

SPORTS FACILITY MANAGEMENT – CASE STUDY: MULTI-PURPOSE HALL / ICE RINK IN DELNICE

Marko Perić¹ and Nensi Puškarin Radun²

¹*Faculty for tourism and hospitality management, Opatija, Croatia*

²*Goranski sportski centar Ltd., Croatia*

Abstract

Sport in modern tourism has become an important content of stay and, in many cases, the needs for provision of sports facilities and services within tourism have increased. Therefore, providers of facilities for sports services should seek to improve their efficiency and effectiveness. The aim of this paper is to analyse the importance of managing sports facilities for sports and tourism markets and provide new insight on organising the sports offer in the destination. A case study method is used for holistic and in-depth analysis on a real sports facility – the Multi-purpose hall / Ice rink in Delnice. In addition to describing the current situation, the analysis will include major difficulties in daily functioning, potential cooperation and investment required to meet the standard set by the specific market niche.

Key words: sports experiences, tourism, strategies

Introduction

The relationship between tourism and sport is not new and was analysed by many authors over more than half a century (Hunziker, & Krapf, 1942; Anthony, 1966; Glyptis, 1982; Standeven, & De Knop, 1999; Hinch, & Higham, 2001; Keller, 2002; Turco, Riley, & Swart, 2002; De Knop, & Van Hoecke, 2003; Bartoluci, 1995; 2003; Weed, 2001; Weed, & Bull, 2009; Sobry, 2011; Radicchi, 2013). Their analyses indicate that tourism and sport are two cognate and closely interrelated social phenomena. Indeed, Keller (2002) concluded that tourism, as an experience-oriented activity, and sport, as a performance-oriented activity, are very much like Siamese twins. Active or passive participation in sports or athletic activities can provide tourists (both day and overnight visitors) with extraordinary adventures and experiences. In addition, types of sporting activities and the unique experiences that are expected from these activities directly affect the tourists when choosing the destination (Weed, & Bull, 2009; Perić, 2010).

Nevertheless, one cannot forget the fact that sports experiences arise from a unique interaction of people, activities and places (Weed, & Bull, 2009), where places could take the form of a natural or artificial, outdoor or indoor sports facility. The importance of sports facilities in the creation of overall sports tourism experiences was also highlighted by other authors. For instance, Greenweel, Fink and Pastore (2002) found physical facility, Harrison-Hill and Chalip (2005) found quality of infrastructure, and Högström, Rosner and Gustafsson (2010) found physical service environment as key factors that have a major influence on customers' experiences and satisfaction.

Therefore, these findings indicate the need for management of sports facilities which become an integral part of sports management (Bartoluci, 2003; Arthur, 2010; Fried, 2010; Schwarz, Hall, & Shibli, 2010; to list only a few). Sports facility managers will need to acquire a wide variety of managerial skills and knowledge in order to be adequately prepared to plan, construct, promote and manage these facilities.

The aim of this paper is to analyse the importance of managing sports facilities for sports and tourism markets, and to provide new insight into the organisation of the sports offer in the destination. Theories and concepts are brought to life by using a case study method.

The paper is divided into three sections. The first presents a brief description of the current status of the Multi-purpose hall / Ice rink in Delnice, including the major difficulties in its daily operation. In the second section, strategies in order to create the facility and make the facility manager more successful are proposed. The paper finishes with concluding remarks.

Current status of the Multi-purpose hall / Ice rink in Delnice

The Multi-purpose hall / Ice rink in Delnice was built in 2008 and funded by the European Union, with the Primorsko-goranska County and the City of Delnice as partners. Other partners were Goranski sportski centar Ltd and the Tourist Board of Delnice. The Multi-purpose hall is currently managed by the Goranski sportski centar Ltd and is opened all year round (as ice rink during the winter months or as a concrete playground during the summer months). The facility occupies a total area of 1,800 square meters. It includes the catering facility, locker rooms, a storage, as well as a parking

lot. It is well connected with major regional centers such as the City of Rijeka (30 minutes by car) and the City of Zagreb (60 minutes by car), and easily accessible by train or road.

Table 1: SWOT analysis of the Multi-purpose hall / Ice rink in Delnice

Strengths: Multifunctionality; roofed facility; the only one within a radius of 150 km (Zagreb); a small number of employees at the facility; possibility of year round use; proximity to major regional centres (Zagreb, Rijeka, Pula, Karlovac, Kočevje)	Weaknesses: High amounts of operating and maintenance costs (creation and maintenance of ice); low capacity utilization, under-skilled and non-continuous marketing
Opportunities: possibility for year-round operations; sports teams rent (lease); organisation of sports, tourism and other events; sale of advertising space	Threats: Creation of negative economic indicators because of the facility's expensive operation (electricity) and low sales prices of basic products

The business cooperation between Goranski sportski centar Ltd and its clients is based under the terms of a lease agreement (prior notification for groups or individual arrivals and single tickets). Travel agencies, primary and secondary schools as well as sports clubs and various associations are direct beneficiaries of its capacities. During the three winter months, the ice hockey club "Mamut" in Delnice uses the ice rink three days a week for two hours a day (six hours a week in total). Individual skaters are potential customers of the ice rink too and the capacity of the ice rink is 100 visitors per hour.

The price is 650.00 HRK per hour for the whole ice rink, 25.00 HRK per hour (includes skates) or 15.00 HRK per hour (with your own skates) for individual skaters. Comparing the prices for the whole ice rink between the Ice rink in Delnice (650.00 HRK per hour; possible discount) and the Ice hall in Zagreb (it is the closest to that of Delnice; 1,850.00 HRK per hour; no discount) a big difference in the price of rent between the two can be noticed. It could be explained by the type of building and full range of services offered (changing rooms, showers on site, etc.). Furthermore, the location itself (million people that gravitate to the area) enables the formation of a more economic price. Also, a higher concentration of sports clubs and the existence of various associations as potential clients provide a large membership, continuous visits and a higher capacity utilization. Therefore, the Ice hall in Zagreb cannot be considered as a direct competitor but it can be cited as an example of best practice.

Table 2 shows revenue structure of the Multi-purpose hall / Ice rink Delnice for the last four years. Approximately from 50 to 60 per cent of the total receipts in cash are collected during winter season by individual visitors (skaters). Daily average is between 45 and 55 skaters. Accordingly, operating costs are particularly high during the winter months (more than 35,000.00 HRK a month) and are manifested through large amounts of consumed electricity and water and costs for clearing snow around the building.

Table 2: Structure of the revenue collected at the cash desk of The Multi-purpose hall / Ice rink Delnice

Year	Winter period (01/12-31/03) – in HRK				Summer period (01/04-30/11) – in HRK				Total (wint. + summ.)*
	Individuals (tickets)	Groups (rent/hour)	Coffee bar	Total*	Individuals (tickets)	Groups (rent/hour)	Coffee bar	Total*	
2010	147.060	7.069	60.877	215.006	-	6.885	24.189	31.074	246.079
2011	146.999	11.864	63.552	222.415	-	12.544	24.309	36.853	259.268
2012	153.706	21.552	71.458	246.716	-	18.458	29.879	48.337	295.054
2013	114.835	11.583	62.569	188.987	-	16.589	32.998	49.587	238.574

* does not include transactions through bank accounts (mainly groups; contribute with an additional 20-25 per cent)

Its current utilization rate of only 35 per cent (on a yearly basis) is insufficient for planning any additional investments or for creating new values. However, the ability to modify its offer throughout the year provides a variety of options on the sports and tourism markets (renting to sports teams for training and competition purposes or for various events and manifestations during the summer and winter season). In the light of these possibilities we can deduce that it is necessary to change the existing business model, primarily in the form of adequate managerial and marketing activities. Moreover, taking into account the maintenance cost of the facility, especially in the winter period, several strategies could be considered in order to improve the performance.

Possible success strategies

Although contracts provide the basis for the preparation of the budget and the calendar of events in the facility, an offer must contain the basic prices and possible variations and discounts. The flexibility and the possibility of meeting the needs and desires of business partners should be involved in contracting, at least to the extent of covered operating

costs. Table 3 shows the possible clients and the associated discount. The offer applies only to the winter term (ice rink), while the summer term includes only the rental rate per hour, which amounts to 450.00 HRK per hour.

Table 3: Suggestions for possible cooperation

Contracting Party	Price per hour	Discount - percentage	Discounted price
Tourist agencies	650.00 HRK per hour 25.00 HRK per visitor	10% (up to 50 visitors) 15% (over 50 visitors)	585.00 HRK per hour 21.25 HRK per visitor
Sports clubs and associations	650.00 HRK per hour	5% (up to 10 hours per week) 10% (up to 15 hours per week) 15% (for seasonal rental)	617.50 HRK per hour 585.00 HRK per hour 552.50 HRK per hour
Individual visitors	25.00 HRK per hour	Monthly ticket: 10% (for 20 visits) 15% (for 30 visits)	22.50 HRK per visit 21.25 HRK per visit
School institutions	25.00 HRK per visit 650.00 HRK per hour	10% (per visit) 15% (per hour)	22.50 HRK per visit 552.50 HRK per hour
Civic associations / organised groups	25.00 HRK per visit 650.00 HRK per hour	10% (per visit) 10% (per hour)	22.50 HRK per visit 552.50 HRK per hour
State and local government	25.00 HRK per visit 650.00 HRK per hour	10% (per visit) 10% (per hour)	22.50 HRK per visit 585.00 HRK per hour

Based on experiences and results of the previous business period, six scenarios of future business strategies and the possible consequences, are proposed (Table 4).

Table 4: Possible business scenarios

Scenarios	Activities	Results
Scenario 1	Raising ticket prices per individual visitor (from 25.00 to 30.00 HRK) and sports team (from 650.00 to 850.00 HRK).	The possible increase in revenues in the amount of 15,000.00 HRK a week (60,000.00 HRK a month). However, it could have a negative impact on attendance and satisfaction of visitors because it did not introduce new content (it is just a price increase).
Scenario 2	Raising ticket prices per sports team only (from 650.00 to 850.00 HRK).	The possible increase in revenues in the amount of 1,200.00 HRK a week (4,800.00 HRK a month). Since there is only one team that has leased dates in the winter period, a positive effect on the company and on further cooperation and interest of other potential clients is very questionable.
Scenario 3	Raising ticket prices per individual visitor only (from 25.00 to 30.00 HRK or from 15.00 to 20.00 HRK).	The risk that a person rents skates or buys tickets, and after a few minutes lends it to friends could result with lost profits. Increased prices of basic services could reduce consumption in the coffee bar located within the rink.
Scenario 4	Introducing a parking fee (the parking is now free) – 3 HRK per hour.	The possible increase in revenues (on average 270.00 HRK a day). However, since the City of Delnice does not charge parking, the introduction of the parking fee would trigger negative reactions and would have a negative effect on the overall visitors' perception of the facility. In addition, it requires certain funds (parking equipment/staff etc.).
Scenario 5	Available morning capacities could be offered to organized arrivals of school children (for purposes of skating schools, figure skating or ice hockey) and all other sports clubs that can train on ice or a concrete surface.	The contract with KHL "Mamut" (two hours a day, three days a week; at a price of 650.00 HRK per hour) provides revenue in the amount of 3,900.00 HRK a week, or 15,600.00 HRK a month. The revenue for the three winter months is 46,800.00 HRK. Arranging new contracts with other clients multiplies the amount.
Scenario 6	Additional contracts with other sports teams and individuals (at a price of 650.00 HRK per hour).	Provision of relatively stable revenues during the contract period. However, there are some issues like revenue collection (whether the payment is in advance or after the use), the question of reserved but unused terms etc.

There is another fact that contributes to the possible successful business future of the Ice rink in Delnice. Its potential for training purposes has been recognized by the leadership of ice hockey club "Medvečak" from Zagreb. In cooperation with ice hockey club "Mamut" from Delnice, the meeting with Goranski sportski centar Ltd was initiated in 2012, in order to come to an agreement on possible cooperation. Prerequisites for the cooperation are primarily conditions that must be met in terms of equipment, quality of ice surface, etc. The Ice rink meets most of the technical requirements for trainings, but for professional matches and competitions additional investment in protective plastic for the auditorium, dressing rooms and access to the parking lot for buses, should be done. The ice rink staff is sufficient for basic operation, because sport teams usually have their own staff in charge for the organisation of trainings and matches. Accordingly, investments are necessary if the facility manager wants to fully commercialize the facility and put it into function as

sport at a higher level. This could further boost sports tourism, especially sports participation tourism, sports training tourism and event sports tourism.

Concluding remarks

The Multi-purpose hall / Ice rink in Delnice is an expensive facility to maintain, with a relatively disproportionate monthly traffic. The specificity of such a group of facilities (like museums, theatres, etc.) is that they are often not profitable centers, but they serve the community in terms of satisfying leisure needs. Therefore, it is hard to expect from it to achieve a satisfactory payback period and return on investment. However, the facility manager must try to at least cover the operating costs. After analysing the current situation and possible scenarios, it can be concluded that the main problem is the inappropriate and inefficient business model that results in an insufficient number of tickets sold. The only quality strategy is to increase the number of tickets sold in a way to expand the range of services to existing and new customers, local residents and tourists as well. In addition, a special contribution could be reflected in the expansion of the sports tourism offer within the destination, either through active (competitors) or passive (viewers) participation in both amateur and professional sports. On the other hand, raising the unit prices of primary products – tickets or rental by the hour – is risky and can just slightly contribute to the overall increase in sales and earnings. In this regard, special attention should be paid to improving the quality of marketing activities and to creating cooperation between sports managers, destination managers, athletes and the public sector, in order to attract new clients and visitors. Thenceforth, the facility manager could think about raising the prices, of course with a reasonable calculation.

It could be concluded that the findings and recommendations suggested by this paper have important theoretical and managerial implications. They can be used by managers of existing and potential sports facilities in order to better serve sports and tourism needs in the destination.

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