more, to amplify our positive impact on the planet." (McDonald's Scale for Good, 2017/19).

- In addition, McDonald's source foods based on three elements; ethical practices, environmental protection, long-term economic viability. McDonald's want their consumers to feel reassured that ensures the products they are buying are produced in safe, ethical ways.

- This response by McDonald's can lead to gaining and retaining a large customer base that identifies with its sustainable practices.

Legal

- In terms of the legal environment, food safety standards and hygiene regulations are of the utmost importance to McDonald's and the company must adapt and adhere to rules and regulations of multiple nations around the world. McDonald's can take advantage of relaxed regulations in certain regions which make infiltrating the market easier.

- Changes in legal systems impact the McDonald's business strategy both positively and negatively and factors, such as the following, cannot be ignored

  1. **Health regulations in workplaces,**

  2. **Labour laws (including minimum wage).**

- A change in policy can offer McDonald's an opportunity to present itself as an attractive business by, for example, implementing a new policy which can attract more customers who are interested in social responsible corporations.

2
PESTLE Analysis of Starbucks

***Aim:** choose corporations which have responded positively to their external environment to generate new clientele and retain loyalty.*

Starbucks was chosen as it is the world's number one coffee shop chain.

Results

Political

- 2nd most valuable food chain after McDonalds.

- Operates over 30,000 coffee shops in restaurants across 76 countries.

- To enter new markets, knowledge of the political situation in the country is essential, especially the health and safety as well as tax requirements.

- Avoid bad press

- Careful with which government the brand wants to associate itself, emerging economies authoritarian governments embellish themselves with international businesses

2 PESTLE Analysis of Starbucks / Results

Economic

- Conduct research on market potential before entering, evaluate opportunities in emerging markets as they are the primary source of growth for the brand

- How many people in the countries are able to pay for Starbucks coffee, adapt marketing to that group

- Which resources are available in the country? Availability could facilitate production and distribution

Socio-cultural

- Find strategies to penetrate a primarily tea centred market, such as for example Pakistan, by installing shops as place for making business over coffee

- Can also lead to Failures such as Italy were Starbucks has never taken off

- "To inspire and nurture the human spirit – one person, one cup and one neighbourhood at a time." Official mission statement of Starbucks

- Diversity course for employees after racist incident

- "Fostering a culture that is committed to ethical leadership and conducting business with integrity by providing resources that help partners make ethical decisions at work."

- (Standards of business conduct)

- Other CSR projects to ensure satisfied employees (Community service)

Technological

- Since 2010 free Wi-Fi in each shop

- Creation of an App (in partnership with apple) allowing payment and ordering without being in the shop thereby facilitating the buying process.

- Enabling a higher amount of sale, by reducing the waiting time for customers in a hurry, who can order on the way of getting to shop

- Increases customer loyalty, as personalised offers become available over the app.

- Data gathered via those purchases can be used to modify offer and increase sales

- Keeping up to date, with methods for food storage in order to keep beans fresh and reduce amount of shipments

Environmental

- Since its beginning, Starbucks wanted to set itself apart as a firm, which is different from the corporate mainstream and trying to change the world to the positive. This by embracing sustainable business principles

- Starbucks has committed itself to these principles:

  1. "The cornerstone of our approach is Coffee and Farmer Equity (C.A.F.E.) Practices, one of the coffee industry's first set of sustainability standards, verified by third-party experts."

  2. "Measures evaluated by third-party verifiers help manage waste, protect water quality, conserve water and energy, preserve biodiversity and reduce agrochemical use."

  3. Setting standards for their suppliers of merchandise goods

- Starbucks bought a farm in Costa Rica doing research on how to make coffee farming more sustainable

- With these measures, Starbucks ensures sustainability and signals to its customers that it continues efforts in order to stay at the highest available level of sustainability.

- This signalling increases customer loyalty by establishing the image that their brand works hard to keep the quality of the product at the highest level

- However, there was critique from environmental activists about the amount of cups used by Starbucks

Legal

- Biggest legal issues for a global food company are the different health and safety requirements of the countries in which it operates. It is crucial to adhere to all the regulations; therefore a cooperation with the local authorities is a must.

- Creative accounting by Starbucks lead to, as earlier mentioned, bad press. A global business should be careful not to be considered as a tax evader in the countries it operates, as this could lead to a decrease in customer loyalty.

3
FIVE FORCES Analysis of Uber

Aim: *choose which have responded positively to their competitive environment to generate new clientele and retain loyalty.*

UBER was chosen as it operates highly competitive environment with high risk of substitutes.

Results

Bargaining power of buyers

- Buyer bargaining power is predominantly driven by the abundance of competition in the industry. Uber customers are highly price sensitive, if Uber decides to increase costs in its attempts to become profitable, this could lead in a considerable number of customers to stop using Uber services.

- The following factors highlight the power of the consumers and the possible limitations to the amount of revenue for Uber:

    1. Consumers do not necessarily need Uber services on a regular basis, perhaps only specific circumstances like late night travel, issues with public transport or lateness to work/school/event, etc.

    2. Consumers can choose easily and freely between Uber and other emerging entities, such as Lyft. There is no contractual agreement (only registration on the app) so the switch is low risk for the consumer.

- The number of scandals that uber has been involved in may provoke potential customers to opt out of Uber services and instead choose a competitor.

- However, Uber can take advantage of bargaining power by increasing the prices by adding features, services, quality among other things, ultimately leading to a higher revenue.

3 FIVE FORCES Analysis of Uber

Uber

Bargaining power of suppliers

- Uber's business model is highly dependent on drivers with access to a vehicle. This means that vehicle owners can exercise their freedom of choice, thus, giving them the upper hand in negotiations.

- Drivers are given the choice to work for Uber, a competitor, or even both. When similar benefits (salary, working hours, etc.) exist across businesses', there is no significant negotiating power gained by suppliers.

- In addition, the fluctuation of oil and fuel prices, obviously an important element in Uber, creates a high risk to the market owing to the level of uncertainty. As such, these suppliers have high negotiating power in the operations of Uber.

Threat of new entrants

- When a business is already established, and proven successful, this attracts others that want an opportunity for similar triumph. It is no secret that Uber has been making significant profits since its inception (current value is approximately $100 billion) and is therefore at risk of new entrants who copy – or even better – their products and services.

- Uber used a high start-up capital (over $1 million) to successfully provide a business strategy, which connects customers and transport providers. Now that the strategy is a proven success, new entrants can use much less start-up capital to start their business operations, therefore, penetrating the market at a much faster rate.

- As a technology-based company, Uber cannot prevent imitations by new entrants in the industry. This leaves Uber at risk of having other companies compete and possibly charge less for the same service.

- Furthermore, due to low entry barriers into the ride-hailing industry, the numbers of local and global competitors for Uber have been consistently increasing during the past few years.

- In order to limit the threat posed by new entrants, Uber is now moving into many other areas such as meal delivery and freight which may lead to a better asset usage which other market players may not wish to venture. Therefore, this new venture will ensure Uber remains with the biggest market share even as new entrants join in.

3 FIVE FORCES Analysis of Uber

Uber

Threat of substitutes

- A Substitute is a common force in competitive business environments. Taxi services, for instance, is the closest rival and a potential substitute for Uber. Taxi service is traditional to cities with ride-sharing operations. As such, their abundance is enough to restrict Uber from raising the service rates. It is notable that a slight increase of Uber rates can result in customer embrace of its closest rivals and substitutes.

- It is important to note that even the slightest increase in prices by Uber will result in customers taking up the services of its closest competitor. Besides, the availability of other transport services like private cars and trains can possibly threaten Uber's operation and existence in the longrun. A regular threat of substitutes is presently the weak force in the case of Uber.

Rivalry among existing competitors

- Since Uber operates in many countries across the world, its competitors vary in different counties. However, it is evident that in most of the markets Uber faces stiff competition. In the United States, for instance, Uber faces stiff competition from services like Lyft, which operates on a business model similar to Uber's model, thus the stiff competition.

- In Asia markets, Uber faces a direct and very stiff competition with Careem. They compete in various aspects such as prices, customer service, comfort, reliability, and convenience. However, Uber has a deep-rooted business system besides its huge capital investment even though small differences in strategies limit its potential.

- Given Uber's dominance in the transport service system, competition is a weakening force. However, Uber needs to improve on innovative strategies in order to gain a competitive edge. The transport sector more, especially the US has several alternatives and competing entities. In order to survive, Uber has to lower its cost of operation so as to avoid raising customer charges.

- Generally, Uber's competitive advantage is occasioned by the fact that it has access to more resources that are often unavailable to its competitors. So far Uber has received more than $300 million in funding so far which is almost three times what its competitors receive in funding. The unlimited access to funds enables Uber to spend more money on hiring more drivers and extending into new markets. With unlimited access to capital, its competitors will have an extremely difficult time making profits in the market. As such, Uber's superior access to capital is the driving force behind its sustainable advantage.

4
FIVE FORCES Analysis of LIME

Aim: *choose which have responded positively to their competitive environment to generate new clientele and retain loyalty.*

LIME was chosen as it operates highly competitive environment with high risk of substitutes.

Results

Bargaining power of buyers

- Mobility sharing companies such as lime, face a huge bargaining power of buyers, as there exists huge competition by other providers and public transport

- Consumers are not reliant on Lime to get around in the city, especially in adverse weather conditions few customers will choose this service

- Consumers leave behind their scooter, giving them the power to ruin the service for other consumers

3 FIVE FORCES Analysis of LIME

Bargaining power of suppliers

- Lime relies on freelance juicers employees to ensure that their products remain usable for their customers.

- However, due to the high supply of unskilled labour in large cities, the juicer practice could lead to good result. Nevertheless, the ethical consequences of having competition in between the juicers should be considered

- Additionally, as the source of power of recharging is not known or controllable for the business, different methods, such as a gasoline power generator could be contrary to the environmental goals of the company

Threat of new entrants

- Lime relies on freelance juicers employees to ensure that their products remain usable for their customers.

- However, due to the high supply of unskilled labour in large cities, the juicer practice could lead to good result. Nevertheless, the ethical consequences of having competition in between the juicers should be considered

- Additionally, as the source of power of recharging is not known or controllable for the business, different methods, such as a gasoline power generator could be contrary to the environmental goals of the company

3 FIVE FORCES Analysis of LIME

Threat of substitutes

- As each major world city faces its own mobility issues, the threat of new entrants in this market promising an even cleaner and more efficient way of travel is omnipresent

- Public transport is one such substitute

- Bike rentals (public or private) represent another, but differ in physical effort required by the customer

- Heavily influenced by weather conditions

- If consumers forget their helmet, no rental is available, and they have to switch to a competitor as riding without a helmet risks a fine, which is not the case for cycling

- Lime relies on good road conditions for its customers, dangerous external conditions will induce switch to competitors such as public transport

Rivalry among existing competitors

- To excel among its rivals, Lime needs to be the most convenient scooter sharing system available. Thus, it must ensure that the scooters work and are not left behind in badly reachable spots

- Pairing up with Uber, leads to a higher reach and potential new customers

- This strategic partnership may represent an edge over rivals as it attracts customers, who at first did not consider using an e-scooter for their journey

5
SWOT Analysis of TOM'S

Aim: *choose corporations which have created a positive internal environment to generate new clientele and retain loyalty.*

TOM'S was chosen as it has a operates strong philanthropist approach. Entire business is built upon strong ethics and values.

Results

Strengths

- Strong philanthropist approach with robust the corporate social responsibility, which is clearly reflective from its initiative of 'one for one' business model concept

- Environmentally friendly company that only uses recycled and organic materials (even in their packaging).

- Utilises the ideology that the purchase of a product makes the individual part of something bigger; member of a social movement, as opposed to simply a consumer

- High credibility and brand loyalty (in their Native USA and overseas) due to their charitable giving.

- Offer a variety of styles and the opportunity for customers to design their own shoe

- Has great brand awareness and engagement throughout all their social media platforms (while making use of a small marketing budget)

SWOT Analysis of TOM'S

TOMS
One for One

Weaknesses

- Having been founded in 2006 it is still a relatively new company

- TOMs have been criticised for contributing to failing economies of the countries it donates shoes to. It has been suggested that giving away shoes for free negatively impacts local shoe markets, thus creating more poverty and more need for handouts

- The company is not that well-known as a retail store due to a lack of physical stores world-wide, and most sales taking place online

- Dedicated money for advertisement would give them more exposure and brand aware-ness, as well as increase sales

- They produce a rather niche type of shoe which means its sales are limited to only those customers who desire to buy a very specific type of shoe. Doesn't necessarily appeal to the wider market

- With rapid growth, they don't appear to be investing in design or marketing strategy which means competitors can surpass them

- Other similar shoes on the market

SWOT Analysis of TOM'S

TOMS
One for One

Opportunities

- Due to their philanthropic business model and niche products, there are opportunities for growth and development

- Their strong online-based sales and strong communication approach ensure they can expand in international markets

- Quality improvements through technology developments and strategic partnerships

- Offering products within a lower price range

- Expand charitable giving into new regions and areas

- Expand market to include 30 years plus as their target group are rather young at this stage (children, youth, young adults)

- Increase physical stores, thus creating an opportunity for further awareness and sales

- Open stores in the developing countries where donations are given. This would help to generate jobs and reduce criticism

- Offer a wider variety of products

Threats

- Strong criticism has led to strong opposition to TOMS. A negative image can hinder the work, which TOMS is trying to accomplish

- Lack of advertisement

- Competitors entering the market and using the same cause marketing strategy

- Can't compete with high-profile shoe brands therefore need to improve its market image and strengthen its position such that customers can get attracted more towards its products

- For profit companies now using the philanthropist business model

6
SWOT Analysis of SV Werder Bremen

Aim: choose corporations which have created a positive internal environment to generate new clientele and retain loyalty.

SV Werder Bremen was chosen as it has a operates strong philanthropist approach. Entire business is built upon strong ethics and values.

Results

Strengths

- One of the first clubs to publicly engage in CSR products and having a full unit dedicated to this purpose

- Not a commercial business, thus customers can become part of the "business"/club

- High visibility due to professional players being ambassadors for the projects

- Easy promotion of special events

- Employees and members can use professional training facilities.

- Loyal group of customers that would be reluctant to change the brand

- Pride of using the same facilities as professional players

SWOT Analysis of TOM'S

Weaknesses

- Budget of CSR relies on sporting success of elite team

- Partnership with Wiesenhof has hurt the credibility of environmental CSR projects

- CSR is perceived by some customers as not necessary for loyalty to the brand, overinvestment in CSR could be perceived negatively

- Difficult to expand customer base in the national market

Opportunities

- Due to TV rights being sold globally, CSR projects in emerging countries could generate new customers

- Find partnerships that are not based on sporting success of the main brand and thus more stable source of income in projects

- Improve cooperation with public institutions to become omnipresent in physical education in local schools

- Facilitate access to games as CSR measure

Threats

- Relegation would represent drastic cuts in CSR and CSR unit

- Stiff competition in the region from local rivals, even in CSR projects in schools.

- On the global market not competing international competition or having big international superstars fails to attract a larger audience

- Core product (elite football team) hardy differentiable from competitors

- No new products can be developed

CHAMP

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