



Review

The special features of sport: A critical revisit

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ABSTRACT

In the world of contemporary sport it is commonly claimed that at its elite end at least, sport's management is complex because the product it delivers to participants and fans is so idiosyncratic. This claim is accompanied by the view that while professional sport is in large part just another form of business, it has a range of special features that demand a customised set of practices to ensure its effective operation. This article aims to re-examine this view in the light of sport's commercial and socio-cultural developments over the last decade. It initially proposes that while both business and sport are concerned with widening market share, building profits, and strengthening brands, the presumption that sport has a monopoly over the delivery of intense emotional experiences, tribal belonging, and strong interpersonal relationships, is difficult to defend. The article concludes that while sport's economic and social progress has created an industry that is built around complex bureaucracies that turn over many thousands of millions of dollars every year, it has also created a more diverse and heterogeneous system of structures and experiences that are difficult to conflate to a handful of neat special features.

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1. Introduction

Sport has an ambiguous history when viewed from a management perspective. As Stewart and Smith (1999) noted, the management of sport has traditionally been divided between two contrasting philosophical approaches. At one extreme, sport is viewed as a unique cultural institution with a host of special features wherein the reflexive application of standard business practices not only produces poor management decision making, but also erodes its rich history, emotional connections, tribal links, and social relevance. At the other extreme, sport is seen to be nothing more than just another generic business enterprise subject to the usual government regulations, market pressures and customer demands, and is best managed by the application of standard business tools that assist the planning, finance, human resource management and marketing functions.

Over time these divisions have been blurred because of sport's corporatisation, and through the emergence of sport management as an academic discipline. Sport is additionally complicated by the fact that it exists in both commercial and not-for-profit forms like other cultural services such as theatre, art, music, health care and education. On the other hand, it is also distinctive in the sense that despite its growing commercialisation and corporatisation, it ostensibly possesses many special features. This article will focus on these "distinct and special features which make sport a unique institution"

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(Stewart & Smith, 1999, p. 87). In particular, it seeks to (1) critically review the features of sport considered special or unique, (2) consider whether these features are genuinely distinctive in the current environment, and (3) decide whether they are sufficiently distinctive to warrant a situational or customised approach to sport's management.

2. Arguments for demarcating sport from business

The special features of sport, its demarcation from business, and its implications for effective management are considered either explicitly or implicitly by most authors when writing about sport's social and cultural development. As Slack (2003) observed, an indicator of the strength of an academic discipline like the study of sport is the quantity and quality of the literature it wields. Sport's unique nature and context have been highlighted by Mangan and Nauright (2000), and developed in Hess and Stewart's (1998) book, *More than a Game*, as well as in their most recent analysis of Australian Rules football's commercial and cultural evolution, *A National Game* (Hess, Nicholson, Stewart, & De Moore, 2008). The theme in these commentaries is that sport is a unique cultural institution that operates in a commercial environment. A decade earlier, Slack (1998) indicated that the management of sport was differentiated from general management due to a belief in the social value of sport, rather than on the exclusive basis of its economic value. Around the same time, Slack (1996) emphasised the importance of connecting contemporary management issues and theories to the management of sport by not only bolstering the credibility of sport management, but by also using sport as a testing ground for broader management theory development.

Foster, Greyser, and Walsh (2006) tackled the sport-as-a-unique institution issue by compiling a list of features professional sport and business have in common, and areas where they differ. They concluded that whereas sport and business share a common concern for value creation, branding, funding new sources of revenue, product innovation and market expansion, sport is significantly more concerned with beating rivals, winning trophies, sharing revenue, and channelling the passions of both players (the employees), and fans (the customers).

The other important point made by Foster, Greyser and Walsh is that athletes are now business assets, who are instrumental in attracting fans, sponsors and media exposure. It therefore comes as no surprise that unlike business, a sport's service deliverers, the players, earn far more than their immediate supervisors, the club managers.

Similarly, Hoye, Nicholson, and Smith (2008) suggested that sport has a number of distinctive features, which they argue are most clearly played out in different ways across sports' three sectoral landscapes, the corporate, the not-for-profit, and the public. They contended that the unique attributes of sport organisations influence how theories, principles, and strategies are applied by sport managers. The unique attributes included "consumer behavior, the relationship between sport and government, regulatory regimes, strategy, organisational structure, human resource management, organisational culture, governance, and performance management . . ." (p. 507). In other words, the management of sport invokes the same basic considerations as any other form of business management, but the specific application is subject to a range of contextual quirks that demand customised adjustments.

The idea that sport is not the same as the for-profit, commercial business sector was addressed in the 2000 Nice Declaration on Sport (European Council, 2000), when it introduced the term 'specificity of sport' in reference to sport's special characteristics. In doing so it made it clear that sport was not just a convenient or casual way of filling in leisure time, but was also an important cultural institution that delivered significant social benefits to a diverse spread of communities. The Declaration urged that the European Community should, despite an absence of direct power in the area, take account of the social, educational, and cultural function inherent in sport that makes it special. The more recent White Paper on Sport (Commission of the European Communities, 2007) confirmed sport's unique status when it announced that the specificity of European sport can be approached through two prisms, the first in the form of the specificity of sporting activities and rules including the provisions for preserving competitive balance and outcome uncertainty, and the second, the specificity of the sport structure, in the form of its pyramidal representation and peak authorities.

The specificity of sport has been recognised by the European Commission in numerous ways, the most notable being the Bosman case, which led to a 1995 European Court of Justice decision regarding the freedom of association of workers. The case had a profound influence on the player transfer system by removing the restrictions placed on player movements within the European Union, allowing them to move freely to other clubs at the end of their contractual terms. While the Bosman case exemplifies the specificity of sport, it does not lead to a general exemption from European Union law. It does, however, lead to some fluidity and grey area where some of the features of sport's organisation are overlooked to the extent that they do not contravene European Union Competition Law and that any anti-competitive effects are legitimate in the context of sports' rules. As a result, sporting competitions in Europe enjoy relative freedom in determining the rules concerning the technical features of games, the composition of competitions, and the regulation of transfer periods. On the other hand, governing bodies of sport have less control over rules preventing multiple ownership of clubs in the same competition, the enforcement of anti-doping regulations, and cartel-like collusion.

The special features, or specificity, of sport have also been mired in a high degree of structural ambiguity, and a cursory review of different governance systems in sport around the world reveals that the push toward corporatisation has delivered a range of substantially different business models. As Foreman (2003) observed, there are numerous facets of sport's organisational structure to consider that go well beyond its legal status. They include systems of governance, patterns of ownership, the mix of stakeholders, corporate partnerships, and sport's regulatory context (Hoye & Cuskelly, 2007). Even where the imperative of commercial success is at its most powerful in professional team sport, there is considerable

diversity, ranging from the membership based clubs of Australia, New Zealand, South Africa and sub-continental Asia, to the listed public shares of European football clubs, and the privately owned franchises of the US 'big four' leagues (NFL, NBA, MLB, NHL). Foreman's suggestion that this suite of elements also affects the management practices undertaken is supported by Noll (2003), who argued that different governance and business models have a significant influence on management practice.

Of all the contextual forces observed to affect sporting structures and practices over the last decade, it has been the impact of commercialisation that has received the greatest attention. Szymanski & Kuypers (1999) emphasised sport as an entertainment business capable of generating prodigious sums of money and imposing on the lives of billions of people across the globe. Accordingly, the problems of running a sporting business are much like those found in any other business. To Szymanski and Kuypers, clubs like any other commercial enterprise, must generate revenues by selling their product to the paying customers; they must engage in advertising, marketing and promotion, and they have to invest in facilities which enable them to distribute and sell their product in the right environment (Szymanski & Kuypers, 1999). Subsequent to Szymanski and Kuypers analysis of professional team sports in the UK, a raft of scholarly monographs appeared that dealt with the so-called peculiar economics and business arrangements of large scale sport with a focus on North American and European sport leagues. Three of them used the title 'The Business of Sport(s)' (Foster et al., 2006; Humphreys & Howard, 2008; Rosner & Shropshire, 2004), while others like Lewis' (2004) 'Moneyball', were designed to stun the reader with stories of rampant commercial excess, extravagant power, and shady deals. They all agreed that sport had an immense power to generate cash, and there seemed to be little to differentiate it from a casino, theatre or shopping mall. Add in the moral uncertainties associated with outsourcing the manufacture of sporting wear to developing nations and the deleterious effect that sport has on the environment, and you are left with what Thibault (2009) described as the 'inconvenient truth'.

If there is indeed a difference between sport business and other forms, then sport economists like Szymanski (2009), might argue that it is to be found in sport's idiosyncratic structures. Clubs, Szymanski observed, are the "fundamental units of modern sport" (2009, p. 9), having emerged from civil societies under freedom of association. As a result, an organisational model of sport developed that was based on an alliance of independent clubs within associations and federations, and established largely on amateur, not-for-profit principles. However, variations of this model have also taken hold. At one extreme are those spectator sports that become vulnerable to commercial entertainment, and therefore become heavily modified by broadcasters and other commercial interests like sponsors. At the other extreme are sports restrained under the hand of political doctrine such as in communist states and centrally planned economies, or underpinned by strong cultural values advocating amateurism, with the United States collegiate sport system being a good example. For Szymanski (2009, p. 26), the commercial pressures are not only producing a class of highly paid sport entertainers, but are also challenging the viability of traditional sporting structures and the very "soul" of sport.

Although the special features of sport appear in a variety of works associated with sport and its management, with Foster et al. (2006) being a good recent example, there have been only a few attempts to systematically address their importance and implications for good management practice. Hoye et al. (2008) recently reviewed what they described as the unique features of sport management, but their discussion was narrowly grounded in conventional aspects of management, like strategy and human resources. Hoye et al. argued that the best way to tackle sport management was to inject sport's idiosyncrasies with a healthy dose of business management practices. While this approach was useful, it did not have much to say about what it is that makes sport qualitatively different from other products and services. For this reason, the following critical analysis will examine whether it is plausible to maintain the argument that sport has many distinguishing special features. We contend that the claim for unique status has eroded substantially commensurate with sport's increasing corporatisation and heterogeneity. In pursuing sport's special features, we observe some difficulty in defending any characteristics on the basis of their generalisability across all sport. As a result, we note the relative ease with which any putative special feature can be falsified by contrary examples. On the other hand, we are not comfortable with claim that sport at the professional level is just another form of business, and that its so-called special features are nothing more than a reactionary attempt to preserve the myths that support, for example, the view that sport has to be regulated in a way that other businesses should not, in order to secure the best quality experience for fans and customers. Neither are we convinced that sport has no more social benefit than a visit to a cinema, an expedition to a local shopping complex, or a holiday in the West Indies. With these conflicting propositions in the back of our minds, we will proceed to examine the claims made about sport's idiosyncratic features, and see if they have indeed been washed away by the tide of corporatism and hard-nosed pragmatism.

3. A review of sport's special features

A challenge of any analytical approach to assessing sport's special features lies in the selection of suitable organising principles. In this instance, we have determined to shadow the features of sport articulated by Stewart and Smith (1999), with the intention of providing a critical review of their current status, and assessing their relevance to contemporary sport management practice.

In 1999, Stewart and Smith specified 10 distinctive features of sport they claimed impact upon its management. For the purposes of this article, the 10 features have been conflated to four interrelated dimensions. First, sport is a *heterogeneous and ephemeral experience* mired in the *irrational passions* of fans, commanding high levels of *product and brand loyalty, optimism and vicarious identification*. Second, sport favours *on-field winning over profit*. Third, sport is subject to *variable quality*, which

in turn has implications for the management of *competitive balance* and *anti-competitive behaviour*. Fourth, sport has to manage a *fixed supply schedule*. Each of the four dimensions is reviewed next.

4. The fusion of loyalty, identification and irrational optimism

Stewart and Smith originally described this first set of features as four separate characteristics. They began their analysis by noting that professional sport is a highly intangible product where satisfaction comes from experiences that centre on watching others engage in various forms of structured physical activity. When looking at spectator sport they note that its core feature is its capacity to intimately engage fans and deliver intensely emotional and loyal attachments to their favourite teams and clubs. Underpinning loyalty is a powerful sense of identification, where fans experience belonging and vicarious emotions. Such strong identification with the sporting-product produces a low cross elasticity of demand, which means that one form of sporting product cannot easily be replaced by another. This low degree of substitutability also means that a team can regularly under-perform, but still not sacrifice its fans to a better performing team. For Stewart and Smith, sport's ability to arouse strong passionate attachments, unstinting loyalty, vicarious identification, and blind optimism, makes it a special experience that markedly differentiates it from both consumer goods like plasma TV screens, motor vehicles, and cosmetics, and even the more service-based products like airline travel, cinema-watching and supermarket shopping (Pine & Gilmore, 1999).

But, is the distinction now as marked as Stewart and Smith declared ten years ago? On the one hand there is little doubt that sport elicits intense vicarious pleasure, lifelong personal attachments, and highly charged memories. The volume of empirical literature that supports this contention is vast, and a range of persuasive work in multiple cultural contexts has demonstrated sport's power to incite, arouse and connect (Giulianotti, 2002; Hardy, 1999; Hornby, 1995). It was even found that some sport consumers are passionate to the point of addiction (Queenan, 2003; Rein, Kotler, & Shields, 2006; Stewart, Smith, & Nicholson, 2003).

On the other hand, the mechanisms of attachment are not unique to sport, and the psycho-emotional benefits of sport consumption are not particularly distinctive from those conferred through other patterns of consumption. While sport fan experiences meet a number of important psychological, social and cultural needs ranging from escapism, stimulation, and entertainment, to national pride, cultural celebration, and a sense of community and personal identity (Armstrong, 2002; Chen, 2007; Crawford, 2004; Fink, Trail, & Anderson, 2002; Funk, Mahony, Nakazawa, & Hirakawa, 2001; Hinch & Higham, 2005; Milne & McDonald, 1999; Zhang et al., 2001), they are not peculiar to sport. Moreover, a number of contextual variables mitigate the psychological, social and cultural drivers of sport consumption, including demographic factors like age and gender, the expected quality of the game, and the venue in which it is played. As a result, such factors moderate individual fan motivation and the resulting degree of emotional attachment held by fans to teams and events. In a recent work, Smith and Stewart (2007) identified in excess of 30 different factors impacting upon fan behaviour, but they concluded that most of them are merely proxies for more fundamental needs, such as cultural connections, collective identity, entertainment and excitement. At the same time, these needs can be met by a range of consumption experiences that have little to do with sport. Shoppers who salivate over a \$1000 Gucci handbag have much in common with sport consumers, since they too are prepared to pay good money to secure some vicarious identification and reflected status.

Neither are shoppers necessarily any less superficial, ephemeral or irrational than their sporting counterparts. Consider the fact that consumers seek variety in their use of hedonic, or pleasure-eliciting, products (Ratner, Kahn, & Kahneman, 1999). In addition, more options not only lead to positive consumer reactions because of the value placed on choice, but more options also makes it increasingly difficult for consumers to make up their minds, leaving them confused and indecisive. Kahneman (2000a,b) explained this paradox in terms of an inability to predict future satisfaction. Consumers fail to choose optimally because they either fail to accurately predict which option will generate the best experience, or because they ignore their own predictive calculus. In short, the fewer the options the easier it is to work out which one is best (Hsee & Hastie, 2006). Consumers generally like to predict the consequences of their choices and then act on them, but as Heath and Tversky (1991) and Kahneman and Tversky (2000) have demonstrated, not only are consumers poor at predicting the consequences of their decisions, they are also poor at acting on them even if they are initially sound. As a result, people still eat to obesity, smoke cigarettes despite the health warnings, consume alcohol and binge-drink excessively, buy uncomfortable sport-cars, ride dangerous motorbikes, pay exorbitant prices for imported shoes and cosmetics, and watch reality television when they could quite easily do something real themselves.

It thus becomes clear that sport consumers use sport to meet their needs and extend their personal sense of self in the same ways that all consumers use discretionary leisure and luxury products to build self esteem and confirm their identity (Ahuvia, 2005; Belk, 1988; Timothy, 2005). Sport consumers are no more irrationally optimistic than any other kind of consumers, and their exuberance, passion and pleasure-seeking behaviour is similar to the behaviours described in studies on the fashion industry, luxury goods, cigarettes, alcohol, hospitality and tourism (Belk, Ger, & Askegaard, 2003; Ratneshwar & Mick, 2005). Sport consumption is not so much the exception as the exemplar of contemporary consumer behaviour.

In consequence, the key question is not so much a matter of what it is about sport that is unique in cultivating ardent consumers, but rather what mechanism is responsible for building powerful relationships between consumers and products. Many theorists believe that the answer is found in social identity theory (Tajfel, 1981, 1982; Tajfel & Turner, 1986), which has been used to explain group and individual behaviours (Platow et al., 1999). Central to this theory is the concept of identification where sport consumers employ social categories to define others and locate themselves in the social world

(Cornwell & Coote, 2003). Identification with a team, club or athlete may be a means of constructing or bolstering the self-concept (Ferrand & Pages, 1996; Jones, 2000; Wiley, Shaw, & Havitz, 2000), and can be motivated by factors including the need to maintain and enhance positive personal and social self evaluations, the need to belong, and a sense of self-efficacy through vicarious achievement (Fink, Trail, & Anderson, 2002; Hughson, 1999; Morris, 1981; Platow et al., 1999; Wann, 1995; Wann & Branscombe, 1993). A critical conclusion is that emotional attachment is more strongly implicated when an individual is motivated to construct a sense of self through identification (Fink et al., 2002). Although sport commands identification through heightened emotional attachment, so too do other consumption-based behaviours. While indigenous to sport, emotionally charged identification is not exclusive to sport, and it would therefore be misleading to conclude that this constitutes a special feature.

Comparisons between conventional consumers and sport consumers are also complicated by the tendency of researchers to study extreme forms of sport fandom. While 'die-hard' and passionate fans are obviously an appealing cohort to examine, the elucidation of their motivations and behaviours provides an imbalanced picture of sport consumption. Like all consumption, sport is subject to a "bewildering array of values, attitudes and behaviors" (Stewart et al., 2003, p. 206). Sport consumers are not all passionate and fanatical, and nor do they all live vicariously through their favourite team or player in order to bolster their personal identities. Equally, their loyalty can be variable, their attendance irregular, and their interest erratic (Stewart et al., 2003).

5. The tension between winning and profit-making

The passions associated with sport fandom, according to Stewart and Smith (1999), not only produce blind and unswerving loyalty, but can at times also override commercial imperatives. That is, consumers and clubs will, for the most part, weight wins and trophies more highly than a healthy balance sheet. On the other hand, they also asserted that commercial pressures can instigate the demise of longstanding traditions if they are thwarting future success. At the same time, they argued that fans who value tradition will often use it to resist club attempts to commercialise the management process. While Stewart and Smith considered these tensions between performance and tradition, and profits and winning, to be indicative of a special feature, their analysis did not fully explain the nuances of on- and off-field performance, and the variance between different sporting competitions and leagues.

Separating the rhetoric and bright-lights of professional sport from its prosaic position as just another product in the entertainment marketplace is a challenging managerial exercise. The difficulty in grasping the common threads running through sport is compounded by the fact that while professional sport is a form of business, most volunteer-driven participation-sport is not. The complexities of sport management are exaggerated by the vast chasm that divides the pay-per-view world of corporatised global-sport-entertainment from the parochial, kitchen-table world of preparing for a Saturday afternoon match at the local sports ground. Moreover, the global, revenue-maximisation orientation of some professional sports (Chadwick & Arthur, 2007) such as Formula-1 motor racing and boxing, can be contrasted with other teams and clubs in professional sports, that while enveloped by profit-seeking owners, do not overtly pursue profit, but rather sacrifice an operating surplus to secure an on-field advantage. The extravagance of European professional football salaries is a case in point, and in general, participants in professional sport will use whatever marketing and management tactics are required to achieve success. While proper funding is as important for sport organisations as it is for other commercial enterprises, financial resources are most often deployed towards competitive success rather than returned to shareholders in the form of dividends. In the United States there are still no definitive conclusions about whether teams are profit-maximisers where the balance sheet rules, or utility maximisers where a high win-loss ratio is the true measure of superior performance (Fort & Quirk, 2004). In the end, according to Zimbalist (2003a), it is difficult to distinguish profit-maximising behaviour from any other organisational practice. As Syzmanski & Kuypers (1999, p. 7) commented about the imperative sport organisations share, "Above all they have to pay wages to players and invest in the development of talent in order to achieve winning performances, perhaps for their own sake, but also to keep the public interested in the club and willing to pay for its product." In other words, success is a function of a strong stream of revenue.

6. Transforming the sport-field into a workplace

On balance, the dichotomy between winning and profitability, as well as performance and tradition, has been eroded with sport's commercial expansion. As Stewart and Smith (1999) somewhat tritely observed about the transformation of sport into sport business, "The subsequent focus on rationalisation and productivity has forced sport managers to translate their human and material resources, particularly players, into economic equations in which the division of labour, efficiency, regulation, rational work practices and management control become crucial management issues" (p. 88). In fact, this focus on improving the efficiency of human capital has become endemic to all elite sport. In Olympic sports like track and field and swimming, nationally determined macro variables such as demographics and elite development pathways play a significant role in improving performance in international sport events (Digel, 2002). In fact, Oakley and Green's (2001) analyses revealed that close to a decade ago national elite sport development systems around the world were starting to look more homogenous as a result of adopting business models to manage their sporting enterprises. In their analysis of the changes in professional sport between 1970 and 1997, Cousens and Slack (2005) similarly found that sport's structures had converged commensurate with the drive for higher levels of performance.

Despite the managerial drive in sport for more revenue and improved efficiency, many sport fans still argue for the prioritisation of on-field success, and the celebration of competitive ideals which privileges it above conventional profit-seeking endeavours. And, for the critics of contemporary sport, the increasing focus on financial imperatives has eroded the inherent value of sport and its social utility. As [Stewart and Smith \(1999\)](#) cautioned, some fans have been marginalised by the corporatisation of sport's management practices, with such warnings having been prominent for a decade ([King, 1998](#); [Nash, 1997](#)). In a similar critical vein, [Milton-Smith \(2002\)](#) lamented that there has been a failure of major sporting global institutions in dealing with the consequences of globalisation: "Disillusionment with the Olympic Games mirrors the disenchantment with the perceived values of globalisation, including winning at any price, commercial exploitation by MNCs, intense national rivalry, cronyism, cheating and corruption and the competitive advantage of advanced nations" ([Milton-Smith, 2002](#), p. 131). [Gems \(1999\)](#) also warned that professional sport had canalised meaning for its consumers through an American 'ideological imperialism' that emphasises the homogeneity and commodification of the sport product, however culturally precious. [Belk \(1996\)](#) and [Ritzer \(1998\)](#) also predicted that sport business would take a McDonald's approach, emphasising standardised products punctuated by the 'hyper-reality' of over-zealous marketing. From an economic perspective, [Ross and Szymanski \(2006\)](#) suggested – perhaps wryly – that a McDonald's structural franchise system presented an illustrative model challenging the conventional wisdom that sport leagues should be organised and operated by stakeholding clubs. Sport's McDonald's is more like NASCAR, which is an entity independent of the competing teams and drivers, and can therefore impose broadcasting, marketing and other commercial arrangements in the best interests of consumers without the competing and inefficient agendas of individual owners.

On the other hand, [Rein et al. \(2006\)](#) would probably approve of NASCAR's positioning, since they emphasised the need for constant adaptation in order for sports to remain competitive in a cutthroat and competitive marketplace. To achieve this they favour a strategic approach that features segmentation through fan identity leading to brand-building. Noteworthy in their modelling of the sport industry is the presence of seven characteristics of the marketplace: (1) a pressurised competitive environment; (2) higher fan expectations; (3) the paradox of commercialism; (4) new technology; (5) individualism; (6) changes in family structure and behaviour; and (7) time pressure.

7. The dilemma of corporate sport

Of most interest to our analysis of sport's special features is the paradox of commercialism. To [Rein et al. \(2006\)](#), although their strategic marketing advice is geared towards bolstering the commercial success of sport brands, they acknowledge a tension between sport as a business and sport as a game-centred and social institution. In this uneasy balance, sports are faced with the challenge of extracting commercial value from their brands without compromising the intrinsic 'integrity' and spirit of the game. Fuelled by a celebrity ethos and the centrality of entertainment, it is easy to undermine the brand and diminish its status as a heroic form of human endeavour. As a consequence, sport's quintessential nature is at risk whenever it commercialises itself to secure a larger share of the market. However, it also means that unless sport commercialises itself, it will be unable to survive in the contemporary competitive landscape. This commercial paradox, which [Stewart and Smith](#) addressed only fleetingly, constitutes a genuine special feature of professional sport.

The appeal of this paradox is amplified when taken in tandem with the [Rein et al. \(2006\)](#) assessment of sport's twin advantages. The first advantage is its attractiveness as a live product-experience capable of commanding significant advertising and broadcasting interests, while the second advantage is the increasing ability for sport brands to become their own content providers and media distributors. However, these emerging features of sport are not without their problems. The live product, which means the at-game-experience, is the beating heart of sport, but is offset by its potential to become a tacky vehicle for selling other, often banal products. In addition, the vertical integration of the sport and its distribution offers great scope for control of the product but risks the introduction of vertical-restraints that could lead to anti-competitive behaviour. Moreover, when the lines blur between the contest, its participants and its distribution, there is also the potential for a serious loss of emotional attachment of fans to teams, and a fall-off in fan interest.

Despite the dire pronouncements linked to sport's rampant commercialisation, fears that traditional and so-called authentic fans will abandon professional sport have proved to be unfounded. The evidence indicates that professional sport enjoys a greater following than ever before ([Westerbeek & Smith, 2003](#)), and this is precisely because sport managers have wielded commercial business practices to bolster the watching and viewing experiences of fans.

In fact, professional sport has effectively ridden on the back of international broadcasting and new media into the twenty-first century, and in doing so has strengthened its position in the entertainment marketplace ([Smith & Westerbeek, 2004](#); [Wenner, 1998](#); [Wright, 1999](#)). If consumers of sport are somehow more traditionalist or ideologically pure than other kinds of consumers, it has not translated into diminished ratings for 'McSport'. While some fans have bemoaned the loss of traditional values and practices, far more fans want comfortable seating, easily available merchandise, game statistics at their fingertips, replays and expert commentary, interactive technology, and a steady supply of nachos, hot-dogs and Coke. Sport has been transformed into a fast-moving consumable experience that fits neatly into the 'iPod society', and as a result has gone well beyond being a symbol of a pleasant Saturday afternoon at the neighbourhood sports ground.

This transformation has also cut through the tension between the need to make a profit and the desire to achieve on-field success. In the contemporary sports world it is now acknowledged that winning is most likely to come from having both a large revenue stream and a surplus of income over expenditure ([Foster et al., 2006](#); [Gerrard, 2005](#); [Szymanski & Kuypers,](#)

1999). In other words, the wealthiest sport organisations, which include teams sent to the Olympic Games as well as sport clubs, associations, and leagues, are generally speaking also the best on-field performers.

8. The need to balance variable quality against competitive balance

Another pervasive claim about the sport product is that its quality is variable, and its levels of performance are unpredictable. Stewart and Smith (1999) argued that this phenomena is not only troublesome, but also an unavoidable feature of professional sport. Try as they might to perform consistently at the highest level, the same athletes and players will not always win, and even Tiger Woods, the greatest golfer in the history of the game, has off-days when his name fails to appear on the leader board. The news is not all bad, however, because, unlike other parts of the service and entertainment industry, inconsistency and uncertainty become important product features for sport. Stewart and Smith declared that sport is one of the few products that actually depend upon unpredictability for success, and the result is another paradoxical relationship. In this case, whereas clubs, teams and players aspire to win by the largest margin possible, the popularity of sport leagues rely on high levels of competitive balance in order to ensure close and exciting contests.

Of all the special features of sport identified by Stewart and Smith, the issue of quality is the most vexing, since it is so multi-dimensional and subjective. At the outset, it has to be conceded that winning does not always equate to quality in the eyes of many sport consumers, who will rank sport's aesthetic appeal, excitement, atmosphere, social interaction, and camaraderie more highly (Fink et al., 2002; Zhang et al., 2001). However, unlike other competing entertainment products with similar commercial realities, like theatrical performances, musical groups, and artistic creations, where so much time is spent rehearsing in order to guarantee consistent and reliable service delivery, sport actually puts resources into ensuring an unpredictable result. Again, unlike professional wrestling, where every move and incident is choreographed, and every result is acutely stage-managed, competitive sport relies on unscripted and uncertain outcomes to build tension, excite the fans, and consequently deliver a quality consumer experience.

While one-sided contests and long-term on-field domination by a few clubs can lead to declining attendance and shrinking television audiences, the jury is still out on the precise role of competitive parity. The evidence about the relative importance of outcome uncertainty remains ambiguous (Borland & Macdonald, 2003; Szymanski, 2003), even though it is used as a key indicator of a quality sport experience.

To compensate for the variable quality of the core, on-field sport product, sport organisations also offer a range of supplementary products and services like merchandise and hospitality that can be more easily controlled for quality. Since these augmented products are important for cross-subsidising the core on-field activities of sport organisations, they have to be handled with a careful awareness of customer satisfaction and service quality. Consistency and ongoing performance improvement for auxiliary services are even more important to sport organisations than they are to other organisations because of the dramatic fall in quality that can come from poor weather, an overwhelmingly one-sided contest, injury to star players, and a half-empty stadium devoid of any atmosphere.

Although the conventional wisdom says there is too little competitive balance in most sport leagues as evidenced by the tendency of the same clubs and teams to dominate, it has also been suggested that from an attendance and revenue-maximisation viewpoint, the strongest and most popular clubs do not win enough (Szymanski, 2006). However, this remains true only until such point as the strong become too dominant and the assumption amongst consumers becomes that the strong never lose.

Despite the evidence that strong teams attract big crowds even where the result is not seen to be in doubt, sports leagues continue to allocate significant resources to the construction of regulatory mechanisms aimed at maintaining competitive parity and ensuring outcome uncertainty. While these regulations are for the most part effective, they introduce a further special, but complicating feature in the form of anti-competitive behaviour. As Stewart and Smith (1999) and Stewart, Dickson, and Nicholson (2005) argued, most professional sport leagues operate as cartels. That is, a collective of firms which through collusion act as a single supplier to a market; a point re-enforced by Downward and Dawson (2000), Sandy, Sloane, and Rosentraub (2004), Dabscheck (2007), Macdonald and Booth (2007) and Stewart and Dickson (2007). Sport leagues gravitate toward cartel-like behaviour because they rely on the cooperation of teams and collective agreements on areas like salary ceilings, player recruitment and drafting, admission pricing, game scheduling, income-redistributions, and broadcasting arrangements to maintain an equitable competition and to maximise marketing and licensing opportunities (Davenport, 1969; Demmert, 1973; Gratton & Taylor, 1986; Schofield, 1982; Stewart et al., 2005; Szymanski & Kuypers, 1999). Teams and clubs depend on the continued on- and off-field success of their opponents, but in most industries, organisations are not permitted to cooperate in this way as it is considered anti-competitive behaviour and is typically prohibited by law. This produces a third paradox, or conundrum for sport. Clubs must compete in a hostile environment against numerous, aggressive rivals while at the same time cooperate with these rivals to the degree necessary to benefit the entire group (Szymanski & Kuypers, 1999).

The incentive to operate as a cartel is therefore powerful in sport, since restraining the desire of a few clubs and teams to dominate a league or competition can actually increase revenue and profits for all members of the league or competition. Professional sport has used forms of anti-competitive behaviour to amplify its commercial impact, protect its brands, and increase revenues through collective marketing efforts. Anti-competitive behaviour is a distinctive feature of contemporary professional sport (Noll, 2002). And, like other industrial clusters that manage to create cartel-like structures, such as the Organisation of the Petroleum Exporting Countries (OPEC), it presents both opportunities and challenges for its management.

9. The crucial importance of setting up structures for collaborative behaviour

Morgan (2002) observed that key stakeholders in sport, such as spectators, club officials, the organising body, clubs, and broadcasters, rarely have congruent interests. The corollary is an ongoing disagreement about the best way to structure, govern and regulate a sporting competition, as well as arguments over the management of teams, the movement of players, and the distribution of revenues. While broadcasters favour interventions that maximise viewer interest, club officials seek resources to bolster their team's talent pools, and organising bodies want to maintain strict custodianship of the game. The complexities of collaborative behaviour are compounded when different political systems are used to frame the structure and operation of professional sport leagues. In Barros, Ibrahimo, and Szymanski (2002), there is a detailed exploration of the dichotomy between what is described as the North American profit-maximising model and the European 'utility maximising' model. There is also a discussion of the ways in which North American and European anti-trust legislation delimits the potential for what economists like Szymanski and Ross refer to as horizontal and vertical restraints. Horizontal restraints exist between competing firms supplying rival products to suppliers, while vertical restraints exist between firms that each play a role in the delivery of a particular product in the market (Szymanski & Ross, 2007). In sport the primary focus is on horizontal restraints, particularly cartel-like behaviour where anti-competitive collusion may allow clubs to limit competition or fix prices at the expense of the consumer. However, Szymanski and Ross (2007) point out that vertical restraints are also potentially anti-competitive where member clubs of a league control its organisation and the movement of players. The issue lies in the distinction between a contest organiser and a contest participant. A blurring of the two is not only ambiguous in terms of the interests of consumers, but may also be economically inefficient (Szymanski, 2003). For example, a governance system independent of the league or competition's participants can have significant implications on the deployment of revenue. In the cases of Union of European Football Associations (UEFA), the governing body of European soccer, and the Australian Football League (AFL), the governing body for Australia's indigenous football code, some resources are diverted into developmental activities for the long-term benefit of the sports; financial decisions which would not be sanctioned by owner clubs.

The differences between the North American and European governance models are also highlighted in their league structures. Whereas the North American leagues are closed systems where the same teams participate no matter what their league standing in the previous year, the European governance model extols the benefits of a promotion and relegation system. It can bolster interest in championship standings at the top and bottom of the competitive ladder, provide the opportunity for numerous teams from a single city to compete for a place in the highest league, and remove incentives for team relocation given that it is less expensive to buy more talent in order to win promotion (Noll, 2002; Zimbalist, 2003b). Professional sport has been forced to grapple with a range of challenges over the last decade, with Compton and Howard (2002) noting that both North American and European sport have had to regularly confront rising player salaries, vastly different levels of operating revenue between teams, fierce sponsorship rivalry, and heavy-handed broadcasters.

10. Using technology to manage supply

According to Stewart and Smith (1999), sporting clubs and competitions are traditionally restricted to what economists would call fixed short-run supply, or a highly inelastic production curve. The supply of the core sport product – for example, the on-field performance – cannot be increased in the same way that a manufactured good like a motor car, or a generic service like dental work can. Only a certain number of games can be played during a season, and irrespective of the spectator demand, attendance is always limited by the number of games scheduled and the seating capacity of the venue. Conversely, when there is limited demand, unsold seats represent revenue lost forever. In these instances the sport product cannot be stored and re-sold another day.

Stewart and Smith (1999) went on to claim that professional sport is in the vanguard of technological development as a means of increasing product supply. Subsequent developments have largely born this claim out, although it would be more accurate to say that professional sport became a notable vehicle for the commercial utilisation of new technology without being a special case. There are now a myriad of mechanisms for reproducing, repackaging and reselling sport, as there are for other information and entertainment services. They include World Wide Web platforms, such as blogs and social networking sites, email, web video, podcasts, vodcasts, websites, pop-ups, spam, virtual worlds, wikis, electronic commerce (such online and mobile payments), MySpace and Facebook. Add to these mobile communications technologies like Bluetooth, mobile phones, personal digital assistants, wireless, SMS (short message service), MMS (multi-media messaging service), 3G mobile/cellular phones and handheld gaming devices, all of which are free from the restrictions of traditional land-based connections and offer new distribution channels. They offer fans an additional forum by which to experience, and indeed, re-experience their favourite sport event, but they do nothing to differentiate sport from a whole array of service-based products that are equally as effective in providing content through repackaging and re-presenting. The handset presence of sport provides a convenient and novel experience for sport fans, but does nothing to give a sport its own special or unique positioning.

11. Managing the fishbowl-experience of players

Players and athletes are at the heart of professional sport, and they are a fundamental reason why fans pay good money to attend games and events. The history of sport demonstrates that sporting heroes, particularly when they perform at the very

highest level, will attract enormous crowds who come just to watch them perform. Examples include Babe Ruth in American Major League Baseball, Stanley Matthews in English soccer, Donald Bradman in Australian and international cricket, Pele in Brazilian and international soccer, and Michael Jordan in American basketball (Cashman, 1984; Goldblatt, 2006; La Feber, 1999).

There are many equivalent examples in contemporary sport, including Tiger Woods in international golf, and David Beckham in world soccer. With the growing professionalisation of sport at the local level around the world, there is now considerable interest in players in all sports of inter-city and provincial sport leagues. Even in these local competitions there is an insatiable media interest in not only what players do on the field, but also what they do off the field. In becoming the centre of media attention they have also become local celebrities, and every misdemeanour, and ever so slightly social deviant behaviour is allocated front page headlines (Hess et al., 2008).

This development means that players live a fishbowl existence where their behaviour is scrutinised on a daily basis. Moreover, clubs, teams and leagues have become increasingly sensitive to any negative publicity that arises from player misbehaviour, and have put in place a raft of rules and codes of conduct that provide sanctions for players in contravention. Sport organisations have hired lawyers, counsellors, agents and psychologists to assist players in managing their behaviour, and when players go outside of the narrowly proscribed limits, a team of experts and specialists is invariably there to guide them through the maze of media scrutiny and commentary that inevitably follows. The pressures on players to behave appropriately, and not to make fools of themselves or undermine the reputation of their clubs are more onerous than in nearly any other occupation. Whereas music, film and television celebrities are almost expected to flaunt illicit drug use, sexual impropriety and financial extravagance, sports stars are expected to be exemplary citizens and solid role models for impressionable children. The media scrutiny becomes breathtakingly intense when sexual assaults or drug use is involved. In respect of drug use, one of the most discussed cases involved Ben Cousins, an elite Australian Rules footballer who played for the Perth West-Coast Eagles in the Australian Football League. In 2007, he admitted he had taken numerous illicit drugs during his football career, and was barred from the game after admitting he was a drug addict (Stewart, Dickson, & Smith, 2008).

But it is not just the media spotlight which has applied pressure on athletes to conform to behavioural guidelines. Sport organisations have begun to introduce conduct-related clauses in player contracts, which are also appearing in an increasing number of collective bargaining agreements (Dabscheck & Opie, 2003). Nowhere are assumptions about sport's fishbowl more obvious than in the World Anti-Doping Agency's (WADA) rise to power, and the control they aim to exert over the lives of players and athletes. The prevailing policy approach to substance use in sport rests on the proposition that punitive sanctioning will deter drug use and remove 'drug cheats' from competition. This policy position is driven by WADA, supported by the International Olympic Committee and the United Nations Educational, Scientific and Cultural Organisation, and followed by national and international sporting bodies all over the world. Current global drug management policy aims to regulate drug use by (1) specifying a list of prohibited drugs, being careful to distinguish between those drugs that demonstrably improve on-field performance, and those drugs that are illicit and undermine the health and well-being of players and athletes as well as tarnishing the reputation of sport itself, (2) listing a raft of suspensions and fines for players and athletes who have been found to have used, possessed, supplied or trafficked any banned substances, and (3) providing for a tribunal-style process whereby allegations are heard, judgements made, and penalties imposed where appropriate.

Stewart and Smith (1999) were silent on the 'fishbowl' experience of players, and the omission represents a substantive gap in their list of sport's special features. The experiences of players have now not only become the one constant in the weekly reporting cycle of professional and elite level sport by the media, but also fall under the watchful eye of anti-violence campaigners, equal opportunity proponents, anti-discrimination officials, gender equity activists, doping agency officers, and drug investigators.

12. Managing players as income earning assets

Another feature of contemporary sport that Stewart and Smith (1999) failed to adequately grasp was the massive increase in player salaries and recruiting costs, and how they impact on the management process in professional sport. Clubs are now confronted by the issue of how to not only deal with players who earn more than the clubs' chief executive officer and senior management team, but also how transfer fees should be dealt with. In these instances players are increasingly counted as assets, and indeed given a value in the same way that an item of machinery or office equipment is listed as an asset and allocated a value.

In theory, an increased payroll for a team should have a causal impact on competitive success. That is, it should pay to pay, at least in terms of on-field performance. The economic modelling of Hall, Szymanski & Zimbalist (2002) revealed an unimpressive correlation between team performance and payroll in US Major League Baseball and for English Football between 1980 and 2000, although it was seen to be increasing since the mid-1990s. For European football on the other hand, Forrest and Simmons (2004) concluded that relative spending on team payroll is a good predictor of team league standings.

The player-as-assets issue arises especially in professional sport leagues where teams are able to trade players through a transfer market. In English Premier League football, where large transfer fees are standard, this issue is dealt with by listing the transfer fee as an asset, and amortizing the fee over the contract life of the player. Take for instance Manchester United Football Club player Cristiano Ronaldo, who transferred from Porto, in Portugal in 2003. His transfer fee was just under GBP 12 million, and he signed with Manchester United for five years. Using the straight-line method of depreciation his fee was

amortised at around GBP 2.4 million a year, and charged as an expense against revenue for each of the five years of his contract. After two years he was valued at around GBP 7.2 million (i.e. 12 less 4.8). At the end of his five-year contract his value would technically be zero. However, in practice his value and his potential transfer price is likely to be positive, unless he was cut down by injury. In fact as a result of his recent impressive on-field performances, his real 2009 value and transfer fee would be higher than his 2003 purchase price.

The bonus here is that unlike other assets that lose value over time and are depreciated, many players will in fact have increased in value. However, in some countries, and in those sports where there is no transfer market, the balance sheet will show players as having zero value at the end of their contract. Under these conditions clubs' assets will be seriously undervalued, and this peculiar feature constitutes another management issue to be dealt with.

Stewart and Smith (1999) said little about this issue, and it now constitutes a problematic oversight from their analysis. Treating players as assets means that like any other part of the club's capital stock, they need to be fully maintained and given maximum support to ensure their optimal performance. The implication is that players have enormous bargaining power, but players can also be treated like cattle and traded at the whim of coaches, managers, and team owners, not to mention the unobserved but not-so-subtle influence of sponsors and broadcasters.

13. The confounding influence of league structures

The fact that many of the above so-called special-features are not exclusive to sport is additionally complicated by the growing disparity of sporting organisations and structures. There are four major trans-national models for the governance of sport at the highest level (Morgan, 2002). First, there is the traditional national governing body pyramidal *hierarchy* exemplified by traditional European sports like swimming, badminton and collegiate sport in the United States. Second, there is the distinctive North American *cartel* structure operating in its 'Big Four' national leagues. Third, there is the *oligarchy* model illustrated in English Premiership football. Finally, there is the *promoter-led* structure found in boxing. While these broad classifications can illuminate the presence of common special features, they are also becoming increasingly blurred and fragmented as a consequence of sport's commercial and competitive pressures. For example, NASCAR functions somewhere between a monopoly and a promoter-led licensed franchise. Tennis and golf are strictly committed to an international, hierarchical model but the power and money resides with its tournaments, which are owned and operated by nationally sanctioned venues. Cricket and rugby are also organised within an international and national hierarchical framework, but have been vulnerable to the forays of new commercial ventures like Super-league rugby and the Indian Premier League.

These four governance structures make for differing management outcomes, but there is little evidence that they fundamentally change the fan experience. They all view sport as a contest where highly skilled teams of relatively equal strengths will produce the highest quality outcomes. And, where these performance-differences are inappropriately wide, they will for the most part act to create greater levels of parity. The common managerial assumption is that sport is at its best when there is collaborative intervention to ensure a quality experience for fans.

14. Concluding comments

Over the last ten to twenty years professional sport has been interrogated from various perspectives, with sociologists, historians, lawyers and management theorists leading the charge. On balance they found that sport is both commercially special and culturally unique. Our review of these special and unique features indicates that (1) the distinctiveness of some of them have been overstated, (2) a number of new and novel features have emerged, while (3) other features have been eroded in line with sport's relentless corporatisation. While it is inappropriate to conclude that the features discussed above demand a specialised form of management practice, our analysis suggests that sport leagues and competitions still have many idiosyncrasies that demand considered and strategic responses.

In the first place, sport is still characterised by fierce, loyal and passionate fans who experience a strong, vicarious identification with their favourite players and teams. It remains one of the few products that delivers engaging experiences that become part of our collective memory. However, even the most strident sport fans are also motivated by other benefits of the sport product, including aesthetic appeal, entertainment, and social interaction. As a result, the needs of sport fans are similar to those sought by consumers for a range of other discretionary leisure products like the cinema, the art gallery and the theatre.

In addition, some of the distinctive features of sport have been eroded as a consequence of the pressures for homogenisation arising from commercial development, global expansion and cultural marginalisation. Traditionally, the major difference between business and sport was the importance of profit and return-on-investment for business, and the preference for winning and on-field success for sport. While it is clear that winning is sovereign in professional sport, there is a growing recognition that revenue and profits, and the resources that money attracts, are the keys to successful performance. Moreover, the evidence suggests that winning is also the fastest route to profitability. This means that it is no longer a case of either or, but of both aims being met through an interdependent managerial strategy that builds a strong platform of quality resources from which to launch a high win-loss ratio.

While the corporatisation of sport over recent years may have resolved the dilemma of how to balance profits against performance, no such solution has been secured for the issue of quality in sport. The ambiguous nature of sport product

quality is exemplified in the ways in which different stakeholders approach it. For example, many club officials and die-hard fans view quality primarily in terms of consistent winning, whereas regulators and the run-of-the-mill sports follower are more likely to perceive quality in terms of competitive balance and outcome uncertainty. Added to this ambiguity is the complicating fact that the core sport product is now surrounded by services and merchandise that are used to provide a more consistent and multi-faceted sport experience.

The capacity of sport to adjust supply by broadening the delivery platform is an important strategic development, but it is not unique to sport, and is now commonplace with a whole range of information and entertainment experiences. On the other hand, the corporatisation of sport has brought players to centre stage, both on and off the field. As a result their fishbowl existence and integral contribution to the commercial progress and asset growth of clubs and associations is something that sets sport apart from more prosaic businesses and industries.

Finally, professional sport is embedded in a fundamental structural and operational paradox which complicates its management at every strategic turn. It arises out of the fact that sport's commercial progress and subsequent corporatisation is a two-edged sword. While on one hand it allows sport to tap into new markets by changing its shape and features, on the other hand it fractures all those traditions that made it attractive to fans in the first place.

Overall, the evidence suggests that the special features of sport identified by Stewart and Smith in the late 1990s are now less distinctive. Many of the eclectic features associated with any given sport structure or system may be novel, complex, and even contradictory, but they are no more so than the services delivered by the arts (Cray & Inglis, 2008) or the hospital and health management sectors (Somers & Perry, 2008). When added to the changes that have taken place to sport over recent years, the special features of sport are in need of wholesale revision.

While professional sport is still both similar to and different from so-called conventional business, their key features and contextual weightings have changed. Both business and sport are concerned with widening their market share, building profits, and strengthening the brand. At the same time, the view that sport has a monopoly over the delivery of passion, loyalty and strong identification is difficult to defend. There are now only four features that clearly distinguish sport from business, instead of the ten that Stewart and Smith had initially marked-out. First, sport performance is fundamentally unstable, and as a result is in constant need of hands-on management in order to engineer a level playing field, and guarantee a minimum level of quality. Second, sport can get away with a number of anti-competitive practices that would normally put the CEOs of business enterprises in jail. Third, sport players and athletes are put under a level of scrutiny and held up to standards that would not be tolerated in other spheres of commercial endeavour. Finally, the constant rating of players, their perception as income earning assets, and the tight constraints that are placed on their behaviour and movement between clubs would rarely take place in any other business enterprise or industry. So, in short, while professional sport has undergone significant structural and operational change over the last ten years, it still has enough idiosyncratic features to justify a customised set of management practices.

At one extreme, even at its most hard-core professional level, sport has been re-badged and re-organised as a not-for-profit cultural practice that delivers a range of memorable experiences and social benefits that the commercial for-profit sector under-supplies. At the other extreme it is built around a set of market-driven forces that make it just another product situated in a competitive marketplace delivering just another package of ephemeral, banal and for the most part, forgettable, experiences to its customers. At the same time, and under both of these extreme structural circumstances there are still a number of idiosyncratic features that give sport its special character, and that reveal themselves in both the profit and non-profit sector as well as in its different forms of governance, be it pyramidal/hierarchical, cartel-based, an oligarchy, or promoter-led.

In summary, despite the changing face of sport over the last ten years, and despite the severe, indeed sometimes fundamental weaknesses contained in the Stewart and Smith (1999) model of sport's special features, some of their broad conclusions are worth revisiting. Although the details of their 1999 analysis are, for the most part, outdated, there are three general points that are difficult to refute. First, "... a failure to recognise sport as a business will produce poor performance, and second, management strategies that 'gives no recognition to its special features' (p. 97), will fail to deliver optimal outcomes. So too does their pronouncement that "... it is precisely these special features which demand the application of sophisticated and 'professional' business principles" (p. 98).

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