Grasping the Identity Gap

- ## A Qualitative Strategic Analysis of Football Clubs in Sweden

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Abstract

Many European football clubs have developed a more strategic and business-like thinking within their organizations that has resulted in partly altered business models and views on competition, sustainable competitive advantage and organization. In this thesis we investigate this development with a certain focus on Swedish football industry. The investigation is driven by the question of how Swedish football clubs strategically develop themselves and their competitive advantages in order to manage the various challenges they are currently facing. We apply both traditional strategic theories and a resource based view (RBV). Further, we also introduce the concept of organizational identity as a relevant strategic tool. In order to understand this we have conducted an in-depth interpretative study aimed at understanding how key people in the industry at large and in two football clubs make sense of and understand these challenges. The empirical material thus basically consists of case studies of two clubs that together with conceptions of football management and strategy constitutes the analytical framework of the thesis. Our practical contribution frames the problems with the strategic work of Swedish football clubs. Our theoretical contribution develops the thoughts of organizational identity as a strategic resource, which is mirrored in the *Strategy-Identity Framework*. On the basis of this we conclude that the Swedish football clubs have difficulties with their strategic implementation and growth partly due to organizational identity struggle. Further we also state that organizational identity is an important strategic resource that is unique and difficult to imitate.

Key Words: Swedish Football Clubs, Sustainable Competitive Advantages, Traditional Strategic Theories, RBV, Organizational Identity and Strategy-Identity Framework.

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1 Introduction

1.1 Background

The football industry has generally not been seen as an industry that focuses on business aspects, but during the last twenty years the industry has changed. Traditionally the industry has added value to the customers in straightforward ways; the value has circled around the sport results achieved by the team (Grundy 1998). The competitive advantages have thus been mirrored in the results of specific games and "on pitch" aspects. However, during the last decades the football industry has been influenced by changes that have resulted in financial development and increased importance of taking a more strategic view among the clubs. Even though the disfavored economic climate in Europe, the revenue grew for the top 20 money generating clubs with eight percent, from €5 billion in 2011/2012 to €5.4 billion in 2012/13 (Deloitte 2014). Hence, the importance of strategy and effective resource utilization is greater now than ever within the industry.

This trend began among the biggest organizations such as Manchester United, Real Madrid and Barcelona (Grundy 1998). These clubs could be seen as a strategic group within the industry (see Porter 1980) and they were the ones taking the initiative for the change towards a more strategic approach. They have set the trend within the industry to extend the ways of creating value from the traditional strategy of match day revenues towards aiming at sponsorship, television and advertising (Grundy 1998). Accordingly, the revenue structure has become more complex compared with before. The latest trend is rich owners who invest almost unlimited amounts of money in European top clubs. Examples of these are Paris Saint Germain and Manchester City which illustrates the economic interest and the changes of European football. The change within the football industry seems apparent and the incomes among the top clubs in Europe have expanded multiple times during the last decades (Deloitte 2014).

One of the reasons why organizations manage to change successfully is that all employees identifies and accepts the path chosen to reach the goals (Prahalad 1993). Similar mindset of the culture, the strategies used and the goals are important factors in order to create sustainable changes (Prahalad 1993). In other words, the organizational identity plays an important role when trying to create a sustainable organization (Hatch & Schultz 1997). As mentioned above, some of the European clubs have managed to create a strong identity and

image. However, the reality outside the glamorous top leagues is different. Far from all European clubs have been blessed with this phenomena and many countries are suffering from limited or no development.

1.2 Problem Statement

Even though the revenues and the professionalization are growing in many European clubs, the reality outside the top leagues is different. The Swedish public television *SVT* reports that there is a financial crisis in Swedish football (SVT Webpage 2014) and according to a report by Deloitte (2014) there are many Swedish clubs having trouble creating profitability in their organizations. It is also concluded that the gap to the top 20 money league clubs presented above are increasing (Fotbollskanalen Webpage 2014). The connection and complexity regarding identity and image (see Hatch & Schultz 1997) among organizations seems to be an appropriate angle in order to understand the developments in Swedish football clubs. Football clubs have several different stakeholders often representing diverged views of what the club should represent and how it should be managed (Walters & Chadwick 2009). The Swedish football industry includes complex owner conditions where members own the clubs. It can thus be concluded that Swedish football clubs are functioning under challenging environment, when it comes to strategy, economy and identity.

Based on this we believe that there is a need for a qualitative study of how the Swedish football clubs work strategically in order to develop themselves and gain sustainable competitive advantages. A qualitative study employing strategic reasoning to the climate of Swedish football and in particular two clubs is rare indeed; we believe it can enrich both theory and perhaps the strategic work for Swedish football clubs.

There are plenty of theories regarding organizational strategies. To understand them it is possible to distinguish between traditional theories that focus on understanding your product and how it adds value (Porter 1980; Prahalad 1993; Lovelock & Wirtz 2011) and resource based strategies (Wernerfelt 1984; Barney 1991; Grant 1991) that focus on using intangible resources as a differential factor (Whetten & Mackey 2002). Two intangible resources that could be used as differential factor are the competence that the workers possess and financial resources (see Wernerfelt 1984; Barney 1991). Further, another way for organizations to

differentiate themselves could be to develop a solid organizational identity (Scott & Lane 2000).

Many strategic changes fail due to the lack of attention towards softer aspects. These factors can help the organization to implement sustainable changes (Johnson 1992). Organizational identity is the way organizations internally perceive themselves as a company (Hatch & Schultz 1997) and a healthy organizational identity with common perceptions can be a tool for implementing sustainable changes (Beer, Eisenstat & Spector 1990). Even though there are a lot of researches that touch upon the concepts of strategy (see Kotler 1964: Porter 1980: Barney 1991) and identity (Johnson 1992: Hatch & Schultz 1997), there are not many studies that focus around how these two concepts could be seen interrelated.

1.3 Purpose

We have found that Swedish elite football clubs have difficulties to keep up with the development among European clubs. Trends within this industry suggest clubs to act more business-like. This research contributes to the field because of its qualitative standpoint and its connection between strategic literature and the world of football. The theoretical contribution to the academic sphere is the twist of introducing organizational identity as a strategic tool. Our purpose is to make sense of how the Swedish Football Clubs works strategically to gain competitive advantages and how organizational identity could be relevant for the growth.

1.4 Research Question

- How do the Swedish football clubs work strategically in order to gain competitive advantages?
- In what way can organizational identity be relevant and possibly drawn upon in a strategic manner?

1.5 Clarifying the Concepts Used

Allsvenskan – The highest league in Swedish Football

SEF – Swedish Elite Football, an association that rules the top two leagues and the 32 teams playing in these leagues. Their aim is to develop the Swedish football clubs and function as an

association that helps the clubs to jointly find ways to make both themselves and the leagues more attractive.

Professionalism - In this research the concept of professionalism is related to how the clubs could take a more vocationally oriented path with increased competence and knowledge that fits the industry.

RBV- short name for the Resource-Based View, which is a theoretical strategic approach.

On field work – How the clubs work with matters that include the pure football aspects, the strategies used on the actual pitch by coaches and players.

Off field work – How the clubs work outside the actual pitch finding strategies and new ways of increasing the profitability and hence become a more successful football team.

Match day – All the events and possible revenues that surrounds a football game.

2 Method

In this part of the thesis we will present the methods used and narrate the approach to the empirical data. In the first part our metatheoretical standpoints will be outlined, this part concludes and motivate the qualitative path that we have taken. Further, the use of interviews as empirical data will be discussed; this part will also touch upon the selection of respondents and the clubs that we based our research on. Finally, a discussion around the use of case studies will be presented. The aim of this method chapter is to show and assure the reader that the procedure used to gain a deeper understanding in the subject has been valid and in line with the rationale and research questions. This also helps the reader to understand the later analysis of the empirical data and will function as a guide throughout the paper.

The purpose of this research is to gain a deeper understanding of how the Swedish football clubs works strategic in the new demanding environment. In order to generate a greater sense making we have chosen to use qualitative methods (see Kvale & Brinkmann 2009:34). After gathering data and analyzing the material we have adopted the theories after the findings. The purpose of going back and forth between the data and theories has been to gain a deeper understanding and enrich the research.

2.1 Metatheoretical Standpoint

All researchers within social science approach their inquiry with certain assumptions of the social world and its construction (Burell & Morgan 1979:1). The ontology debate discuss the question whether reality is something beyond the individual or something as a result of individual consciousness. Accordingly, ontology explores the nature of being and the view of reality. Another fundamental set of assumption is epistemology; which discusses the grounds of knowledge (Burell & Morgan 1979:1), and whether knowledge is something that could be captured or as something subjective that has to be experienced (Burell & Morgan 1979:1-2; Creswell 2003). Thus, the distinction between the different views of epistemology could be seen as something that we do (epistemology of practice) or something that we possess (epistemology of possession) (Newell, Robertson & Scarbrough 2009:3). This thesis will follow a nominalistic view of ontology, rejecting the idea that the social world outside the individual is built upon changeless structures (see Burell & Morgan 1979:1). The aim of this study is to make sense of how the Swedish clubs work with business strategies to affect their outcomes. Hence, it is stated that we see the environment of this industry as changeable and

functions under socially constructed circumstances. The epistemological standpoint of this thesis is that knowledge is subjective; it is created in social contexts and through the use of language (Burell & Morgan 1979:1).

In the process of this research we have our underlying thoughts and ideas regarding the subject. However, the intent is to minimize its influence and stay open to new meanings being interpreted. Therefore there are no presented theories about the outcome in this thesis. These will be developed inductively along the way, as in socially constructed knowledge claims (Creswell 2003:8). Thus, our presumptions are to seek understanding and sense making while seizing an interpretative role and claiming knowledge as something that is socially constructed.

This research uses a qualitative method in order to seek a deeper understanding of the phenomenon. Within qualitative methods the research focuses on socially constructed meanings (Merriam 2002), in contrast to quantitative studies who seek to investigate numbers instead of words and meanings (Bryman 2002:250). Further, qualitative methods are more useful for the researchers when they try to explore and gain a greater understanding in a certain situation or a social context. Within quantitative research the aim is rather to test hypothesis and theories, converting words to numbers and put the findings in relation to each other. The method that researchers choose to emanate from should mirror the questions that the research aims to answer (Kozinets 2010:42). This research aims at gaining a deeper understanding of the Swedish clubs and the ways they work strategically and the relation towards identity, therefore we believe that qualitative methods is more appropriate, since the goal is to make sense of a specific phenomenon rather than measuring different numbers. In summary, our ontological and epistemological assumptions combined with interpretive perspective will shape the qualitative methodological framework for this research, and this will hopefully result in a deeper understanding of the subject that is being investigated.

2.2 Two Qualitative Case Studies as Empirical Data

This research is based upon two case studies of two different football clubs in Sweden, the empirical data was collected through interviews with employees at different levels of management. However, the case study does not intend to research the actual results of different players or the manager of the team. Since the aim of the research is to gain a greater

understanding of the strategic part behind the actual results on the field we choose to interview the people outside of the pitch, such as the Chairman, Head of Events, Head of Finance, and Head of Market. Case studies are often used when the researchers seek to investigate a phenomenon in detail, for example a trend, an organization or a part of society (Bryman 2011:73). The reason for using case studies is that it fits the purpose of the essay to make sense of the difficulties and challenges that Swedish football clubs face. Qualitative methods offer the opportunity to gain a deeper understanding (Kvale & Brinkmann 2009:34), case studies aims at study a phenomena in detail (Bryman 2011:73). The reason for choosing two different clubs as well as interviewing other relevant third part actors from the industry has been to illuminate that the complexities within Swedish football clubs are not a phenomena linked to one club but to the industry (Bryman 2002:64).

2.3 Empirical Data Gathering – Interviews

The empirical data gathering in this research has been based upon semi structured interviews with two Swedish football clubs, a journalist, a professor and employees at SEF. The interviews was done in Swedish and later translated into English. Semi structured interviews gives the researcher the chance to pursue the interview as a conversion between two parts instead of putting the focus on either the respondents or the interviewer. Although the aim of the interview is to have a mutual conversation between the different parts, the semi structured interview often follows a pre-set guide set by the researchers. The guide could be seen as a safety net, it makes sure that the interview follows the focus and the subject investigated. (Bryman 2002:301).

Since the respondents had different positions the questions and the guide were adapted to each interview. The major themes were still the same, but the questions were adapted to fit the respondent's positions. However, during our interviews we felt that the conversation often resulted in the subjects we seek to highlight without using the guide too much. The respondents thought that the subject was interesting and we did not need to ask that many questions, they answered them anyway. The respondents showed general interest in the study and we understood that our topic is up to date. Sometimes we felt that the respondents did not quite complete the answer of a topic or they brought up a new topic that we thought were interesting. In this case we used follow-up questions, these questions could be seen as a complement to the preset guide, and they help the researcher when new angles of approach get revealed during the interview (Bryman 2002:301).

Interviews can be seen as a way of creating knowledge. The knowledge is created in the conversation and the social construction between the interviewer and the respondent (Kvale & Brinkmann 2009:34). We believe that the interviews resulted in a deeper understanding of the strategies and the identity struggle within the clubs. The main reason for reviving valid data and find new angles of approach in the data collection could be linked to the fact that the interviews where built up as mutual conversations rather than interrogating the respondents.

Interviews are based upon social interactions and the relationship between respondents and researchers. The social aspects of the interviews has resulted in objections around whether the method is to subjective. The relationship in the conversation could influence answers and question during the interview which affects the objectivity in the empirical data (Kvale & Brinkmann 2009:34). There are a variety of terms used to question the quality of interviews:

> As in qualitative inquiry more broadly, a variety of terms have been used to discuss the
> quality of qualitative interviewing, with debates over how researcher establish the
> "validity" of their work – that is, the truth, trustworthiness, or accuracy of their claim –
> central. (Roulston 2010:201)

The aim of this research is not to find a truth, nor is it to find the "best" solution for the Swedish football clubs. Our ambition is to make sense of a specific situation, to gain a greater understanding. Therefor we have chosen to use narrative interviewing instead of standardized survey interviews. The critiques of this method could be connected to epistemological standpoints that argue that there only exist one and an absolute truth (Mishler 1986). These assumptions are based upon positivism, claiming that knowledge could be captured and shared; knowledge could be seized (Burell & Morgan 1979:1-2).

2.4 Selection and Proceedings

Before we made the selection we studied Deloitte´s report of the Swedish clubs from 2014. We also had a meeting with the publisher from Deloitte in order to ask some questions. Even though Deloitte´s report is based upon quantitative numbers it gave us an idea on which clubs that had a strategic thinking. We also had an interview with a professor working at Stockholm University who has written academic books and articles within the topic of football management, s/he also suggested these two clubs for investigation. After our research we

decided to pick two clubs that both had been successful in their sports result and that seemed to have a strategic plan regarding gaining competitive advantages outside of the field. In this essay both the identity of the clubs and respondents will be kept anonymous. Since the clubs are opponents and the fact that we touch upon sensitive topics such as the actual strategies used we decided to conceal the names. Before each interview we explained the anonymity for the respondents. When the respondents are anonymous the researcher gets the chance to receive more honest and reality-based answers (Bryman 2011:132-138).

The respondents were chosen based on their positions within the club. All of the respondents worked at the head-courter of the clubs, with positions that involved more the administrative work such as; sales, marketing, financial controlling, talent academy and management. To be able get a greater understanding of the challenges and how the Swedish clubs work to gain competitive advantages we had to gain access and interview the individuals that are actually working with this issue on daily bases. Qualitative studies are not dependent on external validity and the opportunity to generalize; therefore the sample is more ruled by theoretical samples (Bryman 2011:196-197). To increase the reliability of the research we interviewed people with different positions, two different clubs and also other individuals that are central for the industry (see Bryman 2002:43).

2.5 Presentation of the Clubs and Respondents

Club White: One of the bigger clubs in Sweden with several titles and true history. The implementation of a new stadium and its presence in European cups made us interested of the club and its business administration.

Club Black: This club has been one of the notable clubs during the last century; they have won the Allsvenskan and qualified for European cups.

The first interview with the professor was in purpose to get a wider perspective on the situation for the clubs in Sweden and what has been done so far in strategic terms. However, the interview also resulted in a different angle of how the current situation for the Swedish football clubs is. The second interview we had was with one of the most famous and active football journalists in Sweden, s/he is active on television, newspapers and social media. Except for these two interviews we had three interviews with people working for SEF. We

interviewed 4 people each from the clubs, which gave us a total number of 12 interviews. Overall we believe that interviewing respondents from different backgrounds (clubs, journalist, professor, and SEF) has given us a reliable empirical material (Bryman 2002:43).

2.6 Validity

The validity of a project is set by whether the researchers have studied what they actually meant to study (Eriksson & Wiedersheim-Paul 2001:38). In this thesis we have worked in different ways to ensure the validity. First, and most importantly we have made sure that the research follows the topic and the metatheoretical standpoints. The quality and the validity of qualitative interviewing are affected by the craftsmanship of the researchers (Kvale 1996:252). To make sure that we use this craftsmanship in our thesis to generate a certain amount of quality and validity we have made sure that the path of the interviews where towards topics that helps us to elicit the information needed to make sense of the chosen subject. Our empirical material has thus been based on semi structured interviews. The interview templates were made based on interviews with a professor specialized within the subject, and approved with our tutor in order to secure relevance during our field studies.

The chosen method fits our metatheoretical standpoints and it is an appropriate method to answer the research questions (Roulston 2010:202) and this is one way to ensure validity. Interviewing two different clubs and other people involved in Swedish football and comparing the data in different ways has been one way of strengthening the validity of the thesis. Further, the validity was also assured by interviewing people that had the knowledge and competence to answer the topics we used. Since we were interested in gaining a deeper understanding of the strategies that surrounds the clubs and their links to the organizational identity we choose to interview people that where working with this on daily bases. All the interviews with the clubs where held with employees that worked on the headquarters, accordingly, these are the people that handle issues that are related to what happens off field within a club. It should be stated that a study that also comprehends the players, managers, sponsors, and supporters is interesting but not in line with the aim of this study. Finally, we used our semi-structured interviews with open questions to make sure that the respondents answered the question from their own minds and perspectives. However, when needed, we used our guide and follow up question to make sure that the interview followed the subject investigated (Bryman 2002:301).

2.7 Variety of Validity

We started an initial literature research within the topic and simultaneously we also started to research what had been written about football and sports connected to strategy. This initial research resulted in both a broader and deeper understanding of the topic investigated and also helped us phrase the purpose and research questions. After the first exploration for relevant literature we started to investigate more in detail. To seize theories regarding RBV, traditional viewpoints of strategy and organizational identity we have conducted an extensive search for scientific articles. The aim of using both more traditional literature and present deeper viewpoints is to enrich the theoretical standpoints and to have a critical view of what has been written in the topics (Patel & Davidsson 2003:42-43). The research for articles has been made through search engines such as Libris, Google Scholar and Lovisa, these databases have been used to reassure the trustworthiness. All the articles used in this study have all been publicized in scientific magazines and works which reassure the authenticity (Patel & Davidsson 2003:44), these articles have already been critically examined before released. We have not used second-hand sources, when found interesting sources in articles we went to the actual source and read it; this process was done to avoid any misinterpretations from second-hand sources.

The use of the models and theories within strategy and identity could be criticized because they tend to be suited for the original study. However, since we are using several different theories adapted to a new context we feel that the theories helped us to gain a deeper understanding of the phenomena. Finally, we also believe that the presentation of a new model that serves to link strategies with organizational identity also function as a critical standpoint against earlier works.

During the literature research we had some problems finding material that touch upon the linkage between football and academic subjects, such as strategy and organizational identity. However, we found some works that grasped the area we were looking for, for example; football management (see Söderman 2013) and other articles discussing the importance of more business-like strategies in football (see Grundy 1998: Cross & Henderson 2003). However, these sources are not discussing the specific case of Swedish football, applying these concepts in combination with theories around strategy and organizational identity is our

contribution to the subject. The linkage of strategy and identity is our broader contribution to the academic world as a new way of thinking or a new set of lenses to watch the organizational world in.

In this study we have chosen to use some secondary sources. We are aware of the lack of academic content of newspapers, television, and consult reports. However, as stated, there is not much written in the subject and therefore we use these sources mainly to illuminate the problems linked to the football industry in Sweden. Due to this fact, these sources were used to understand the changing industry environment, which is the fundamental problematic standpoint for this thesis.

2.8 Contribution

Our theoretical contribution will be to investigate organizational identity and how it could be relevant towards the strategies used by organizations. The aim of this thesis from a method perspective is thus that through interpretative lenses understand and make sense of a social context; hence the purpose is not to generalize the answers. Our epistemological standpoint of knowledge is subjective; it is created in social contexts and through the use of language (Burell & Morgan 1979:1). We have chosen to use qualitative methods and interviews in order to create our own empirical framework. We believe that our metatheoretical standpoint and method used have helped us to both answer our research questions and to contribute to the academic sphere.

2.9 Conclusion of Methods

This research is based upon qualitative methods; semi-structured interviews have been used to collect the empirical data. Since the study is mostly relying on two case studies the ability to generalize the findings are insufficient. However, the aim of the study is not to generalize the answers, nor is it to find any given truth, the purpose is rather to make sense of a specific social construction and to gain a greater understanding on the strategic work within Swedish football. The reliability in the research has been secured by studying two different clubs and interviewing other central figures in the industry. In this way possible contradictions can be analyzed, and accordingly also secure the validity and that we are following the purpose and the research question of this thesis. Choosing an inductive path allows us to present a broad theoretical framework in order to be flexible with the empirical material (Creswell 2003:8).

Our interpretative standpoint combined with our focus on in-depth interviews gives us an opportunity to gain in-depth knowledge and understanding of the situation of Swedish football clubs. This data will then be analyzed through looking for repetition, similarities and differences of the interviews (Ryan & Bernard 2003) but also when put against the theoretical framework.

3 Literature Review

In this part we will present the theoretical framework that we have chosen to use when analyze the collected data. We will start of by an introduction that will result in the Strategy-Identity Framework (Model 1.0) that will consistently appear throughout the thesis. Further, this chapter will discuss different strategies in order to create a solid theoretical platform. Within the discussion of strategy we will present RBV and traditional theories regarding; Product, Market, Competence and Financial aspects. The final part touches upon the concept of organizational identity and how it could be connected to strategy, and how it could help organizations to gain sustainable competitive advantages.

3.1 Introduction

It has been claimed that the economic result of football clubs are mainly dependent on results on the field. However, during the last decade a debate has emerged, consisting of a greater importance of business aspects (see; Grundy 1998: Cross & Henderson 2003: Söderman 2013). Academic writings of football and business administration are rare and the subject is considered to be unexplored. Few articles discuss strategies linked to sport clubs success and not many studies emphasize a qualitative stand on research strategy in the football industry. Due to the growth of economic value within the football industry more attention has been given to the factors that affect the success "off the field" (Grundy 1998) and what we in this thesis defines as; *Strategy*.

There are a number of different models and measurements presented in the strategic literature aiming at presenting ways to gain benefits in the strategic work of organizations. In next chapter we will present two different major perspectives of strategy, in order to understand the concept. These two perspectives are traditional strategic theories and RBV, which will be presented and used as complements to each other. The reason for using two themes is to open up for a deeper understanding of how the Swedish football clubs works, and also to start a discussion of how these different paths of strategy could complement each other. Further, we will present organizational identity in order to later investigate how it could be seen as a strategic tool for the clubs.

3.2 Conceptualizing the Theoretical Stance; Strategy-Identity Framework

We have chosen to make a framework in order to illustrate the linkages between theories of strategies and organizational identity. The aim of the model is to connect the environment of the industry, the strategic resources available and organizational identity to opportunities to create sustainable competitive advantages. It will also function as a tool in order to facilitate for the reader. In this essay we will look closer at theories regarding product and market segmentation as aspects that are important in the environment of the football industry. The competence and financial aspects will be seen as the resources available. We will argue that organizational identity, the resources available and the environment of the industry all affects the possibility to create sustainable competitive advantages. Organizational identity affects the possibility to create sustainable competitive advantages in two ways, both directly and indirectly throughout how organizations act in the market, and how they differentiate the organization.
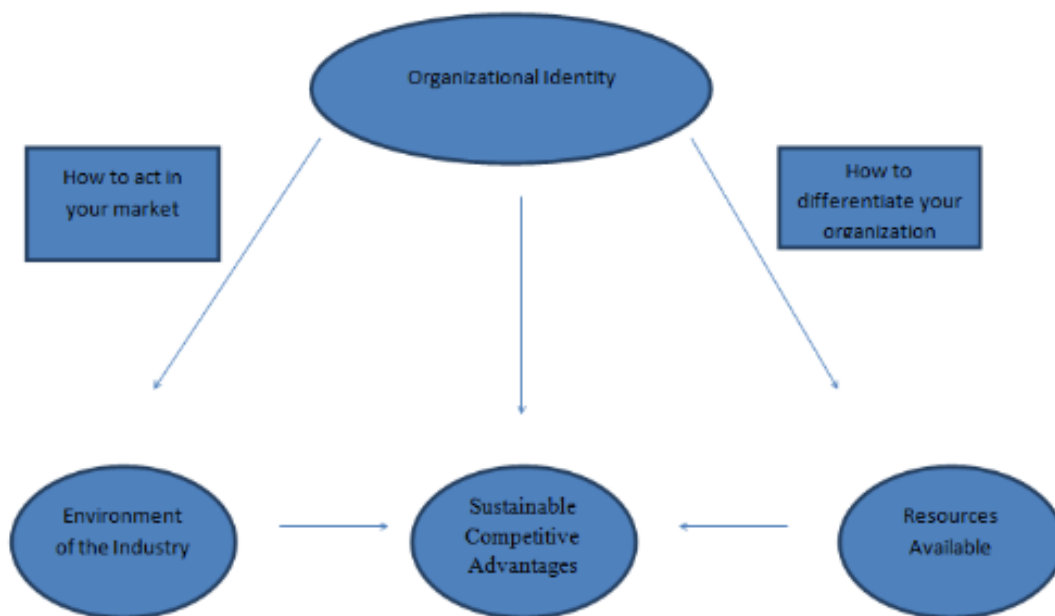
Model 1.0 Strategy-Identity Framework

3.3 Framing the Strategy Concept

In the article *Strategy, value and change in the football industry*, Tony Grundy (1998) argues that the football industry has experienced a change in how value is created. Grundy (1998) discusses how organizations could make successful changes in value creation as a result of deliberate strategy rather than emergent strategy. In the football industry this was made through adding more value to the existing customers and gaining new customers through unexplored market channels during the 1990-century (Grundy 1998). Cross and Henderson (2003) add on to Grundy´s (1998) discussion in their article; *Strategic challenges in the football business: a space analysis*. They conclude that success within football clubs depends on creating revenues even though it at the same time is a risk for the clubs when becoming more commercialized. Factors that affect clubs negative are higher costs and external pressure (Cross & Henderson 2003).

These football related theories puts a lot of focus on external forces, and are more in line with traditional strategies than the RBV (see Heracleous 2003; Barney 1991). Traditional strategic theories argue that the shape and attractiveness of external environment of an organization is important and it determines the performance. The characteristics of the industry are in focus, and in order to gain competitive advantages the firms need to be aware and understand their surroundings (Porter 1980). We have chosen to look closer at two aspects within the traditional view. The way the clubs work with market segmentation (Lovelock & Wirtz 2011) and the way they use their product (Kotler 2003). These aspects will be complemented with another stream in the strategy research; RBV. Competence and financial aspects will be presented as two resources that could help the clubs to create sustainable competitive advantages (Wernerfelt 1984; Barney 1991).

The main difference between the RBV and traditional strategies is the high focus on internal aspects and the more external focus within traditional theories. The RBV emphasizes the importance of developing resources that are hard to imitate for competitors (Heracleous 2003). Even though, traditional strategic theories and RBV differs regarding how to be successful, they both aim at understanding how organizations could improve their business in order to create competitive advantage (see Porter 1979: Barney 1991). The difference is based upon whether organizations should focus on internal aspects (resources) or external (the shape of the market).

Traditional strategic theories have proceeded from two assumptions (Barney 1991); firstly the models have assumed that organizations acting in the same sector are homogenous in terms of creating competitive advantages. Jay Barney (1991) concludes: "*these environmental models of competitive advantages have assumed that firms within an industry are identical in terms of the strategically relevant resources they control and the strategy they pursue*" (p. 100). Further, these models have also argued that even if organizations within a sector manage to create heterogeneity it will not last for long since resources that are used to set up the strategy are highly mobile (Barney 1991). The RBV examines the connection between internal aspects with the achievements of the firms; consequently RBV rejects ideas that eliminate the possibility to create heterogeneity through the resources and achieving sustainable competitive advantages (Wernerfelt 1984).

The resources of an organization have been categorized in different ways. One way of dividing the resources is by; physical, human, and organizational resources. Since the aim of this thesis is to connect RBV to the football clubs in Sweden we will modify the resources after relevance, we will use the resources that the clubs actually possess. In this sense, when discussing organizational resources, we refer to; competence and financial resources among the clubs. These aspects could be seen as human and physical resources. The human resources refer to the judgment, intelligence, and the experience that the workers within the club have. Physical resources in this thesis will be linked to financial aspects. (see Barney 1991)

3.3.1 Resource Based View; Resources that Differentiate

Barney (1991) presents four different attributes for firms in order to gain competitive advantages through resources. The resources needs to:

1. Be valuable
2. Be rare compared to current and future competitors
3. Not be easy to imitate
4. There shall not exist substitutes for the strategy

These four attributes are necessary for organizations to posses the potential to create sustainable competitive advantages. RBV attempts to take away the halo that has been surrounding traditional strategic research claiming that the resources in a certain industry is

similar and easy to imitate for other firms (Wernerfelt 1984: Barney 1991). The resources within an organization are highly important in the strategic work and a significant factor to create sustainable competitive advantage as well as profitability (Wernerfelt 1984: Barney 1991: Grant 1991). However, traditional strategy theories highlight the external environment of a market and an industry (Porter 1980). The aim of this thesis is to make sense of how the Swedish football clubs work strategically to gain competitive advantages. Hence, we will look at both traditional strategic theories and RBV since they have an important role in the field (Heracleous 2003). In order to delimit the broad concept of traditional strategy and RBV, we have chosen to look closer on four aspects that could be linked to our topic, we will touch upon; Product (traditional), market segmentation (traditional), competence (RBV) and financial aspects (RBV).

3.2 Product

We believe it is of great interest to understand your offered product in order to make sense of the strategic work within football clubs. We also believe it is important that the clubs are conscious about what they are selling. What value are the football clubs adding the market? This question complicates due to the fact that the value that football clubs adds the market arguably are ambiguous and hard to define.

Product is traditionally seen as one of the 4P´s together with Price, Place and Promotion, and is seen as a fundamental aspect that should satisfy what customers' demands (Kotler 2003). It is of great importance that your product adds value in order to be successful (Prahalad 1993). A common division is to divide the product into core product (1), actual product (2) and augmented product (3).

3.2.1 Core, Actual and Augmented Product

The core product contains the most fundamental characteristics and the thing that the customers are paying for (Kotler 2003). The core product is the value added to the market and it can both be physical and intangible in shape of services. The actual product might not be the same as the core product. The actual product can instead concede of aspects *regarding* the core product, for example the quality, appearance and its presentation. The actual product can be surrounding aspects of the core product, for example that you are selling a feeling, identity

or brand through the product. The customer signals something about who s/he is when using the product. Due to the trends within the football industry regarding commercialization; we believe it is relevant to also include the augmented product. The development within the football industry towards a broader product than just the match day, illustrates the importance of knowing what value you are adding the market. The augmented product can be seen as the third level regarding the different views of the product and includes complementary services. (Kotler 2003; Jobber & Fahy 2003)

In order to clarify the different levels of the product, we will illustrate the differences using *Apple* as an example. The core product of Apple could be seen as the user value the computer and phones add to the customer. However, the actual product in the case of Apple could be seen as offering an identity to the customers. The buyers thus not only buy an Apple computer due to its core product characteristics but also because they want to identify themselves towards the brand. Augmented products in this case are complementary aspects such as add-on´s to the core product. Regarding these aspects of the product, next part of this chapter will discuss product development and market segmentation in order to create a solid theoretical ground when analyze the product of football.

3.2.2 Market Segmentation

According to traditional strategic theories the product development is significant in order to stay or become successful (Porter 1979). The trends within the football industry show a greater interest in developing your product and in that way seek profit and growth. How can we develop our product in order to gain competitive advantages? New products are basic for survival and growth but at the same time a costly and risky action (Kotler 1964). It is possible to use your product flexible in strategic actions to gain market shares and appeal desired customers. One strategy regarding product development can be to act beyond your *served market* (Prahalad 1993) which means expanding from your current business sector, and invest in development of your product. This strategy creates new market possibilities instead of defending present markets. Prahalad (1993) argues that it is of great importance that managers make sure that all employees identify and accept the way to implement product changes. Having an internal definition of what the core product actually is helps the company to reach outlined goals. This includes having similar ideas of your goals, strategies and cultural mindset (Prahalad 1993). However, despite internal aspects it is also important that you understand your market in order to be successful.

3.3 Understanding the Market

Porter´s (1979) five competitive forces and the value chain discuss external factors that affect the organization and their strategy. Within the five forces the rivalry among industry competitors determines depending on bargaining power of customers and suppliers, the threat of new entrants and potential substitute products. These factors can be seen as the organizational environment, and helps us understand the industry and its competeness. Prahalad (1993) also argues that competition takes plays on multiple stages today which are in line with the differentials and heterogeneity presented in Porters (1979) five forces. The similarity brings us the conclusion that companies need to stay alert on several areas for competition. This is relevant within the football industry due to the high degree of competition and the eager for development in becoming more business driven. The high grade of competition increases the importance of acting strategic and intelligent. The three areas of competition that Prahalad (1993) presents are below developed further with several theories related to the subject in order to create a valid theoretical standpoint.

3.3.1 Competition for Customers and Market Shares

Market shares, price and the quality of the product or service (Prahalad 1993) are basic areas of competition that organizations face. Potential threats are new products or products that customer finds more valuable (Porter 1979). Market segmentation is usually used to frame a company's target audience in order to fit the product or service to the aimed customers (Lovelock & Wirtz 2011:83-84). Organizations are most often forced not to focus on a too broad target audience so that it is possible to customize the product. However, the marketing strategy differ depending on the product, strategy and market differentiations that are present, which lead to a heterogeneity in marketing efforts even within the same industries (Smith 1956). This heterogeneity is understood due to the different appeals one product consists of and it is accordingly possible to appeal different interests when offering a broad product. The business plan put forward by marketing and sales-departments should include strategies for how to appeal the market mix, desired customers and also which part of the product that calls for a certain segment (Smith 1956). Other aspects that are crucial to take into consideration are the price (Smith 1956) and substitutable products (Porter 1979) which also could be seen as a potential when you develop your own product when acting beyond your served market (Prahalad 1993). The idea of customizing the product to appeal a broad target audience should

according to Porter (1985) be done with caution. The risk of losing the competitive advantage can make the product stuck in the middle of added values towards customers.

3.3.2 Brand

Söderman (2013) discusses the impact of branding, and its potential benefits in market strategy. He concludes that loyalty and strong brand recognition within the football industry are rare but profitable, not many clubs explains what the brand stands for and gives the brand identity (Söderman 2013). This insecurity in your own identity and desired market segmentation can be put against Lovelock and Wirtz (2011) theory that a too broad target audience could create different images towards the brand. The conclusion made is thus that product differentiation and a flexible market segmentation opens up for strategic decision for the organizations. It is possible to see the brand as a strategic resource that simplifies for your market actions (Melin 1999). It is also possible to use your product different in order to appeal desired customers.

3.4 Competence

Following to the discussion of the traditional strategic aspects of Product and Market, this chapter will present RBV theories regarding the resources; Competence and Financial. Discovering and conceptualizing competence became a central idea for top management during the 1990´s. Our definition of competence is here brought from Sanchez (2004); *Competence is the ability to sustain the coordinated deployment of assets in ways that help a firm achieve its goals*. Assets are here seen as intangible and the value within these assets are accordingly to help the organization to reach the outlined goals due to four fundamental aspects:

1. The competence must be able to help the organization to manage external demands that changes the industry structure. The competence thus needs to develop, change and sustain the organization so it is kept up to date compared with the market and its demands and competitors. Another fundamental aspect is that competence renewal brings energy to the organization, and reduces the risk to conservatism and restricted organizational development (Sanchez 2004).

2. The second role of competence as an asset states that competence needs to be able to manage both aspects that directly relates to the core business (firm specific) but also secondary functions (firm addressable). Firm addressable actions are an action that needs to be manage outside the everyday work and consists of contacts with different stakeholders, coordination and flexibility towards the regular job description.

3. Competence must also reflect the managers within an organization. This aspect is according to Sanchez (2004) two-folded though it includes both to govern the daily business but also to make strategic choices in order to develop the assets in a profitable way.

4. Fourth and last, the competence of managers must make sure that the goals and its way of achievement mirrors the work both on an individual and institutional level. The employee's needs to now the path forward and aspects like values and culture needs to be institutionalized and lived through out the actions and strategic thinking (Sanchez 2004). In this way the company´s identity mirror the way to achieve goals and helps the company succeeding with the outlined strategy.

We will use competence and knowledge as resources that the clubs could use to differentiate themselves from the competitors. The skills of the workers within an organization are one of the resources that could be used to gain competitive advantages (Wernerfelt 1984: Barney 1991). However, as the industry of football has changed, we argue that the clubs need employees that have the knowledge, skill and ability to deal with the new circumstances and opportunities within the field (see for example: Nordhaug 1993). In the following part a discussion of the knowledge and competence will be presented, the purpose of this part is to prevent possible misinterpretations for the reader in the analysis chapter.

3.4.1 Our Understanding of Knowledge

The concepts competence and knowledge are occasionally overlapping; some researchers try to equate the meaning of these concepts. However, others argue that competence is more related to practices linked to the demands and goals of an organization, in this sense competence includes skills and the capability of making something happen (Alvesson

2004:46). In this thesis we will analyze the concept of competence as the ability for the clubs to work strategically, we want to investigate whether or not the clubs holds the employees to compete with in this new shape of the market. Further, we want to understand the clubs view regarding the importance of competence and knowledge. To make a distinction between the two concepts we want to make it clear that our view of competence is related to whether or not someone have the right education and capabilities to make certain decisions. When we discuss around the concept of knowledge we will relate to Alvesson (2004) thoughts: "*knowledge calls for something including judgment, including the critical assessment of information and the ability to translate data into information*" (p. 43). Knowledge is a complex concept and it has been interpreted in different ways (Alvesson 2004:41-45), in this study knowledge will be understood as something beyond competence, the ability to not only have the right people at the right position but also the capability deal with the complexities that follows with the industry.

3.5 Finance as a Resource

The football industry has changed and the clubs in Europe have found new ways to be profitable (Grundy 1998). Researches touching upon football as more business-like industry highlight the significance of finding new revenue sources. A report from Deloitte (2014) regarding the top 16 teams in Sweden concludes that in order to be successful the clubs need to find profitability in other areas than the match-day income. The clubs in Sweden who have the best economy have incomes and probability in several different areas. Sponsorship and commercial are two revenue sources that the clubs need to work with. The report from Deloiette (2014) concludes that Swedish clubs needs to increase their revenues; however, this can be put in comparison with other football industries in Europe who needs to focus on decreasing the costs. The financial findings in an organization could be seen as physical resources in an organization (Wernerfelt 1984). It could be used to differentiate the organization if they are managed to be valuable and difficult to imitate (see Barney 1991). Due to the fact that financial aspects has increased its importance within the football industry (Deloitte 2014) and that financial aspects according to the RBV are strategically important (Barney 1991) we find it interesting to make sense of how the Swedish football clubs works with it. The chapter of financial aspects finishes the strategic theoretical outline. The four strategic perspectives that we have chosen to look closer on have now been presented and the theoretical chapter will now move on to present organizational identity. In order to seize the

impact of organizational identity, we will also touch upon the aspects of organizational culture and image.

3.6 Identity; a Phenomenon Integrated with Culture and Image

The purpose of this theoretical part is to frame the concept of organizational identity. Following to the theories about strategy presented above, the importance of *softer* aspects has increased within organizations over the last years and become an important strategic factor. Aspects that are considered soft can be seen as relations, emotions and behaviors. As the cultural context has increased its value, these soft aspects are now an important part of an organizations strategy planning. Gerry Johnson´s *Cultural Web* (1988) is one example of a model where intangible aspects are in focus. The paradigm can be seen as the inner sphere that touches upon every decision and the everyday life within an organization; "how we do things around here". One illustrating example of the importance regarding softer aspects is the significance of employee's identifying themselves with proposed organizational changes (Sanchez 2004). Further, Johnson argues that understanding organizational culture is relevant when analyzing and progressing strategies within an organization (1992). This is due to the fact that a strong culture can help organizations to implement a strategic change; it is more likely to be sustained when the paradigm (Johnson 1992) and the organizational identity are taken into consideration. On the other hand; change implementations that are against the organizational identity are not very likely to stay active and determine the company´s future. Johnson (1992) discuss this problem and states that strategic decisions taken by top managers often lack precision considering softer aspects. These decisions affect organizational identity (Hatch & Schultz 1997) and it is accordingly important to understand both the external image and the internal identity in order to secure long term strategic changes. Due to the increased strategically importance of the softer aspects presented here, the following part will discuss the soft aspects of organizational image and organizational identity.

3.6.1 Organizational Image

Organizational image is described as the way external persons perceive the brand, organization or the football club. It consists of feelings about the brand but also the value a consumer puts into the product. However, since there are plenty of different stakeholders linked to organization, the complexity arise around the image-expression. Organizational image can be seen as a summary of the different external stakeholder's comprehension but it

can also be seen as diverse depending on which external stakeholder you are analyzing. Hence different persons could develop special relationship towards the brand (Hatch & Schultz 1997). Many different stakeholders can thus create an ambiguous view of the organizational image. Within a football club these are for example; fans, sponsors, municipality and local business (Walters & Chadwick 2009). It is important to remember that different audience groups also affect each other and thus also one groups apprehension of the image towards an organization (Dowling 1993). This creates a complex view of the image towards a football club, and it also puts the club into a situation where the perception of you plays an important role. The way you think about your own organization is called; organizational identity.

3.6.2 Organizational Identity

Organizational identity is considered to be the way organizations internally feel, think and perceive themselves as a company (Hatch & Schultz 1997). This identity is connected to visions and strategy and plays an important role in building a sustainable company. It is based upon collective thoughts and it is accordingly possible to connect to organizational culture or what Johnson (1992) refers to as paradigm in his cultural web-model. This paradigm can be seen as a source of organizational identity due to the unconsciously and influencing character (Johnson 1992), and hence also the possibility of creating shared ideas of the organization among its members. These aspects emerge during an ongoing interaction between employees and managers (Hatch & Schultz 1997) but can also be seen as affected by the organizational culture and external stakeholders.

3.6.3 Organizational Culture

As noted above in the cultural web by Johnson (1988), intangible aspects are crucial for organizations, especially when implementing sustainable changes. Hatch and Schultz (1997) relates culture to identity and image due to its high presence of social constructed perspectives that affect both the internal identity and the external image of an organization. Culture is a complex phenomenon and its influence on organizational members and the whole organization makes it crucial to manage. Hatch and Schultz (1997) argues that the cultural context within a company is a symbolic context where organizational identity builds, and intentions to color organizational image are made.

3.6.4 Image, Identity and Culture

Image, identity and culture are three different concepts; however they intervene and relate to each other. There is a distinction between how the audience looks upon an organization (image) and how the organization perceives itself (identity). However, this boundary gets more outlined due to the increased number of interactions between the internal and external functions (Hatch & Schultz 1997). Organizational culture affect this process since it shapes the internal ideas and thus also the external expectation about the perceived image. Symbols are a strong linkage between culture and image due to its visible character for both organizational members and the external audience (Hatch & Schultz 1997). Symbols are visual representations (Johnson 1992) and are estimated to be powerful within football clubs due to its high presence among both internal and external stakeholders. Symbols within football clubs are for example the club logo, stadium and jerseys and dresses. The cultural symbols accordingly help the organization to present the brand in a desired way and thus also facilitate the way the image is perceived by others (Hatch & Schultz 1997). Football clubs have in general a strong geographic connection (Walters & Chadwick 2009). When the public is involved the cultural context gets influenced by external factors (Hatch & Schultz 1997) this also needs to be understood when analyzing culture, identity and image. When the gap between image and identity is minimized the organizational brand can be used as a competitive advantage, an organizations trademark or brand can help the football clubs to act strategic towards the market (Söderman 2013).

4 Analysis

In this chapter we will present our empirical data and our findings will be analyzed through the theories presented earlier, we are accordingly integrating both empirical findings and theoretical aspects. The structure of the analysis will follow the path of the Strategy-Identity Framework presented in the theoretical part. Firstly we will discuss external factors that are connected to the traditional strategic approach. These factors helps us to understand external forces that affects Swedish football clubs and also the possibilities to engage more resource based strategies to achieve sustain competitive advantages. After this initiating discussion of both traditional aspects of strategy and RBV, we will process the four perspectives that we have chosen to look closer at (Product, Market, Competence and Finance). The purpose is to make sense of the strategies used by the clubs. Finally, we will discuss organizational identity as a potential differentiating resource in order to create sustained competitive advantages.

4.1 External Pressures Shape the Environment

As stated in the introduction, the Swedish football clubs are struggling with a financial crisis (SVT Webpage 2014) and troubles with creating profitability (Deloitte 2014). These problems could be linked to many different factors. This part will present the external influences that we found in our field work. Hence, the aim of this part is to present the factors that the respondents brought up during the interviews that are limited for clubs to control, they are forced by the environment and external pressures. Even though many of the reasons for difficulties with succeeding often is associated with external factors, organizations have the possibility to differentiate themselves in order to create sustainable competitive advantages through working internally with the resources available (Barney 1991). Accordingly, the strategy of the clubs can overcome external pressures and environmental difficulties even though it influences the perception of the football clubs.

Nearly all of the respondents mentioned that one of the biggest problem for the clubs active in Sweden is that they are not owned by any person, they are governed by the members and the supporters. We asked the Head of Finance in Club Black if s/he thought there exist a transparency to work long-term in Swedish clubs and s/he answered:

> No, not at the moment, I think there is an understanding, but the clubs are governed by the members and the supporters and they do not always have the patience, it is easy for us to say that

> we are going to work strategically and long-term, but in reality we want to reach good results and
> it easy to fall into shortcuts towards short-term goals.

It seems like one of the problems for the clubs is that sooner or later members and supporters of a club will demand results on the field irrespective of the results off-field. One of the complexities for the clubs is to find a balance to handle the pressures from different stakeholders and the strategies implemented to gain sustainable competitive advantages (Walters & Chadwick 2009). The chairman of Club Black mentions this tension and s/he was critical to the openness within the industry:

> I believe that it is difficult with the balance. There is a difference between governing a firm
> and a club that is surrounded by this environment. Because there are so many people that
> have different opinions. In business I would never open up my operation in the same way as
> we do in football, here it is necessary, not so much pressure from members actually but
> from media and other people, they demand information and insight in the club, what kind of
> bullshit is that? I do not think that we have any responsibility to declare our business for
> others, but it is our culture, just because we are a club everyone needs to know everything.

Even though the chairman talks about problems with the openness of the industry it is not really described how the off-field work is affected by this. However, external pressures are one of the complexities that the clubs are facing and this makes it more difficult to rule the clubs (Walter & Chadwick 2009). Further, the strategies that organizations choose to implement are often affected by external pressures and aspects (see Barney 1991). In this quote it seems like one of the major problems is that there are many different views among the stakeholders, this is also mentioned by the Head of Finance in Club White:

> As soon as you have more than one person that follows something, different views arises.
> Even if we show five million in profit there will be opinions that argue that we did not have
> a good winger (=football midfielder). Someone else might argue that it is ok to go back ten
> million as long as the club has the venture to take risks.

The fans, sponsors and media are always around your neck gasping for results and critical aspects. There are plenty of ideas, comments and thoughts about how the organization and the brand should be managed. It can thus be argued that the Swedish football clubs are functioning under strong power of buyers (see Porter 1979), which includes both media and customers as external forces. Even though the respondents brought up these external and environmental pressures, these issues were not the main topic of the interviews. Although, we believe it is significant to present these thoughts in order to understand the circumstances that

the clubs have to obey under and how these external pressures have affected their strategies. These external factors are important in order to understand strategies from a traditional perspective (Barney 1991). We will continue with presenting that even though the clubs rule under some issues that seem to prevent them to succeed fully, they are conscious of the importance to work more strategically and business-like in order to gain competitive advantages.

4.2 Catching Up with the Future; Becoming More Business-Like

Even though it has been stated in the interviews that some of the problems for the Swedish football clubs could be linked to external pressures, this does not imply that the clubs do not have an opportunity to be more successful and profitable. Traditionally, footballs clubs have earned their money and been profitable through achieving good result on the field and thereby attract audience and supporters. However, during the last decade newer theories have emerged that focus on other aspects that focus on how the clubs could act outside the field to increase their profitability (Grundy 1998). These theories could be seen as a result of the environment that surrounds the clubs and in line with traditional strategy theories which emphasize external aspects (see Barney 1991). The clubs need to be good at the strategic implementation not only on the field through the manager but also in business aspects (see; Grundy 1998: Cross & Henderson 2003: Söderman 2013). Even though the clubs in Sweden seem to struggle, we got the impression that they are aware of that to be successful and create sustainable competitive advantages they need to think more strategic, professional, and act more as business organizations to find new revenues and incomes.

> We want to be the leading club in Scandinavia, that is our goal, and to be able to reach this goal we have to be more professional in the organization – Head of Finance Club White.

> The clubs are not that good in hiring competent people to all positions but if you compare with 15-20 years ago we have improved, today we have qualified employees that could work more strategically and long –term – Head of Communication Club White.

> The truth is that we have to increase our revenues and that is something made by individuals so when it all comes down we need to have professionals in the organization and not just the pitch – Head of Finance Club Black.

The clubs seem to be aware of that something needs to be done to be successful in the future; in all the interviews that we had the respondents mentioned that one of the biggest problems that the clubs face is the difficulties to create sustainable competitive advantages. Grundy

(1998) argues that to be able to create value it is significant for the clubs to implement deliberate strategies, rather than emergent strategies. However, the clubs in Sweden seem to struggle with implementing strategies that result in sustainable competitive advantages. We want to investigate and understand how these problems could be seen both from traditional strategy theories (Product and Market) and RBV (Competence and financial). Even though RBV and Traditional strategic theories focus on different factors for success, the fundamental goal is the same; they are discussing how organizations can create sustainable competitive advantages. We do not look upon RBV and traditional strategies as rivals but instead as complements to each other. The RBV neglects thought that assume that the competitive advantages of organizations active in the same sector are homogenous. Traditional views of strategy argue that even if heterogeneity is achieved it will not last for long since the resources within a sector are highly mobile (Barney 1991).

In this part of the thesis we will try to understand how the clubs acts in the market, due to the circumstances that we presented above. We will also seek understanding in how the clubs work to differentiate their organization compared with other clubs. What is the current situation? Is the sector homogeny or heterogenic? How and why do the clubs work with their resources to differentiate themselves and gain competitive advantages? The first two parts discusses the traditional strategic aspects that regard the product and the market. The two parts that follows discusses the RBV perspectives of competence and financial resources.

4.3 Product; Understanding the Actual Value

The new situation that football clubs are in has led to several challenges for the top management, including new restrictions for strategic decision making. We believe it is relevant to discuss what the core, actual and augmented product for football clubs are, in order to make sense of how the clubs think strategically and seek sustained competitive advantages.

What is the core product offered by football clubs? The five forces consists of external pressure towards the clubs (Porter 1979), one of the factors are linked to the product and its development. Other traditional strategic theory is seeking understanding in what value the product offers to the market (Prahalad 1993). The core product is the thing that the customers are paying for, and hence the value added to the market (Kotler 2003). Within the football industry this is arguably the match day, since the customers pays for tickets with the main focus around the game. The core product can be both physical and intangible (Kotler 2003) which arguably is a combination of them both in the case of football. The product you are

paying for (see Jobber & Fahy 2003) is the entrance, but the product value (Prahalad 1993) might be when your team is winning, or another aspect linked to services. We will in this thesis thus define the core product as the match day, but we would also clarify that it is ambiguous to say for sure what the core product is. One trend within the Swedish football industry that is related to the match day is the implementation and the construction of new stadiums.

The development of your product is of great importance in order to seek competitive advantages (Kotler 1964). One trend we have noticed is the use and implementation of new stadiums within Swedish football clubs. Development connected to the stadiums is something that thus can be related to the core product since we earlier stated that the core product circles around the match day. A new stadium is said to be the critical factor for development and success (Deloitte 2014) and accordingly something that prepossess the product.

4.3.1 New Stadium – New Possibilities

A new stadium opens up for increased segmentation offerings and match day revenues (Deloitte 2014). Both the clubs that we interviewed saw the stadium as a central strategic question, but as we will see later they had different strategic plan for the product. The present situation of the two case studies is also different; one club built a new and modern stadium some years ago and the other club is at the planning stage for building a new stadium. A new arena can increase the match day experience for the supporters and create new revenue sources for the clubs (Deloitte 2014) and hence also a more attractive product for the customers. Further, product development also includes big risks for failure due to the fact that it often accompanies by increased costs (Kotler 1964).

The Event Manager at Club Black states that it is of great importance to increase the match day experience, but that the possibilities are limited due to the capabilities of the present stadium. When comparing the two clubs present use of their stadium, Club White with their newer stadium has several competitive advantages. The Communication Manager at Club White states that this new arena has brought several new incomes from fans but also from sponsors who finds these new channels valuable for their corporation. The sponsors are not only interested in giving money and watch football but also to create networking channels and seize spotlight towards the customers that gains their organization (Head of Communication Club White). These opportunities increase with new stadiums. However, the Head of Sales in Club White states that football clubs in general are not good enough to listening to what the

market wants. The importance of following the market demands is one fundamental business idea, and crucial for the companies in order to sustain and increase competitive advantage (Prahalad 1993). The market demands are potential areas of increased market integration and can according to Head of Sales in Club White be to leave the fixed sponsorship to reach the media budget of the companies. The possibilities to create these opportunities for the clubs are profitable due to the fact that sponsors revenues stands for more than fifty percent of the total income distribution (Deloitte 2014). So, as seen both in theories regarding augmented and product development (Prahalad 1993; Jobber & Fahy 2003), and our empirical data, it is an important development to dispose a modern stadium in order to improve the core product. However, as Journalist A states, the use and implementation of a new stadium is a complex phenomenon and the revenues does not come automatic;

> … I have noted that during the last ten years there has been built many new arenas in Sweden that provides a positive short time effect. But it has been difficult for the clubs to capitalize on this, maybe due to lack of competence and knowledge… On many areas around the country you have let the costs scamper without the knowledge needed.

When we deeper analyze this it is accordingly showed that the development of the product often fails. The ambiguity arises when you need to invest in new areas for growth, but at the same time it is a risky action.

> You need your own arena. But you need to find a way to dispose and use a modern arena. The VIP-segment is important, if you want to take the necessary step you need to reach this segment that are ready to pay more and at the same time feels that they gain something from it. A higher degree of service and nice food are good potentials. It feels that the clubs are underestimating these aspects – Journalist A.

Both the clubs and Journalist A seem to agree upon that the implementation of a new stadium is important, but that a new stadium does not automatically create long term profits for the clubs. In order to interpret this complex situation we deeper analyzed how the clubs perceive and understand the implementation of new stadiums. It was possible to distinguish two different strategic paths by the clubs, both seeking differentiation but with diverse content. One club broaden the product and its served market (see Prahalad 1993) and increased their organization to also include other aspects than football, and the second club plans to put a narrower and deeper focus on the core product of football and the match day.

4.3.2 Different Ideas Regarding the Stadium and Markets

Club White is gradually increasing their ownership in the arena, something that is costly but seen as a long term strategic investment. The aim is to create a brand that not only consists of football in order to create profitability in the future.

> 20-22 games every year but the 340 remaining days the entire arena stays empty, this is where it needs to happen. Everything from annual stockholders meetings, congresses, conferences, concerts and Christmas shows needs to increase in volume. We generate 65 million those 20 days and 4-5 million the other days. Then you see where we need to grow – Head of Sales Club White.

So, if the football clubs are about to adapt to this new area, they are soon producers of event and other non-football related activities. Club White has an own department that are in control of running the stadium, and this department is also responsible to sell the stadium non-match days (Head of Sales Club White). Accordingly, the selling department is divided into two different teams; one team of two persons that are responsible to sell the football and another team consisting of three persons that works to sell the stadium non-match days.

But as noted above by Journalist A and by several strategic theories (Kotler 1964) this new potential does not enter free from problem. The representing from SEF concludes:

> It demands lot of strategic planning and a stadium that manage to adopt quick between events. We see that this also interrupt the scheduling of the games… of those who are developing their event departments are there none that has managed it especially good financially speaking – SEF.

As noted in this quote and discerned regarding the problems stated above, this strategic action steps away from the football as the core product offered to the market. The development towards the event industry is not the only change in Club White. They also plan to start a brand in the retail sector, Head of Finance in Club White argues:

> Customers invest tens of thousands of kronor in food. Should we then have our own retail brand? Should it be Ramlösa (bottled water) or Club Whites water that they are buying? We should also have our own clothing brand. All shopping trolleys should have something from our brand in it.

The consciousness of what you actually are selling might fade when adding things to your portfolio, and it is at the same time a big investment that costs a great deal of money (Kotler 1964). Club Black on the other hand, has not the same idea of the augmented product.

> A new arena is the solution. We have made the estimation that a commercialization of the product is possible. But often when the arenas are done are they not good enough. I don't believe that you have built the arena seen from the functionalist view. We have been present along the entire procedure, and then we can start talking about revenues – Chairman Club Black.

The Chairman of Club Black is in line with the earlier discussed eager for a new stadium as an important development. However, the strategies and planning differ compared to the other club.

> We have no plans of going into event business; we want to focus on the football – Chairman Club Black.

Even if the Chairman in Club Black clearly states that a new stadium will keep focus on the core product of football, s/he later acknowledge that if someone wants to use the new stadium for something else then it will be ok, but that the main focus always needs to circle around football. The strategic decision of developing the core product instead of look beyond the served market (see Prahalad 1993) is the approach taken by Club Black. The new stadium will instead focus on the football game, with aiming at creating an adventuring experience for the customers.

4.3.3 Different Strategies Regarding the Product and its Potential

As outlined above it is possible to distinguish two different strategies regarding augmenting the product. Club White sees potential in acting beyond the served market and increase the portfolio towards the event and retail sector. The strategic path in Club Black focuses more on the core product as the match day with an investment in a new arena that would increase the visiting experience and create a more attractive core product.

Club White seeks to expand the brand and create new market and income sources. This can be both a needed strategy for growth but also a risky action including increased costs (Kotler 1964). Expanding the business portfolio can also change the perception of the image especially in an industry that already have problems with expressing what their brand actually stands for (Söderman 2013). If the brand changes then customers apprehension of the organization can change as well (Hatch & Schultz 1997). When taking these factors into consideration the identity of the football club also changes. As noted in our interview with the Head of Sales in Club White, the implications on the brand are something they are aware of, but s/he does not express how to handle it more than it is a change that takes time to fulfill.

> This is a long strategic work, and you need to get to know the industry and the product that
> we are selling. It takes a few years and the start has been ok. However, in a couple of years
> when we have grown contacts and created a brand, then the revenues will come. You need
> to build the brand around the stadium as well.

Expanding the product accordingly changes the brand, how will the fans accept the fact that the brand changes? Will the identity of a football club remain as it is? We will seek understanding of these questions later on in the organizational identity chapter.

Club Black on the other hand, seeks to develop the product towards the origin business idea; the match day experience. Chairman Club Black states:

> We need an (name of stadium) that can be commercialized, we are developing it 100 %
> from the football aspect; that's where we want to focus. Then we can start to earn money
> from the starting point of our core product.

The football clubs comprehension of the product and its potential thus differs in the way the clubs thinks about the future. The core product as we earlier stated which circle around the match day still seems to be important for the clubs, especially for Club Black that wants to invest only in football related aspects, surrounding the match day. Although, Club White seeks new paths for their product, that is illustrated in the engagement towards the retail and event industry. They will still keep the main focus on the match day, but the view of what value their products potentially can add takes a few steps away from seeing the match day as the core product. In order to seek additional understanding of the traditional strategic aspect that are present for the football clubs, next chapter will built on the thoughts about the product but with the adding on market forces, actions and implications.

4.4 Strategies Regarding Market Segmentation

Within this part we seek to make sense of the strategic thinking regarding the market strategies in Swedish football clubs. We will touch upon the aspects of decision-making regarding the market and how it is affected by the identity work, and that these complex phenomenon's are a crucial part of attracting more customers and sell your product to a greater extension.

As stated in the last chapter, the product as the match day plays a significant role in football clubs strategic work. To further seek understanding regarding the products potential and added value to the market and hence also how it can be fundamental for strategic action and

developing competitive advantages, we believe it is important to analyze the market. According to traditional strategic theories it is important to understand external factors, such as the market (Porter 1979), the value added to the customers (Barney 1991) and your own brand role at the market (Melin 1999; Söderman 2013). As stated in the theoretical part, based on ideas of Porter (1979) and Prahalad (1993) companies needs to stay alert on several areas where competition takes place.

4.4.1 Market Segmentation – Aiming at a Broad Target Audience

Due to the fact that it is important to have market strategies, football clubs needs to understand their market and its customers. Market segmentation can be used in order to seize the target audience and help the company to fit the product to the aimed customers (Lovelock & Wirtz 2011:83-84). To make sense of this, we start by seeking understanding of which customers the football clubs seek to attract.

> We seek a broad target audience. But there is a problem regarding how to reach out and strengthen different segments - Head of Event Club Black.

> Football is not only a sport for middle age men, it should attract more and in all ages. I believe you can attract people from all segments – Head of Sales Club Black.

> The basic idea is that we are a football club, and we are moving on a broad segmentation - Head of Communication Club White.

As noted in the quotes above, the target audience for the clubs is considered to be broad. They understand the importance of attracting different groups to their games. However, focusing on a broad target audience makes it difficult to customize the product (Lovelock & Wirtz 2011). It can create separations in how the product gets perceived by different customers when adapting the product too much. The brand recognition jeopardizes because of the different opinions of what the club or organization actually stands for. The empirical data illustrates these differences, and the underlying ideas of what value you are adding the market seems complex:

> We want to offer more than just football, that's where we can create competitive advantages – Head of Event Club Black.

This quote indicates that football clubs can add more value than just the game to the market. However, it can also be put against the idea of what the Head of Sales and the Chairman within the same club states, s/he argues that the value added to the market should always

circle around the football. We can thus discern two different opinions of which value the organization adds to the market and hence different ideas of what the brand signals towards its customers. If accepting the fact that both ideas are present, we can distinguish a strategy to attract different people with the same product. As stated by Smith (1956) is it possible to change and form your offered product to a certain audience, which in turn can lead to an increased heterogeneity within an industry. When analyzing the work of the clubs to adopt the product towards different audience, it seems like a complex thing to do. An illustrating example is when the clubs are trying to attract more young customers, a strategy that according to Journalist A is crucial for development.

4.4.2 Lack of Market Understanding Obstructs Potential Customers

Journalist A states that one of the biggest problem regarding market segmentation and customers is the Swedish football clubs inability to attract young people to the games, the fact that the Swedish football struggles with the development leads to that young people instead interests for European top football.

> The single most important factor for Swedish football is to catch the younger generation
> that are being exposed for competition from different angles. The football is being feed
> from oversea. I believe that Swedish football clubs has a competitive advantage with its
> closeness and you can meet the fans and the journalists and build up closeness that
> Cristiano Ronaldo or Wayne Rooney never can. And this is what I actually see as the most
> important part to develop, to create a relation and closeness to its fans that makes that
> generation understand the charm and creates love for the Allsvenskan and Swedish football
> – Journalist A.

If the younger fans prioritize other leagues than Allsvenskan, it means that the customers find other products more valuable (see Porter 1979). Is this problem something that the clubs are aware of? When discussing the interest among young fans, all of the club representatives start talking about the importance of attracting young people. When we asked Club Black how you work with attracting young people s/he answered:

> It is very important. We are working towards families. Creating events on the match day;
> Kids Corner with cheap tickets and activities for the youngsters. We also work with the
> schools, and present our values within the areas of youth academy, team spirit, eating
> disorders and bullying. We also invite them to one game – Head of Event Club Black.

This indicates an active work to strengthen the brand towards young people, or at least a consciousness that it is important. Club Black said it is of great importance to attract young

customers but they lack the function of family terrace at their stadium. Adopting your product using price strategy can be useful (Smith 1956), especially when the organization has the opportunity to do so in form of a flexible stadium that offers different price segment and seats terraces around the stadium. Another perspective that can add value for the customers is to create closeness towards the organization (Söderman 2013; Journalist A). This could potentially increase the perceived quality of the product among customers (Prahalad 1993). However, when the organization represent the club out in the schools (thus among potential younger customers), they do not use players as the one visiting the schools. This leads to that the potential effects of closeness towards your idol that Journalist A discussed disappears. And that the segmentations efforts regarding shaping your product towards a certain target audience (see Lovelock & Wirtz 2011; Smith 1956) limits when not fitting your core product on match days for parents and kids.

The impact of market segmentation and target audience thus creates some problems for the clubs due to the lack of knowing what the customer wants. The clubs knows that young customers and families are attractive target audience. But without knowing what kind of product they want (for example family seats at the stadium and closeness to the star players) it will be hard to attract them.

4.5 Competence; Following the Professionalization Trend

> The professionalization has gone slower than I thought, I believed it would elaborate in the beginning of 2000-talet when you could see that it turned into an industry. They were some tendencies of educated economists and legal experts but these were based in external pressures...competence is crucial aspects and not just employing old football players to the headquarters – Journalist A.

This initial quote shows that competence is important in the new more business-like football industry. In this part of the analysis we will use the word professionalism since the respondents often used this word when describing the concepts of competence and knowledge. We want to make it clear for the reader that professionalism in this sense is means hiring competent people that are suited for the new market that has developed. Further, as presented, competence is seen as a resource that could be used by organizations in order to differentiate themselves (see Grant 1991).

Development of your skills and competences is a crucial organizational and managerial aspect in order to handle your business (Sanchez 2004). But as interpreted in the quote above and in

the majority of the interviews this is a problematic area for the Swedish football clubs. Within this part we are going to make sense of how the clubs acts and think around the factors of competence and knowledge and how it could be used as a differentiating factor. The competence within an organization must stay adoptable and help the organization to manage external demands such as industry trends and customer demands (Sanchez 2004). How does the internal employment force adopt, develop and stay competitive towards the trend of a professionalization and industry changes within Swedish football?

> Since the end of the 90s the demands has risen when it comes to Swedish football clubs, the turnovers have also risen. It requires competent employees to make it work. The development has changed the industry fast and I believe that the clubs are behind in their organization and strategic thinking. All the resources are put on the actual football and almost nothing on the administrative and strategic work, and this is wrong because all the revenues except for transfer-money are based on our work. This is what carries the club, in the end this revenues decides how much money we could spend on players -Head of Finance Club Black.

As we could see in this quote the clubs seem to be aware of the new market and the changes that need to be done. In order to help the clubs to be successful and gain sustainable competitive advantages in the environment of the industry, competence and knowledge among the people working for the administrative part of the club seems to be significant. This could be linked to Sanchez (2004) thought of competence being a key for organizations to keep their competitive power in industries that has faced new environmental conditions. In this kind of situations it is important for organizations to develop and change in order to sustain competitive (Sanchez 2004). Even though last quote showed that the clubs seems to be aware of the strategic importance of not just having old football players working with administrative work it also shows that in reality the clubs are still behind the industry development. The Head of Finance at Club Black continues:

> The truth is that if we want to make our revenues higher we have to realize that it is individuals that make this happen and we need to employ competent and professional people, not just on the pitch but also in the organization.

It seems like the clubs want to change, they know what needs to be done to seize the new opportunities that has arisen in the new shape of the industry, which is important (see Sanchez 2004). In some cases we got the impression that the clubs are working active with hiring people with the right competence for their positions, for example when asking the Head of Finance at Club White about his/her background s/he answered:

I had this position for one and a half year, before this job I worked as Head of Finance for a firm within the real estate industry. I have worked 16 years as Head of Finance for an American firm, and after my master in economics I worked as an auditor for PwC, overall I have been in the finance and economics business for 25 years.

Based on this quote it seems like the clubs have adapted to the changes within the industry. Since the revenues have risen (Grundy 1998), the pre-requisites of the industry has changed, which results in the need of competent people (Sanchez 2004). The Head of Finance at Club White has a solid background within his position that includes controlling, managing and organizing the finance and economics of the club. We could also discern this from Club Black, when interviewing the same position of this club regarding the background, we got the answer that s/he was educated within economics and that s/he had worked with similar tasks before. So far it seems like the clubs make the strategic choices in order to develop the assets in a profitable way (Sanchez 2004). They employ the right people with the appropriate competence on the right position. However, in order to gain sustainable advantages, it is not only important to have the right resources in organizations. The resources have to be valuable, rare and difficult to imitate (Barney 1991).

4.5.1 Conservatism towards Investing in Human Capital

The Swedish football clubs have managed to employ financial controllers that seem to fit the position, they have the competence and they have created knowledge in the area through a broad experience within the field. Unfortunately this trend was not something that the clubs took the initiative for and it does not mirror all of the positions at the headquarters. The Head of Finance at Club Black mentions: *"The Swedish association demands all clubs to have a graduate economist".* In order for the clubs to differentiate themselves through the resources that they possess it is significant to develop resources that are unique (see Wernerfelt 1984). Hiring experienced economist with the proper education because there is an external demand for it could not be seen as striving for differentiating the organizations resources; it is rather an adaption to the environment.

Even though some of the positions, such as Head of Finance and Chairman, had experience of business, there were a majority of our respondents that did not have a university education and you could see that they got employed because they knew someone or they had a passion for the sport and the club. The chairman of Club Black argues:

> …it depends on how you define professional, a lot of the people who work within football
> in Sweden do not have the theoretical competence. There are a lot of employees that only
> are in the business because they have played football, and they lack the knowledge to see
> the big picture and relationships.

The chairman is the only individual that we interviewed that actually is active in the business world outside of the club. S/he is CEO of a firm, and as the quote indicates s/he believes that the football industry of Sweden lacks the right amount of competent employees. Further, s/he brings up the concept of knowledge, except of being aware of the need of more competent employees that could make the right strategic decisions they need a sense of judgment (Alvesson 2004), to see the big picture and relationships. The clubs seem to be aware of what needs to be done in this area, so the theoretical perspective and the data seem to match. As the Head of Communication in Club White mentions; *"there is an awareness that the financial and administrative part are getting more important, therefore the request for who we employ is higher"*. However, when looking at the actual situation in the clubs they do not really follow the trend. Even though some of the positions have competent employees, this is not permeating for the clubs. As the Head of Sales at Club White argues; *"I have respect for football players that are employed in the organization but we need to hire people with the right competence. The right people on the right position"*. The data shows that there is a new trend and that the clubs are trying to follow this pace, and even though a lot have changed within the competence and knowledge in the clubs they are not quite in line with the demands and opportunities in the industry. The Head of Finance in Club Black argues:

> I believe that the first club that have the guts to refrain buying a good player and instead
> puts the money on a competent employee at the administrative side of the organization will
> be the club who will create competitive advantages and be in head of the other clubs.

There is both a demand and an opportunity for the clubs if they hire employees that have the right competence and knowledge to make the right decisions and judgments. The human capital of an organization are one of the resources that could help to gain sustainable competitive advantages (see Wernerfelt 1984; Barney 1991). Even though the clubs seem to be aware of this potential the change is proceeding slowly.

The conclusion of this part is that the clubs are aware of what needs to be done, in line with Sanchez (2004) thought about the importance of having competent employees that are able to handle changes in the industry. However, when digging deeper we understood that even if the clubs are aware of the problem and that they believe that it is necessary to change, this is not

the case. The clubs still have a long path to walk; the reason why it is going slow will be discussed further down when we will interweave the concepts of strategy and identity. An earnest could though be made here, perhaps the reason for that the clubs still hire football players instead of competent people right for the position could be that they are struggling with their identity, what are the clubs actually selling? We will continue by discussing the other resource that we found important for the clubs in order to differentiate them.

4.5.2 Financial Resources – Similar Actions Leads to Evil Loop

> There is a chronic problem within Swedish football clubs where the boards are not able to handle the financials. Even though the revenues have increased more than ever the economy is still suffering in most clubs – Journalist A.

This quote illustrates the economic problem that exists for the top football clubs in Sweden; even though the revenues seem to increase every year the clubs have troubles to create profitability (Deloitte 2014). The financial funding of organizations is one of the resources that could be used to differentiate the clubs and gain sustainable competitive advantages (see Wernerfelt 1984). Deloitte (2014) has in co-operation with SEF presented a report where they state the importance of finding new ways of increasing the revenues for the clubs; revenues are seen as a solution for the economic struggles that many clubs are fighting with. However, in our interview with Journalist A another way of seeing the problem was presented:

> Most of the clubs base their budget on success; you could call it happy calculations. Instead of spending money they actually have they are spending money that they believe they will receive in the future. Therefore it is kind of burlesque to talk about revenues. The revenues are important, but the most important thing is that you are able to take care of you revenues. If you do not have control of the costs it does not matter how much your revenues are.

Deloitte (2014) puts a lot of focus on the incomes while Journalist A argues that the revenues are not important if the clubs are not able to control their costs. In the interviews with different persons with different positions in the club, a recurring subject was that to be able to be successful and gain sustainable competitive advantages the clubs needs to dear to invest to be able to play in the major European cups. Both club Club White and Club Black claims that the real revenues are reached through playing in the European cups every year.

> There is always a struggle for us. A few clubs in Sweden have the opportunity to have reasonable results; we are one of these clubs. We are a top club and we have a lot of supporters which give us a chance to play in Europe and gain higher revenues, if we did not

have this we would have big problems to manage the economics - Head of Finance Club White.

I mean if we win a game in European cups we get 100 000 euro and that is a lot of money for us, so we have to invest a lot of money to be able to get good results in Allsvenskan and have the chance to play in Europe longer - Head of Finance Club Black.

The aim of the clubs seems to be to be able to play in European cups to gain greater revenues. The clubs are in line with Deloitte´s thoughts about higher revenues are the solution to the economic problems that the clubs have (2014). However, in the interview with the chairman of Club Black, which is the highest position in a Swedish football club, another view was presented: *"The costs for playing in Europe are bigger than the actual revenues that we get"*. The chairman argues that Swedish clubs often invest a lot of money to be able to play in Europe which leads to higher salaries and total costs and this cost does not disappear when they cannot succeed with the venture and investments. This brings us back to the first quote of this part where Journalist A argues that the clubs need to focus more on the costs than the revenues. The chairman continues and presents an evil loop that seems to exist. S/he argues that this evil loop is something that all the clubs usually fall into. The teams that have the top positions in Allsvenskan get the chance to qualify for European cups. The chairman argues that these teams often buy expensive players to be able to achieve good results in Europe, which will result in high revenues. However, these clubs often have problems with being successful in Europe even though they venture.

The clubs are stuck with high costs but the revenues that they thought would come are lost and they start the new season with a bad economy and they are not able to get a position that takes them out in Europe again. *"There is no continuity or stability, an evil loop is created"* (Chairman Club Black). The fact that the clubs seem to make the same mistake repeatedly shows that they are not able to care of their financial resources and use it as a differentiating source. It seems like the clubs have fallen into a strategic pattern that is not favorable, the sector has become homogenous from a financial strategic standpoint (see Barney 1991).

4.5.3 Homogeneity within a Heterogenic Sector

The last paragraph concluded that the clubs in Sweden have fallen into an evil loop; the strategies seem to be homogenous regarding the economical stance which in turn is the most visible strategic stance recognized within the clubs. So far the clubs seem to follow the two assumptions that traditional strategic theories proceed from, claiming that the strategy of firms

within an industry are identical when it comes to resources and that heterogeneity is difficult to reach since the resources are highly mobile (see Barney 1991). The clubs seem to use the same strategy; they want to reach European cups. In order to do this they are ready to create costs on the basis that this venture will result in high revenues. This venture is often not successful and the clubs have to start from scratch. Accordingly, the clubs are not successful in using the financial resources as a differentiating source.

The industry seems to be homogenous from this aspect and the clubs fall into the same evil loop and pattern. However, as the RBV indicates, in order to create sustainable competitive advantages it is significant to have unique resources that are difficult to imitate (Barney 1991). Both in competence and financial aspects there are opportunities for the clubs to try to differentiate themselves and the clubs seem to be aware of these opportunities. Since the industry has changed and other leagues and clubs have been successful to seize the opportunities on the market (see Grundy 1998), we argue that the Swedish clubs have created a certain amount of homogeneity in an industry that gives the opportunity for the clubs to be heterogenic. Further, it has also already been concluded that the clubs seem to struggle with understanding what they are actually selling on the market. Even though the clubs works with both traditional strategic theories and to some degree realize the importance of differentiating themselves with the resources they possess, they are not able to act strategically to their full potential. In the next part we will discuss whether and how organizational identity could be related to strategic difficulties and opportunities.

4.6 Organizational Identity and its Impact on the Strategic Work

So far we have stated that the importance of strategic and more business-like work is important in the modern football industry. In the last part of the analysis we concluded that even though the clubs seem to be aware of the changes that needs to be done to be more successful and gain sustainable competitive advantages, there are some complexities and problems with turning this awareness into actual actions. In the empirical data we found that the respondents expressed different views of the club among stakeholders compared to the identity of the organization. As Head of Sales Club Black argues: "*generally we are not interpreted the way we want to be interpreted*". When we then asked what the reason is for this, s/he answered; "*The reason is the internal communication, we are trying to work with this but it will take time and it will take a lot of time to get people to perceive us the way we want to be perceived*". The gap between the image and the identity among the clubs and their

stakeholders could be linked to internal problems that also affect the strategic work (see Hatch & Schultz 1997).

Further, we have noticed an even more complicated issue related to internal organizational identity among the clubs. As the Chairman for Club Black mentions:

> …we are operating the club like we would be a team playing in Europe. I already told you that our identity is misinterpreted, not just internally but also among the stakeholders. The identity as one of the leading clubs is wrong."

The internal identity struggle, and also the distance between image and identity, will be analyzed using our collected empirical data. This will be done in order to seek understanding in how organizational identity can be relevant within strategic work. As the complexities and problems with identity work have been introduced, we will now continue with discussing the identity complexities related to the strategic aspects that we have focused on throughout the thesis. This episode will function as the linkage between identity and strategy in the Strategy-Identity Framework.

4.6.1 Shortage of Identity Consciousness in the Strategic Work

In order to further seek understanding about the potential gap between the organizational identity and stakeholder's image, the market strategy and its relation towards organizational identity will be analyzed within this part. The market aspects discussed the impact of seeking to attract a broad target audience, and the complications that may follow on the organizational image and identity (Lovelock & Wirtz 2011).

Lovelock and Wirtz (2011) discusses the complexity to adopt the product to different customers with different demands. When taking this further we explore the impact on the organizational identity that this may affect. When asking the Head of Sales in Club Black about how they want to get interpreted and who they seek to interact with, s/he answers:

> We should motivate and inspire, we want to be a club with great respect, and we want to welcome all, care about all and have strong engagement in the society in general.

Aiming on a broad market will result in different opinions on the offered value to the market. This will in turn lead to that customers put different value into the product and that the image of the football club will be kept, or increased, diversified among customers. The organizational image can be seen as many different opinions depending on whom you ask, but it can also be seen as a summary of all these different opinions (Hatch & Schultz 1997). The

combination of the present situation where football clubs are struggling presenting their identity and the aim for increased broadness among target audience makes it harder for the clubs to reduce the gap between the image and identity. This puts a lot of pressure on the clubs to understand their own identity, the value they are adding to the market, and also what value they are adding to one specific segment.

In order to deeper analyze this complexity; we will explore the impact of attracting one specific segment; young customers, that are considered to be a key target audience.

4.6.2 Lack of Identity in Market Communication

This part seek to analyze the market segmentation strategy, and deeper make sense one of the crucial target audience; young customers. As stated above; the broad target audience will put pressure on the clubs to customize the product and be careful of what image they mediate when being in contact with the market. The target audience discussed here is young potential customers that according to our empirical material are of crucial strategic interest (Journalist A) so that they do not fall for more attractive substitution products (see Porter 1979).

> I believe that you could have worked harder with having players more active and available in order to create closeness and a relation towards the fans that other European super stars never can do. Schools are very good in order to create a platform were the fans can meet their idols in a way that is not possible in other leagues – Journalist A.

However, the strategies used to appeal these customers are limited due to the fact that they lack customized seats at the stadium and that the clubs transmit a brand that does not fit the desired identity. For example Club Black does not use players when they are representing the club in schools (Head of Event Club Black). These two actions regarding market strategy leads to a difference of opinion of what the identity is. As stated above the core product circles around the match day and hence also the team. The core product is the value that the clubs are adding the market (Kotler 2003) and it is in this interaction between internal and external were the image and identity process takes place (Hatch & Schultz 1997). But which image will the target audience create when they get in contact with people from the office instead of stars from the field? And how is it possible to develop a coherent and solid image when not offering customized products? The identity struggles that seem to exist in the clubs affect the strategy they use towards the market. Aiming at a broad target audience makes it difficult to differentiate them through the identity in order to gain sustainable competitive advantages.

4.6.3 Broader Product Portfolio – Broader Identity

The stadium was presented as a crucial aspect to gain strategic competitive advantages. Simultaneously, the stadium is considered to be closely related to the core product, as we stated the match day as the core product for football clubs. The product holds an important role in transmitting the desired identity towards the customers, since the interaction between customer and product is central. As outlined before; two different strategies regarding the stadium and its development could be distinguished. However, the clubs do not seem to be aware of the potential differences between their core product and actual product. The core product is the value the product adds the market, while the actual product can be that the customer signals something when using the product (Jobber & Fahy 2003), and in that sense create another form of value than the core product does.

In our interviews we did not receive the impression that the clubs are aware of the actual product they are offering, they only mentioned the core product. However, football clubs are very close with their customers (Walters & Chadwick 2009) and passionate supporters are arguably one of the biggest assets for Swedish football clubs (Deloitte 2014). Within football you are often distancing yourself from other clubs when cheering for a team. Accordingly, customer's identification towards one club can help us understand the actual product of football. The actual product in the football industry can thus be that the clubs are selling identification, where cohesiveness and belonging are two crucial elements for the customer. It seems like the clubs are not aware of that they are offering an actual product, the reason for this can be found in insecurity in the organizational identity since the organizational identity is based upon ideas of what the organization does (Hatch & Schultz 1997), and hence also what products they are offering.

The organizational identity thus influences the traditional strategic sources regarding the product and market. Not knowing what your audience seeks and not being able to customize your product towards the market might be found in the lack of competence among the employees within the clubs. Earlier we discussed the lack of professionalization and competence to act strategic and business like in the football clubs; the Swedish football industry seems to stay on an undeveloped platform regarding competence and professionalism. The next part further discusses the impact that organizational identity has on strategies seen from a RBV perspective.

4.6.4 The use of RBV to Identify Yourself

One of the ways for the clubs to act more strategic is to differentiate themselves compared to their competitors. The resources that a club possess could be one way of achieving competitive advantages and distinguish there strategy on the market (Wernerfelt 1984). However, as presented the clubs seem to focus on competence and financial-resources and the industry has fallen into an evil loop. Therefore it could be argued that seen from competence and financial aspects the industry is homogenous, and more in line with traditional strategy views (see Barney 1991). Further, Johnson (1992) argues that the strategic decisions made by management often lack consideration toward softer aspects such as identity, culture and image. In order to secure competitive advantages it is significant for organizations to find resources that are valuable, rare, and difficult to imitate (Barney 1991). We have noticed that the lack of these aspects among the clubs potentially can precede from internal organizational identity problems. The Head of Sales in Club Black mentions:

> We have started a new project where we aim at creating transparent visions and a long-term strategy. We have to be better at communicating our visions first internally and then externally. This project is not finished yet, we have a long way to go and if we want to be successful it is important that we start with internal communication. The board, people working in the organization, managers, players and members has to understand our strategy first and then we could try to adapt it to external interests.

The internal identity problem makes it difficult for the clubs to differentiate themselves through using resources. Johnson (1992) argues that a strong organizational identity could help organizations to implement strategic changes. In the new shape of the football industry it is significant for the clubs to change their attitudes towards strategy, and use the recourses as differential tools (Barney 1991). As a consequence sustainable competitive advantages could be achieved. However, the organizational identity has to be solid in order to achieve this. As the last quote indicates the clubs seem to be aware of that a strong organizational identity that permeates the club is important. The identity is based upon collective thoughts and it is linked to the paradigm of the organization (see Johnson 1992). Since identity has a deep and unconscious character (Johnson 1992; Hatch & Schultz 1997) it could be argued that the identity itself could be a resource that is valuable, rare and difficult to imitate (see Barney 1991). In order to create resources that are unique, the clubs need to find identities that are exclusive. The current situation at the clubs seems to be that they are trying to implement a strong organizational identity, maybe without knowing what it actually is. In order to create

heterogeneity in the industry and differentiate the resources a solid organizational identity is necessary.

4.6.5 Guts of Investing in Human Capital

The external environment of the football industry has changed and as discussed in the last part the uncertainty around the organizational identity makes it difficult to develop resources that are unique. The clubs have new opportunities to improve their value, revenues and find sustainable competitive advantages. In order to capture these new opportunities it is significant that the clubs develop their competence; it needs to be in phase with the new demands of the industry (Sanchez 2004). To some extend the clubs also have changed, our interviews shows that there are more professional employees within the clubs today compared with 20 years ago. However, the clubs still employ people because of their connection to the club or the sport. This could be linked to the earlier discussion that the clubs are not aware of what their actual product is. They still see themselves as a football club and not a professional organization. They miss the opportunity to develop and distinguish the resources available to seize the occasions and gain competitive advantages through a differentiating strategy. The high external pressures to achieve good results on the pitch makes it harder for the clubs to invest in competence, instead the money is invested in the players squad. Head of Finance in Club Black:

> I believe that the first club that have the guts to refrain buying a good player and instead
> puts the money on a competent employee at the administrative side of the organization will
> be the club who will create competitive advantages and be in head of the other clubs.

S/he indicates that the external pressure slows the professionalization process but the same external stakeholders also demands sport success. This puts the clubs into a strategic dilemma because of the image among stakeholder's demands two things that in some sense oppose each other. The professionalization process demands clubs to invest more in administration, which in the long term develops the organization and the team but that in a short term reduces the transfer and salary budget. When the gap between identity and image is tightened, the stakeholders and the organizations view of what needs to be done will be more similar (Hatch & Schultz 1997). As mentioned, the clubs are aware of the change that needs to be done; they agree that they need to hire people that have the knowledge to make right strategic decisions. The clubs want to change the staff from old players to professional employees with academic and business backgrounds. The fact that the organizations identity still has a focus on football

and on-pitch results seems to prevent the strategically changes that need to be done in order to keep up with the environmental changes. This argument could also be linked to the financial struggles where the trend seems to be that the clubs overinvest and fall into an evil loop. As seen in the market strategies, the same lack of professional strategic decisions was present and strengthens the picture that football clubs still are just football clubs and maybe not yet professional organizations. Accordingly, the relationship between strategy and identity is two-sided, they affect each other and in order for the clubs to be successful they need to be in harmony. An increased effort and professionalization in the strategic decisions will probably help the clubs to create a more solid organizational identity. And at the same time can a more realistic and conscious organizational identity facilitate for the clubs to act more strategically.

5 Conclusions

The purpose of this thesis has been to make sense of how the Swedish Football Clubs works strategically to gain competitive advantages and how organizational identity could be relevant seem from a strategic perspective. We started by stating that the football industry has changed and that the top clubs in Europe have found new ways to growth and create sustainable competitive advantages. However, even if the top clubs in Europe have succeeded in their strategic work and found new ways of increasing their profitability outside the actual football field, this is not the case in Sweden. Swedish football clubs suffer from difficulties to find stability in their economy and they are not making the most of the opportunities that seem to exist within the industry. In order to analyze our research questions we choose to look at both traditional strategy theories (Product and Market) that focus on external aspects. These theories where complemented by the RBV (Competence and Finance) that focuses on how organizations could use their resources in order to differentiate themselves. Further, organizational identity was investigated as a strategic tool in order to gain sustainable competitive advantages. The understanding of how the interaction between traditional strategic theories, RBV and organizational identity can create sustainable competitive advantages is this thesis theoretical contribution (see Model 1.0: *Strategy-Identity Framework).* In order to answer our research questions we used qualitative methods. Our interpretative standpoint combined with our in-depth interviews with clubs, SEF and a journalist gave us a solid platform to gain understanding of the situation of Swedish football clubs.
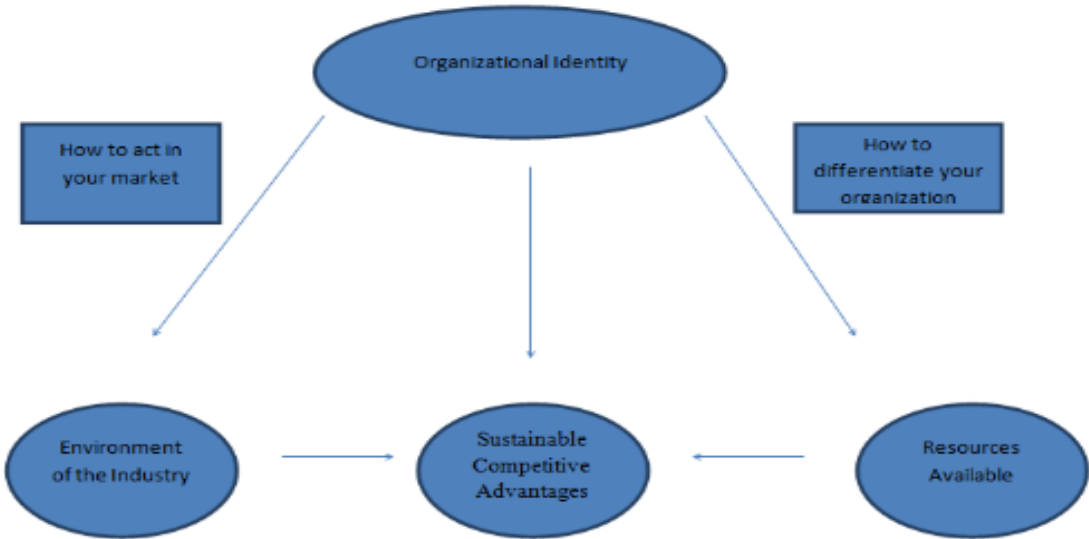
Model 1.0 Strategy-Identity Framework

5.1 The Strategic Work of Swedish Football Clubs

According to traditional strategic theories, the market and product are important external attributes in order to create sustainable competitive advantage. The Swedish football clubs see their *core product* as the match day and this is where they see the opportunity to increase their profitability. The clubs seem to agree upon that a new stadium is the solution to improve the product offered. We distinguished two different ideas of the potential of the core product. However, we did not discern much focus on a potential *actual product*; we discussed identification and belonging aspects as potential actual products for the clubs that are not yet capitalized. The reason for not knowing the actual product can be connected to weak knowledge of what value the club are offering, and hence also the internal organizational identity. A potential competitive advantage can thus be to develop strategies regarding the actual product.

- *Conclusion 1: The Swedish football clubs work strategically with their core product. However, due to organizational identity struggle the Swedish football clubs have a significant potential to develop their understanding what actual product and value they are adding the market.*

The strategic work concerning market shows that the clubs aims at a broad target audience. They seek to offer a product that is attractive for a broad segment. However, this idea somewhat fails due to the lack of product adoption towards the target audience. The clubs want to attract young customers (in order to broaden the market segmentation), but the lack of knowledge regarding what value the target audience demands limits this strategic action. A better understanding of your own organizational identity would lower the gap between organizational identity and customer's image, and hence also facilitate for strategic changes to result in sustainable competitive advantages.

- *Conclusion 2: The clubs aims at a broad target audience in their market strategies. However, the gap between their identity and the customer image about the market demands prevents to create sustainable competitive advantages.*

The Swedish football clubs seem to be aware of that the competence among the employees needs to improve. However, there are still many people working in the clubs that do not have proper education for their positions. Employees are still hired on the bases of interest and to some extend experience within the football industry. Even though the experience could be seen as a kind of competence, the new shape of the industry demands more than experience and interests among the employees in order to create sustainable competitive advantages. The employees need to have the knowledge to make the right judgments and decisions.

- *Conclusion 3: The clubs are seemingly knowledgeable of the need of professional workers in the new shape of the industry. Nevertheless, many employees are hired on the basis their passion for the sport and the club. The clubs still mainly identify themselves as traditional football clubs rather than professional organizations facing a variety of novel and challenging market demands and expectations*

If the clubs want to create resources that are rare and difficult to imitate they need to realize that their actual product might be something else. The actual product is closely linked to the concepts of identity and image. The fans use the club as an identification factor; I am a fan of Manchester United and not Arsenal. In this way the fans differentiate their belonging, the clubs could use this when they try to sell their product and also when identifying themselves. The clubs seems to lack the understanding of the great opportunity of differencing themselves toward other clubs. Instead the clubs fall into the same evil lope, they buy players that they cannot afford instead of investing in competent employees that strategically could help the club to develop a solid identity and gain sustainable competitive advantages.

- *Conclusion 4: The clubs seem to have fallen into an evil-loop seen from a financial perspective. The deficit of professional competence, high external pressure, and struggle with their own identity as an organization makes it significantly challenging to create unique and sustainable resources.*

The theoretical contribution to the academic sphere is the twist of introducing organizational identity as a strategic tool. As the Strategy-Identity Framework shows, we argue that the environment of industry, the resources available and the organizational identity determines whether or not an organization is able to gain sustainable competitive advantages. The organizational identity is therefore a relevant tool seen from a strategic perspective. Firstly, the organizational identity influence the strategic actions made by organizations. And secondly, the organizational identity itself can be used as a resource. Due to the fact that

organizational identity has a deep and unconscious character it can become a resource that is rare and difficult to imitate. From a theoretical standpoint we have made these conclusions;

- *Conclusion 5: Organizational identity arguably influences the way organizations work strategically and hence how they can create sustainable competitive advantages.*

- *Conclusion 6: Organizational identity could be seen as an increasingly important strategic tool in order for organizations to create sustainable competitive advantages.*

5.2 Further Research and Limitations

Finally we would like to share our thoughts regarding our contribution and how researchers can use our findings in further research. We see good potential in further exploring the subject of strategy related to the football industry. The subject is still unexplored in academic spheres and additional research could enrich this industry in practical ways. However, we also believe that the academic sphere could learn from the football industry due to elements regarding passionate customers, closeness to society and an increased professionalization among the clubs.

The Strategy-Identity Framework that was founded in this research could be applied on other industries as well. The relevance of organizational identity within strategic work is not specific to the football industry; we believe that many organizations struggle with capturing their own identity. The research earlier made by Hatch and Schultz (1997) that discussed the interplay of culture, identity and image within organizations helped us relate these aspects to strategy. We thus believe that it is contributing to allow all three aspects when investigating softer aspects related to organizational strategy in the future. We would also like to highlight that other strategic aspects could be used within the Strategy-Identity Framework. Hence, the strategic aspects in this paper (product, market, competence and finance) could be switched to aspects that are appropriate for that particular study. Finally, the empirical framework of this thesis is limited to the organization. Further research could thus enrich the Strategy-Identity Framework by including a customer perspective.

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