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COMPETITIVE ADVANTAGE BUILDING OF BC CRVENA ZVEZDA

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SUMMARY

Research problem is what BC Red Star should do to build and sustain its' competitive advantage in Serbia and Balkans?

Research object is competitive advantage of BC Crvena Zvezda.

Research aim is to discover what are the main internal resources and external aspects that are helping basketball clubs in gaining competitive advantage and to propose the strategy, models and ways that should be applied to reach and keep its' competitive advantage.

The first part contains literature analysis which began with explanation of competitive advantage and the mains sources that lead to competitive advantage, frameworks followed by explanation of competitive advantage in sport and engagement of sport fans with sport organization.

The second part is dedicatied to the case analysis of Basketball Club Crvena Zvezda and parallel analysis with its' main competitor BC Partizan using comparison of key success factors between the clubs.

In **the third part** are given possible solutions by which club is able to gain and sustain its' competitive advantage and increase it in the following years as even club took over competitive advantage in Serbia and Balkans, it has to go further achieving it in in competition with the other European clubs.

Research conclusions. Basketball club Crvena Zvezda has been successfully using differentiation as a method to gain competitive advantage in last ten years. Convergence of sport and entertainment is something club became famous for. This way club had taken over competitive advantage from its main opponent off the court, but costs of differentiation became extremely big. This strategy has been shown as very good in acquiring fans in the first years, as their interest for basketball was on a very low level. As fans became more interested in basketball, effect of this strategy is fading. There are new opportunities for the club to restore fan engagement and at the same time cut costs by making new balance of sport and entertainment, where focus will be more on sport.

Key words: Competitive advantage, costs, leadership, sustainability

INTRODUCTION

Relevance and topicality. One of the characteristics of the modern business market and business environment is very strong competition and developed distribution channels. To be sustainable in environment like that is not enough to be average in business, but always to strive to be on the top. Due to all of these characteristics of modern business, the most important is to make strategic as well as short term plans which will be very flexible as modern environment is very dynamic and changeable.

When it comes to sport, modern business environment is characterized by fast, frequent and radical changes. Professional clubs management and decision making should be based on collection, procession and distribution of valid information in order to reach and maintain competitive advantage. Changes on market and in environment require changes in management of the sport organization. Organization is successful in case it is capable to respond to changes in its environment.

Basketball from recreational to intense professional competition has been modified through transformations in it's internal structures:

1. Physical (Arenas)
2. Structural (experts, professionals, operational and internal support level)
3. Symbolic (market language – the supporter became a client)

According to Ogbona and Harris (2014) there are also some external aspects by which other clubs are no longer looked as opponents but competitors. Other areas are disputed. There are more profitable contracts with sponsors and media and aiming to make the club brand and it's actions hard to imitate, unique, capable of attracting external resources. (Atalay, Yucel, Boztepe 2013)

In Balkan region basketball is one of the most popular sports and engagement of people with basketball is enormous. Basketball club Partizan is a symbol for good basketball in Serbia and whole Balkans. BC Partizan has had a huge contribution to basketball and it's development for recent 50 years. A lot of famous and very important players and coaches passed through Partizan's basketball school and most of them left a trail on world's and european's basketball, in the clubs and leagues they were playing in. And the story of Partizan is still alive. On the other side, sport club Red Star is the biggest club in general by the number of fans in Serbia and Balkans. This popularity comes mostly from football so most of these fans are engaged to the club due to results of their football team in the past. Even majority of fans are coming from football, this is a good base for basketball club to grow and achieve more spectators and higher sponsorships.

Even clubs are not competing for the same market as each of the clubs have their own fans they are competing for better position which means games in the top competitions, more sponsors and more spectators. All of this have a huge contribution when it comes to revenues and profits of the clubs.

Basketball of today is not just a sport. Basketball became business and clubs are not competing just on the court but in the business environment. Sports results are not enough to stay competitive and be among the best clubs in Europe. Basketball club Crvena Zvezda has proved that with strategic approach, good marketing and management and systematic work, day by day, it is possible to gain competitive advantage, improve fan engagement and build strong system.

Research problem is what BC Red Star should do to sustain its' competitive advantage in Serbia and Balkans and build competitive advantage in Europe?

Research object is competitive advantage of BC Crvena Zvezda

Research aim is to discover what are the main internal resources and external aspects that are helping basketball clubs in gaining competitive advantage and to propose the strategy, models and ways that should be applied to reach and keep its' competitive advantage.

To reach the aim of the paper the following **objectives** were set:

1. To distinguish theoretical ways how to reach competitive advantage.
2. To test empirically the chosen ways of building competitive advantage?
3. To distinguish the most effective ways and to provide proposals for implementation.

This FMT is **structured** in 3 main parts.

The first part contains literature analysis which begins with explanation of competitive advantage and the mains sources that lead to competitive advantage as well as frameworks that can be useful in analyzing actual situation of the club and opportunities in the future.

The second part is dedicatied to the case analysis of Basketball Club Crvena Zvezda and parallel analysis with its' main competitor BC Partizan using comparison of key success factors between the clubs.

In **the third part** are given possible solutions and proposals which club can use to sustain and increase its competitive advantage in Serbia and Balkans and at the same time gain competitive advantage in Europe. Analysis of clubs resources gave clear picture of which resources club has sufficient and which club is lacking. At the same time, SWOT analysis have shown main weakness of the club and the solution is laying in converting these weaknesses into strengths in the following years.

Research methods. In this FMT I have been used Resource based view as a research method to describe competitive advantage of BC Crvena Zvezda. This method is supported by VRIO model and SWOT analysis of the club.

Information sources. Mixed primary and secondary data resources, e-book, scientific literature, marketing report of BC Crvena Zvezda in season 2019/2020.

I THEORETICAL ASPECTS OF ACHIEVING COMPETITIVE ADVANTAGE IN SPORT INDUSTRY

1.1 Definition of Competitive Advantage and how to achieve it

A competitive advantage is what makes goods or services of one entity superior to all of other choices available to customers. This term is mostly used for businesses but it might be applied as well on any country, organization or individual (Kimberly Amadeo, 2019) Kimberly Amadeo explains also what are determinants crucial to gain competitive advantage:

- **Benefit.** Products one company or organization is offering should have real value for customer. If they are essential, their beneficiary value is high. If they are not essential, the more important they are for the customers, the beneficiary value is higher. New trends should always be taken into consideration while inventing or improving new products.
- **Target market.** To be able to create demand which is the main driver of profitability, companies or organizations should understand its customers, their needs and desires. A lot of research has to be done in order to reach this point. This is the main condition to make sustainable and profitable business.
- **Competition.** Competitors are not only those producing the same products or providing the same services - they also include all others, who might fulfill the same needs. This is why companies need to look for different solutions in order to make its product attractive and unique which will make it more desirable than any other available at the certain point of time.

The most successful companies are those able to offer higher beneficiary products to target market and in a better way than it can be done by its competitors. That is the competitive advantage. This is something that differs one organization from another. Companies or organizations need to look for the best ways which will help them differentiate themselves from the others. This might be driven by physical factors, efficiency or by innovation. The most common factors that are making competitive advantage are people, organizational culture, processes and practices, products and intellectual property, capital and natural resources and as the last but not least important is technology, which is combination of capital and intellectual property. The main pillars of factor driven economies are institutions, infrastructure, macroeconomic environment and health and primary education. When it comes to efficiency driven economies, there are higher education and training, goods and labor market efficiency, size of market, development of financial market and technological readiness. When it comes to economies based on innovation, the main pillars are business sophistication and innovation.

Organization is able to gain competitive advantage through:

1. Differentiation
2. Cost leadership
3. Focus (can be differentiation focus or cost focus)

When company or organization is using differentiation as a method to gain competitive advantage, its aim is to make a product with very high performance that will be distinguished from the other similar products of its competitors in the market. Product might include some innovations in design, feature, brand image, quality and/or customer service.

Cost leadership is another strategy of achieving competitive advantage not by investing into product, but by using different ways to produce and deliver product in which they can achieve the lowest costs in the industry, offer lower prices to the customers and gain above average profit.

Focus on differentiation means offering unique products that can fulfill needs of smaller niches or segments, that contain certain specifics.

Focus on cost means cost advantage in several target market segments.

Even though implications of this model are mostly applied and analyzed in different companies, its use in sport industry has been found amongst professional sport clubs in recent years. This allowed sport clubs to have different approach focusing on possible profitability without depending only on sponsors and governments.

1.2 Business environment of the sport clubs

Sport clubs have been facing different issues previous years due to changes in business environment. Relatively stable conditions with government financial support and social funding of clubs are history and today's environment of sport organizations is unstable and unpredictable. In these conditions, sports managers will need to develop strategy that will lead the organization to success, both on and off the court. While talking about business environment of sport organizations we can talk about micro-environment and macro-environment.

Sport market is different than any other market. We cannot talk about supply and demand in sport industry, as sport clubs are not competing with the other sport clubs alone. Competitors of sport clubs are not only clubs from the same sport but sport clubs from other sports, games and events which they are organizing, as well as all the coffee shops, theaters, cinemas, restaurants and others which might attract attention of the fans. This is the reason why clubs need to give their best to make each game unforgettable, to provoke word of mouth and to attract large numbers of fans, as this part of budget is one of the most important and with the huge implications in the future.

In recent years, governments around the world are decreasing their funding into sport organizations, so sponsorship is becoming more and more important. (Berrett and Slack, 2001) This

leads to the new challenge which sports management is facing - finding sponsors that are the primary source of income. As organizations rely more on sponsorship funds, needs of sponsors are becoming predominant compared to needs of the other stakeholders. There is a direct relation between sponsorship contracts of professional sport clubs and return of investment that sponsors are able to gain by sponsoring them. Higher awareness and direct marketing of sponsors are contributing to larger sales and profit. This is why sponsors are looking for professional clubs with larger fan base. On the other side, sponsors want to be involved with a club or league that has very good network television coverage, as this way they can reach bigger audience. Broadcast rights arrangements are very important in attracting sponsors. Value of sponsorship contracts are different and depends on sport, league, club or country. They are going further than commercial agreements between clubs and leagues.

Sport is based on its main characteristic which is uncertainty of the game as a product. This is what leads people to attend games and be passionate about particular sport or team. As uncertainty is essence of sport, the essence of management of any sport organization should be to preserve uncertainty and increase it when it comes to sport results, as well as to decrease financial uncertainty as much as possible. There is big tension between the effectiveness of on-field and off-field performance, as sport clubs are seeking to buy the best athletes available while making profit or only breaking even. (Chadwik, 2009). Globalization of sport contributed a lot to uncertainty of outcome and competition, but to financial uncertainty as well. Larger sport organizations have better position and it's easier for them to enter the new market or obtain necessary resources. Even clubs which are dominant in national league or in national market might be ones of the lowest ranked when entering international scene.

Technological environment is very important in modern world, and media coverage and social networks are playing the main role in marketing sport organizations. Media coverage is very important as this is one of the main sources of income of the sport clubs through TV rights. Social networks have an important role as they are serving as replacement of traditional ways of market research. By this, clubs are able to save cost as this way is much cheaper compared to any other way of market research.

As sport consumers' discretionary income depends on the changes in economic environment, fluctuations of economic indicators that occur in environment have indirect influence on sport and its attendance. Country's GDP, National income, interest and inflation rate as well as unemployment rate are some of the indicators that have big influence on sport industry, since clubs are competing on international market with clubs coming from countries whose economic situation might be much more stable.

Sport organizations are vital part of society, and strategic management of those organizations is indispensable in order to gain and sustain competitive advantage in dynamic market as it is.

1.2.1 Blue Ocean Strategy

There are two types of markets. Red ocean market refers to one that is saturated which means that there are not a lot of opportunities for growth as there is a large number of stakeholders on each side, as suppliers, buyers etc. On the other side, we have blue ocean market where competition is on very low level among suppliers, or does not exist at all. Companies and organizations which want to reach those markets without competition are using blue ocean strategy, and their aim is to reach a certain market niche and maximize its profit through radical innovation.

Sport industry is very specific. When it comes to sport clubs, sport fans are usually determined when it comes to their favorite club and there might be a lot of factors by which their decision is affected. Their commitment depends on exposure to information which may include:

- Exposure to specific sport elements
- Children's ability to play sport
- Parents' and siblings' preferences
- Friends' preferences
- Local media attention to the sport

In most of the other industries, customers might be attached to products of one company but still willing to try other products in order to compare with the one they are using and eventually start using competitors' products. This is known as Red Ocean Strategy. Sport industry is characterized by huge loyalty of fans, commitment and attachment to the club so clubs cannot count on market as a whole. In most of the cases they can count only on their supporters and eventually those who are not determined yet. This is why competition between the clubs is mostly on the sport field and they cannot count on taking over competitors' fans.

Current and potential profitability depends on competition, which determines prices and club's ability to manage its own fees and develop penetration strategies. Besides trying to keep fans which are already loyal, clubs need to attract new supporters that are not yet determined. This way clubs are trying to widen their market and get more supporters. There are different ways which might be used for this purpose. One of the ways to achieve it is value innovation which reflects the purpose of the blue ocean to create both value for consumers, which will in return attract new customers. In this case innovation does not mean increasing the price, which is the case with innovations based on technology, but only serves to reach bigger part of the market.

In sport red ocean strategy is very rare as sport fans are very loyal and passionate and it is not common for sport fans to start supporting new club while their club is passing through the crisis. It is common for the products positioned in mature market.

Blue ocean strategy is the only available for most of the sport clubs and it means pursuit of differentiation to open up a new uncontested market space and create new demand.

1.3 Competitive advantage in sport industry

"The whole is more than the sum of its parts" Katzenbach and Smith said in 1993 trying to explain success of the sport teams. When it comes to sport club, investors and sponsors are looking for a club that is well organized, well-placed and financially profitable (Solberg & Mehus, 2014). Each club is trying to create economic value at market by turning its weaknesses into strengths and using its opportunities.

Professional sport clubs are using different ownership and governance models and this choice depends on whether they choose to be "profit maximizers" or "win maximizers". Typical example of profit maximizing teams are those from major American professional sport leagues that are owned by individuals and businesses who are seeking to maximize its financial return on investment. On the other hand, in some sports, clubs are prioritizing win maximization with putting the club into financial jeopardy by buying players which they are not able to afford. Whether teams are focused on win or profit maximization, they must ensure that fans, sponsors and media keep being interested and involved with the sport. Sport leagues in which one or two teams are dominant are less attractive to the fans, which leads to further consequences by becoming less attractive to media and sponsors.

Sport clubs and organizations command loyalty and drive passion like no other industry. Digital technology offers the potential for sports organizations to enhance their engagement with both new and existing fans and to monetize growing international audiences. As there are a lot of forces disrupting the sport industry, to be able to survive, organization must transform and adapt. For this purpose, IBM has developed five strategic tenets that can help organization respond to these challenges:

- **Understand market disruption**. Due to changes of fans and their behavior, sport industry is characterized by disruption which is not anymore exception of the rule but a norm.
- **Learn from media and entertainment businesses.** Modern technologies and social media are giving fans space where they can share their passion offering them relevant, timely and personalized content.
- **Deliver unparalleled digital fan experience.** Through digital channels fans are able to express themselves which leads to their lifelong loyalty, driving higher revenues, direct and indirect.

- **Adopt the right fan engagement** technologies that harness data to enhance fan digital journeys on site, delivering new insight.
- **Secure your own enterprise capabilities** by bringing in new experts, supporting them and using agile development practices that remove barriers to cost-effective innovation.

Sport is gaining popularity day by day and with the rise of popularity also comes rise of challenges and adversity. There are a lot of factors from inside (micro) and from the outside (macro) that may contribute to achieving the goals of the sport club or preventing the sport club from achieving it. Club needs to choose its strategic direction by choosing mission, vision, objectives and performance measures. It means club should identify its purpose and the way it sees itself in the future. Objectives are achievements that club needs to make to be able to realize its vision. In the end it all should be measured by KPI to know if club has been successful or not. Second step should be appliance of strategic analysis, internal and external. Internal analysis means analysis of capabilities, deficiencies and stakeholders. They are controlled by the management within its boundaries. External analysis include analysis of environment, competitors and customers. By this, sport club is able to gain insight into its own competitive position. The next step is to choose the strategy which will be applied. Club needs to show strategic approach and choose whether it will apply cost leadership, differentiation or focus to gain its objectives and reach competitive advantage. Management should combine and use club's resources in the best way possible, as to be able to achieve club's top performance and by that club's mission as well.

The main challenges in sport industry:

1. Millennials. Millennials as generation are characterized by elevated usage and familiarity with Internet, mobile devices and social media. Target of sport industry in recent years is to approach millennials to actually attend the games, but rise of technology has made it very easy to watch the sport events from the comfort of their homes.

2. Technology Integration. Majority of fans connect with their favorite team through social media, and due to this sport organizations and teams are forced to update their facebook timelines and twitter feeds day by day. Because of advanced technology and needs of millennials, sport venues have to keep with the pace. One of the biggest advantages can be possession of wireless as fans want to stay connected throughout the game.

3. Game day Experiences. One of the main challenges to win over technology is game day experience made by sport club. This includes pregame shows, halftime entertainment and postgame celebrations. In-game experience is also very important whether it is t-shirt gun, kiss cam, chants or any other way that can come up with. If there is anything that can attract people to watch games live it is atmosphere made in the sport venue.

4. Hyper-Focus on Negative Stories. Scandals and negative stories by which athletes are surrounded characterize sport industry today. It might have different implications on game attendance.

5. Predicting the Future. One of the biggest challenges of sport industry, as the world is constantly changing, is to predict future trends and ideas that will capture the audience.

To overcome the challenges in business of sport, sport organizations have to:

- Build a long-term business strategy and to survive the pressure for short term performance
- Balance diverse objectives of stakeholders (winning VS financial gains, Trophy Status VS Protecting community asset)
- Survive openness and constant spotlight (decisions are questioned by everyone and everywhere)
- Balance out competition and support for the weakest
- Balance effectiveness and fairness and by that reallocate the revenues
- Balance focus on individual star athletes and team performance
- Balance entertainment and sport

1.4. Tools and frameworks in achieving competitive advantage

Primary objective of any company is to reach competitive advantage. First step any firm or organization should take is to decide which strategy to follow.

Strategy is a broad and general plan developed to reach long term objectives, focusing on actions for each of the fundamental areas such as vision, mission, objectives and tactics. Strategy can be decided by posting goals and values, analyzing resources and capabilities and analyzing structure and system. In consideration should be taken industry environment including all the competitors, customers and suppliers.

First decision that company should take is to go for strategic fit or strategic stretch. This is a very important point and it depends on key resources and situation in the environment. When it comes to sport organizations, strategic fit means matching sport organization activities with demand of environment. Strategic stretch means to identify resources of organization that can be useful to create new opportunities or to make its market wider by using blue ocean strategy.

1.4.1 Porter's 5 forces

Michael E Porter, professor of Harvard Business School, developed Porter's Five Forces of Competitive Position Analysis as a simple framework useful for assessing and evaluating current competitive position of a business organization, but also of a position that organization may look to move into. Those five forces determine the competitive intensity and attractiveness of the market.

This model is very useful in order to see whether new products or services are potentially profitable or not. The five forces are:

1. **Threat of new entry**. Profitable markets attracts new entrants which erodes profitability in case there are no barriers to entry such as patents, economies of scale, capital requirements or government policy.
2. **Supplier power**. Power of supplier is driven by number of suppliers of each essential input, uniqueness of the product or service, relative size and strength of supplier and cost of switching from one supplier to another.
3. **Buyer power**. Power of buyer is capability of buyer to drive the prices down. It depends on number of buyers in the market, importance of each individual buyer to the organization, and as well of cost of switching from one to another supplier. If there are less buyers - they are capable of dictating the price.
4. **Threat of substitution**. Substitution is possible when close substitute products exist in the market which make potential customers switch to alternatives. This also affects power of supplier by decreasing it.
5. **Competitive rivalry**. The main driver when it comes to this force is the number and capability of competitors in the market.

   When it comes to sport clubs, situation is very specific.

1. Threats of new entries are usually small when it comes to sport leagues and clubs. Barriers preventing entry are very high. Brand reputation, tradition and loyalty of sport fans are something that makes position of club stable. Engagement of fans is not something variable even if fans lose their interest in attending their club's game. It can happen due to bad results of the club but it doesn't mean that fans will switch to another club. There are a lot of examples where clubs that entered the market in much better financial situation than club with tradition eventually had to merge with another club with tradition in order to survive. Also, it would be very hard if some private independent league would want to enter the market while sport facilities, events, manufacturers of sport equipment or sport apparel companies are entering regularly.

2. Supplier power can be players and coaches power as they are those who provide their services to the club. Their power definitely depends on different factors, especially on other teams' interest in them, their performance and results of the club. General rule is that the suppliers hold relatively low power with the exception of few superstars. In recent years, players and coaches are organizing unions by which their bargaining power is becoming greater.

3. Buyer power is very important factor and has very important role. Buyers are fans, media and corporations. Their position usually depends on club's results. When club is playing in best

competition and has good results, their power is very low and demand is inelastic. Still, they are not working together to leverage their bargaining power so it is limited.

4.Threat of substitution is high, but not when it comes to the same sport as fans are not shifting to cheer for another club. Club and game as its product is competing not only with the other games of the same sport, but with any other sport or entertainment product. In this case the most important is differentiation as one of the ways of achieving competitive advantage. Fans are buying experience they cannot find anywhere else, and club should work hard to offer such a product that fans will talk about for a whole week which will, again, attract new spectators.

5.Competitive rivalry is one of the main drivers when it comes to sport clubs. The most sport organizations are offering identical products and services, so intensity of their rivalry is higher. It is of utmost importance to make an unforgettable experience game by game, especially if club has rival from the same city. The crucial thing is to create an organization that can react to emerging challenges with speed and flexibility.

1.4.2 SWOT Analysis

SWOT Analysis **Table 1**

S Strenghts	W Weaknesses	O Opportunities	T Threats
-Things that company is doing well -Qualities that separate company from its competitors -Internal resources such as skilled and knowledgeable staff -Location -Tangible assets (intellectual property, capital, proprietary, technologies)	-Things that company lacks -Things competitors are doing better -Resource limitations -Unclear unique selling proposition	-Undeserved markets for specific products -Few competitors in the area -Emerging need for product or service -Press/Media coverage of company	- Emerging competitors -Changing regulatory environment -Negative press/media coverage -Changing customer attitudes towards company

Source: created by the author based on SWOT analysis of the Albert Humphrey, Stanford Institute

In order to reach competitive advantage and to develop strategic planning, organization has to evaluate its position. The most useful framework is SWOT analysis which gives information about strengths and weaknesses of organization but also opportunities and threats on the market. Strengths and weaknesses are internal factors that an organization has control over, while opportunities and threats are external factors which cannot be controlled by organization. All of these information are essential for organization in order to be able to decide about its strategy.

STRENGTHS are certain characteristics that separate organization from its competitors and give clear advantage. It gives answers to questions what one company is doing well, what are the unique resources that company have, what company is doing better than others . in this stage it is very important to analyze what our competitors can see as our strengths as well. In sport industry strengths may include committed coaching staff, big fan base, good junior program for development etc.

WEAKNESSES are things that company needs to improve, areas where there are fewer resources and things others see as our weaknesses. In this stage the most important is to be realistic about what needs to be improved and to think about what our competitors see as our weakness points. Weakness points in sport industry might be diminishing volunteer workforce, inadequate sponsorships, lack of training facilities etc.

OPPORTUNITIES are trends in economy which company can take advantage of. This includes different situations and events which can be exploited in order to enhance company's position, such as new markets or new products etc.

THREATS are different factors that show what could harm the organization, what the competition is doing and the other threats organization might be exposed to. It includes anything that can affect business negatively, such as new competitors, higher salaries of the players on the market etc. The most important thing is to anticipate the threats and to take actions in order to avoid possible negative influence from the market.

External factors are different and they include macroeconomic situation, legislation and sociocultural changes but also changes in the marketplace. Besides this, knowledge about the market of the club is not always enough as club needs to make analysis of the other markets where club aims to access to. Essential is to have good knowledge about the market.

Organizations and clubs can gain prestige and positive feedback through reputation, but to build this reputation, sports institutions and clubs should have a good knowledge about who their fans are, what they like, why they cheer for that club and not another, where they come from, how old they are, what else are their daily activities. If fans and supporters are understood and taken seriously, they will feel more engaged with the club and they will feel happy to cheer for that certain club. Market research is not only focused on current fans but also on the ones who are

potential fans in future. A bigger fanbase means more people who will buy tickets, who will buy merchandizing products or provide other financial support. Also by larger amount of spectators, team is becoming more attractive for different sponsors.

1.4.3 VRIO model

VRIO framework is internal analysis tool used by the organization to categorize its resources and identify resources contributing in achieving competitive advantage. It is analytical technique for the evaluation of organization's resources and thus its competitive advantage.

Three main groups of key resources in sport industry are tangible (financial strength, sport facilities), intangible (tradition, reputation, organizational culture) and human resources (know-how of players and management).

It is developed by Jay B. Barney as a way of evaluating financial, human, material and non-material resources. There are 4 main dimensions that are defining this model: value, rareness, imitability and organization. By using this model, 4 questions should be answered:

Value - How expensive is the resource and how easy is to obtain it on the market (purchase, lease, rents)?

Rareness - How rare or limited is the resource?

Imitability - How difficult is it to imitate the resource?

Organization - Is the resource supported by any existing arrangements and can the organization use it properly?

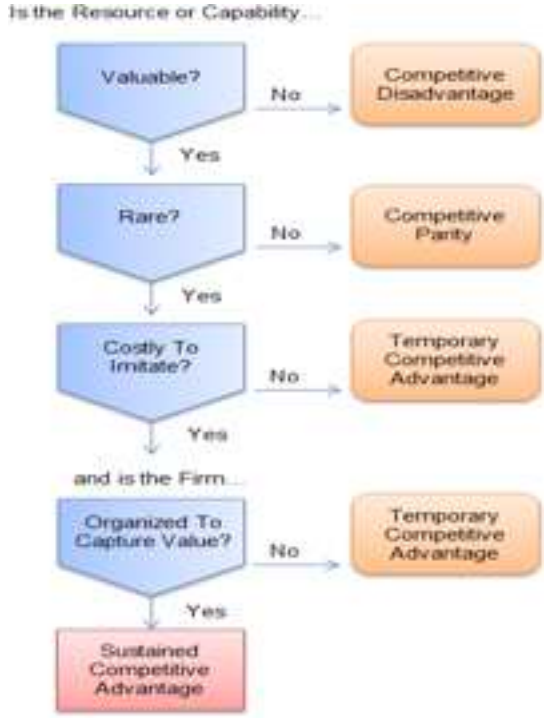


Figure 1. VRIO model

Source: Rothaermel (2013), "Strategic Mangement" p.91

Value. Value of the resources can be assessed by its contributions to increase value offered to the customers. This can be made by increasing differentiation or by decreasing cost and price at the same time. In case resources are unable to meet this condition, it leads to competitive disadvantage. In these cases, outsourcing might be the solution.

Rarity. To be considered as rare, resources should be acquired only by one or few companies. If more companies have access to resources hey cannot be considered as rare which leads to competitive parity.

Imitability. Even if company has valuable and rare resources, those resources should be costly to imitate or substitute. This can lead the company to temporary competitive advantage.

Organization. To gain and sustain competitive advantage, organization should be capable of capturing the value from valuable, rare and imitable resources. If organization does not know how to exploit them, there is no use of them.

Vrio analysis is used to assess the situation inside the organization, its resources, their competitive implication and possible potential for improvement. If the resource is not valuable it should be outsourced as it does not bring benefit to the organization. If the resource is valuable but not rare, the organization is competitive by equality or parity (not worse than the competition).

If the resource is valuable and rare but it is not expensive and hard to imitate, organization has temporary competitive advantage. If the resource is valuable, rare and expensive to imitate but the organization cannot organize it as it is expensive, it is unused competitive advantage. If resource is valuable, rare and expensive to be imitated and at the same time organization is able to use it, it is long term or permanent competitive advantage.

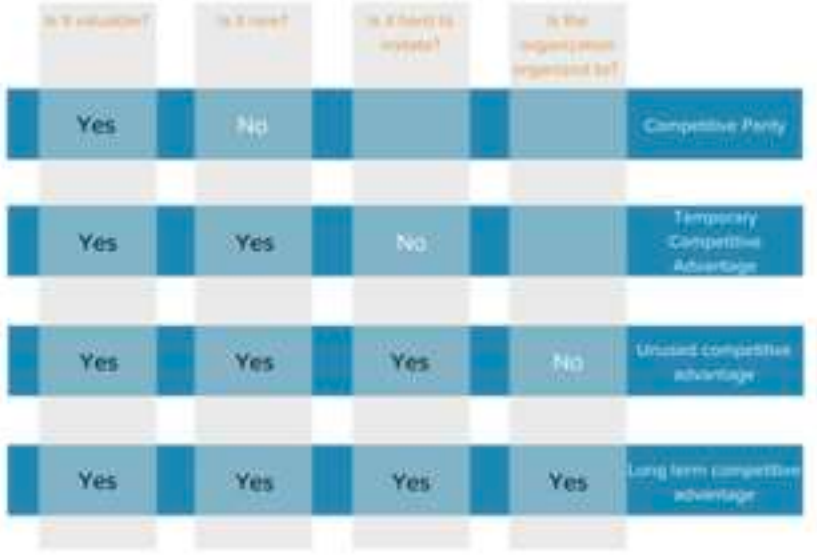


Figure 2. VRIO Framework: Creating Sustained Competitive Advantage

Source: https://www.executestrategy.net/blog/vrio-framework

Ways how small market clubs can challenge the game leaders with “deep pockets”:

- Professional management
- Strategy and entrepreneurship
- In-house development of players
- Strong organizational culture and community networks
- Smart data analytics, signing the right undervalued players that “fit in the system”
- Being in control of main revenue and cost streams
- Making use of value innovation, exploring new areas of strategic growth

Enormous impact on competitive advantage of the sport club have:

BRAND REPUTATION Branding is one of the key strategies that sport marketers can use to enrich their product by associating them with certain ideas. By this action, product is gaining some value. The added value that product has because of its name is brand equity. Branding does not mean only good name or good logo but it is much more than that. It should connect thought about that sport organization with something, some ideas, actions, people. The main goal is to reach consumer loyalty. Brand loyalty can be improved through higher quality of product, convenient distribution, loyalty programs and regular contact with customers.

QUALITY OF THE PLAYERS AND QUALITY OF THE COACH influence team performance (Harris, 2009; Holcomb, 2009; Sirmon, 2008; Smart and Wolfe, 2003) by researching relative value of management and quality of players, as player quality increases, the value creation of coach diminishes (Harris, 2009; Holcomb, 2009; Smart &Wolf, 2003). In case of similar player quality, increases in coaching ability lead to increasing team performance (Sirmon, 2008) in case of basketball potential value, creation of coaches depends on whether they are able to implement their preferred playing style (Wright, 1995). RBV research confirmed that resources, capabilities as routines and managerial ability create differential value (Crook, 2008)

HUMAN RESOURCES In last 30 years management of sport organizations has undergone a rapid period of professionalization. The general expansion of global sports industry and commercialization of sport events and competitions, growing number of people who earn from managing sport organizations or playing sport, has forced sport organizations and their managers to become more professional. To be able to face all the challenges of modern times and be successful in its field, sport organizations need to employ well educated management team that will lead the club or organization to success. Human resources contribute to value creation in skill-based industries ranging from professional sports to consulting (Groysberg, 2008 and Wright, 2001). According to Grant, 1996 and Simon 1991, individual skills differ and are source of competitive

advantage. It is possible to distinguish between general human capital, industry specific and organization specific human capital (Sirmon,2008).

KNOWLEDGE ABOUT THE MARKET Organizations and clubs can gain prestige and positive feedback through reputation, but to build reputation sports institutions and clubs should have a good knowledge about who their fans are, what they like, why they cheer for the club and some others don't, where they are coming from, how old they are, what else are their daily activities. If fans and supporters are understood and taken seriously, they will feel more engaged with the club and they would feel happy to cheer for that certain club. Market research is not focused just on current fans but also on those who are potential fans in the future. A bigger fanbase means more people who will buy tickets, who will buy merchandizing products or provide other financial support. By larger number of spectators, team is becoming more attractive for different sponsors.

INFRASTRUCTURE is one of the main factors that influence revenue and profitability of a sport organization. When it comes to clubs, in case club is in possession of one Arena or Stadium, main revenue sources are match day, ticketing, admission, hospitality packages, non-match day events and sponsorships or naming rights of the stadium or Arena. Club is able to rent some parts of the Arena to different restaurants, coffee shops, shops or other institutions, but can also make its own place for selling merchandising products.

II PARALLEL ANALYSIS OF BC CRVENA ZVEZDA AND BC PARTIZAN

The main purpose of designing and implementing the organization strategy is to obtain the competitive advantage in competitive environment in which the organization operates. The aim is to analyze the main sources of competitive advantage as well as analysis of correlation between Resource Based Model and possible strategies which can be done by organization in order to gain and sustain competitive advantage.

In this part of the paper, it will be shown where BC Crvena Zvezda is at the moment and what are the opportunities that club can use in the future. BC Crvena Zvezda is one of the most valuable brands in Serbia and due to that it has been chosen as the field analysis object. Even though BC Crvena Zvezda has gained its competitive advantage in recent years, in order to sustain it, the club needs to keep its commitment and introduce new ways of gaining profit.

2.1 BC Crvena Zvezda

Sport club Crvena Zvezda (Red Star) is club with the largest number of supporters in Serbia and Balkans. Even though the club has section in each and every sport, the sport from which the club has gained its glory is definitely football due to its amazing results in past, as club was even world champion in 1991.

Club has been founded in 1945 in Kalemegdan fortress and park which is the oldest part of Belgrade downtown. In its 75-year long history, club was national champion for twenty times, nine times it won national cup and four times regional Adriatic Aba league.

Basketball section of BC Red Star has had a lot of success in the beginning of its existence but since the end of 80's BC Partizan took over competitive advantage and became one of the most popular basketball clubs in this region and in Europe. In 2006 BC Red Star had passed through the biggest crisis in club's history, where it was almost shut down due to the high debts to it's players and coaches. But in 2011, club decided to return to path of success. New management was constituted with strategy in how to gain competitive advantage and become one of the most successful clubs in Europe. After consolidation, making good organization and implementing good business and marketing strategy, BC Crvena Zvezda won BC Partizan on and off the court and took over competitive advantage in national and regional league. Club's management is the youngest in Euroleague family, but with good vision and ideas recognized and fully accepted by the other members which made complete project successful as it is.

Legally, BC Red Star is non-profit entity. It has its professional male selection which is playing national basketball league, regional Adriatic league and Euroleague. Besides that, club has its junior team and female team. Club is also organizing and playing domestic and international games and tournaments. Managing these three teams is the main activity of the club.

Club's vision is to be recognized as the leader in all aspects of basketball, to participate on regular basis in Euroleague as the most eminent competition in Europe and to leave strong positive influence on society.

Club's mission – BC Crvena Zvezda is sports organization whose aim is in winning sports competitions, growing and developing basketball game and growing fan base as well as providing excellent entertainment, values and services.

Club wants to raise the standards for all sport organizations in region and the rest of Europe. At the same time, club is trying to comply with standards approved by Euroleague when it comes to clubs functioning, financing, organization of basketball games, safety and security standards and all the other aspects.

The main objectives of the club are:

- To promote basketball as a sport in Serbia and wider region
- To promote healthy lifestyle
- To organize basketball development programs and promote the club to younger generations and coaches
- To organize educational seminars for students studying sport business
- To attract volunteers among its fans willing to contribute to club's success
- To do commercial activities
- To attract sponsorships and other kinds of support
- To make international connections

KK Crvena Zvezda is showing constant growth since new management has come in 2011. Club is following standards and advices given by the Euroleague so 80% of its budget is coming from its own marketing activities and from sponsors, international and domestic. In past nine years, BC Crvena Zvezda became the first club from Balkans region whose budget is sustainable and relies on commercial and marketing activities with minimum stakeholders contribution. This is one of the main achievement of new management. Since season 2011/2012 club has grown in all segments required to be successful.

Club became a symbol for good branding as marketing team pays special attention to this. But what is the purpose of branding if attendance of the club is not big enough. In season 2019/2020, BC Crvena Zvezda became the 3rd most visited club in Euroleague with average attendance of 11744 fans. In case that only Belgrade Arena had been taken into consideration, BC

Crvena Zvezda would be the 2nd most visited club in Euroleague with average attendance of 13000 fans.

Club was making a lot of effort to increase number of season tickets sold year by year. In the season 2019/2020, management set the goal of 6000 season tickets.

This target was exceeded and club has sold 6794 season tickets in pre-season, which is the new record of the club. This means increasement of 200% compared to the last season when the club has participated in Euroelague. By the researches, 90% of season ticket holders are attending the games regularly.

When it comes to average number of daily tickets sold, it has increased as well compared to the last season (2017/2018) when BC Crvena Zvezda had played in Euroleague.

Club is operating three sports venues: FMP, Basketcity and Basketland. Club is organizing national and international tournaments in mentioned venues as well as renting them to the other teams, male and female. Basketcity and Basketland are very convenient for practices and games of youth selections. This gives a lot of flexibility to the club. Due to possession of three venues, each very convenient for the games and tournaments of youth selections, club is hosting Euroleague basketball Adidas Junior Next generation tournament every year. This event gathers a lot of basketball lovers, managers, sponsors and true fans that wish to see upcoming starts and the most talented young European players. Each year during this tournament club is organizing different programs such as “Sports forum” where people from the club have a proper conversation with representatives of their main partners, media and sport universities about new challenges in sport marketing and management.

The club has proved CSR program participating in the One Team program raised by Euroleague basketball. Through cooperation with Special Olympics and through socializing, practicing and playing with them club is trying to indicate importance of inclusion of children with disabilities into normal life activities. During Christmas and New Year holidays club is organizing many other activities, where players are visiting hospitals for the kids suffering from cancer and orphan institutions and many other institutions trying to show support to those who need it the most.

In season 2019/2020 club introduced new campaign named “Play, run and have fun”.
With tendency to improve in the field of digital communications, club has modernized its website, with easier access to many useful information about the club and its activities.
One of the main indicators of number of fans and their attachment to the club are number of followers and number of interactions on social networks. By the number of interactions on social networks, BC Crvena Zvezda is in TOP 5 in Europe.

At the moment club counts 450.000 followers on Facebook, almost 100.000 followers on Twitter, 175.000 followers on Instagram and 30.000 on Youtube. Majority of the fans are aware of activities basketball club is running and all these indicators are very important in attracting new sponsors.

BC Crvena Zvezda has been recognized by Euroleague basketball as a club that made a great deal by investing in brand imaging, marketing and communication.



Figure 3. Euroleague Marketing Award
Source: Marketing report of BC Crvena Zvezda

The award as a second most successful marketing team in Europe did not come as the result of what club has done in previous season alone, but as a result of hard work and big achievements in consecutive past eight years, working hard on increasing attendance with a special attention when it comes to families and young children, and due to very high standard when it comes to marketing activities and promotions.

As club will be celebrating its 75th anniversary this year, it has introduced new campaign "Together we stand, together we stand" to promote all the activities planned in this jubilee year.
In season 2017/2018 club has started its membership programs with membership cards. This program has been introduced in summer 2018 and since then number of members is growing year by year. In June 2019 club has counted 1207 members, in September the same year number of members has increased to 3810 and in June 2020 this number has reached 4500.

Those membership cards are at the same time loyalty cards and club members in possession of them are able to get numerous discounts in partnership companies of Crvena Zvezda "Cashback". This way club is trying to achieve new bonds with fans and increase their loyalty to the club as well.



Figure 4. Membership card of BC Crvena Zvezda
Source: Marketing report of BC Crvena Zvezda

Club has organized summer basketball camp on two locations - mountain Zlatibor in western Serbia and Vrnjacka banja in central Serbia. Camp had 400 to 600 children in 4-6 shifts. Year by year boys and girls from Serbia and from abroad were coming to learn the game of basketball from the Red Star coaches. This is a good opportunity for the club to attract new future fans and engage with them. Results of this strategy will be obvious in the future.

BC Crvena Zvezda does not underestimate education of its players. People from the club are aware of difficulties that players are passing through trying to match their obligations at school with tiring trainings. This is why club has organized its own high school named "Koledž Beograd" in order to better organize players' daily obligations at school with their training.

One of the campaigns marketing team of BC Crvena Zvezda is especially proud of is "Be volunteer in Zvezda". The first contract is signed with Faculty of organizational sciences (FON). Students from marketing and organization modules are recruited as volunteers of the club. Campaign is carried on by signing another contract about cooperation with Sport Faculty Union but there is possibility for students from all faculties to attend this program and become volunteers of BC Crvena Zvezda. During the season club chooses group of 30 people that will take participation in organization of all games and events. In some cases volunteers that have shown full dedication to the club and commitment in reaching the main objectives of the organization, have become full time employees.

In the season that follows, club has new goals which are to increase its fan base, to increase season tickets sold in pre-season period and to build new image of modern basketball club that pays special attention to new trends and digital marketing

2.2 Methods and tools used to describe field analysis

The research used in this paper is fundamental research as it contributes to the overall scope of knowledge in the research area but it cannot be used to solve immediate specific business problem and there are no immediate practical implications. It takes time for results of this study to

be felt. I am using inductive approach answering to the specific question formulated in the beginning. At the same time this work is exploratory as it is not giving final or conclusive answers, but different possibilities that might be useful in gaining and sustaining competitive advantage of basketball club. Even though in the paper is given case of basketball club Red Star, solutions might be applicable on any other sport club or sport organization.

Resource based view (RBV). As the field analysis is competitive advantage of the basketball club, this is the model that sees resources as key to superior performance of any company or sports club in our case. This is the main approach in achieving competitive advantage and supporters of RBV argue that organization should avoid looking at environment for the sources of competitive advantage, but should look inside the company itself. According to RBV it is much more feasible for the firm to exploit external opportunities using existing resources in a new way than acquiring new skills for each different opportunity.



Figure 5. Resource based view used for analyzing competitive advantage
Source: https://strategicmanagementinsight.com/topics/resource-based-view.html

Resources are given the major role in helping company or sport organization to achieve higher organizational performance. There are two different classifications of resources.

- Tangible resources that are physical things such as land, buildings, machinery, equipment, capital… Those things can bring just temporary advantage as all those assets can be easily bought by the competitors.
- Intangible resources include everything owned by the company that does not have physical presence such as brand reputation, trademarks, intellectual property. Brand reputation is typical example, as it is something that takes a lot of time to be built and it is not easy to be imitated or achieved by any other organization. It cannot be bought on the market.

Resources must also be:

- Heterogeneous. Skills, capabilities and other resources that organization possess differ from one to another
- Immobile. Resources are not mobile and do not move from company to company, at least in a short run.

Based on primary and secondary data and in-depth interview with the general manager of BC Red Star and marketing manager of BC Partizan (2018/2019) and observation of the author I made parallel analysis of some of the key factors that are crucial for the sport club in gaining or losing its competitive advantage.

Table 2

Key Success factors: BC Crvena Zvezda VS BC Partizan

Key factors	BC Crvena Zvezda	BC Partizan
Brand reputation	Weak (until 2011)	Strong
Human resources	Sport and business professional management	Sport management
Focus	Sport and business results	Sport results
In-house development of the players	Yes (from youth selections)	Yes (in the first team only)
Infrastructure (number of venues)	3	0
Smart data analytics	Yes	No
International activities	Yes (China)	No
Marketing research	Yes	No
Marketing activities	In-house marketing	Outsourced + fans activities

Source: RBV and observation of the author

Brand reputation. Brand reputation as a crucial intangible factor makes the biggest difference and competitive advantage and definitely is the hardest to achieve and imitate. The biggest difference, strength and advantage of the Partizan brand comparing to its competition is long lasting tradition, trophy history and a great number of Serbian, European and world basketball legends, as well as national team players and NBA players in last few decades. Due to this, Partizan NIS is the number one brand in minds of people who follow basketball in the region. It represents a benchmark for the success, no matter the ups and downs.On the other hand, BC Crvena Zvezda due to lack of results from 80's, was not that popular when it comes to basketball. Club had positive image mostly because of the positive image of football club. From 2011 BC Crvena Zvezda has started building its own brand identity independent of football club and which had been very strong in past five year. BC Crvena Zvezda became one of the best brands in basketball not only in Serbia,

but in Europe as well. Brand building is long-lasting process which takes a lot of effort and what BC Crvena Zvezda did in a short period is truly impressive.

Human resources. Management of BC Red Star had strategical approach when it comes to human resources. They have recognized that knowledge, skills and experience of the employees is one of the crucial intangible resources that make difference and bring competitive advantage. Club has invested a lot of effort in bringing professional management and educating current employees. This is one of the main reasons due to which club had taken over competitive advantage. Club has been building its strategy based on not only sports results, but revenue maximization in the future at the same time trying to rely more on itself and its own business.

One of the biggest mistakes and reason why BC Partizan lost its competitive advantage is lack of professional business management. Club has been led by former professional players who were very good in building the team but not in planning and implementing strategy that will bring profit. All financing and revenues gained by selling players, ticketing and from sponsorships were spent in team building for new season without thinking about investments which can lead to profit in the future. Government role was huge and still is, as in Serbia sport clubs Partizan and Crvena Zvezda are kind of national projects. Absence of business and marketing strategy was fatal for the club in upcoming years.

In-house development of players. BC Crvena Zvezda has merged with sport club FMP in youth selections. Club FMP and its basketball school is well known all over Europe for its systematic approach, strategic thinking and great results. Club has very good system - college and high school for players are adjusted to their obligations, trainings and games. This system is giving results as youth selections of BC Crvena Zvezda are on top of Europe entering final four of Adidas Next Generation Tournament every year.

When it comes to BC Partizan, club was signing contract with very young talented players. Coach Duško Vujošević has been working very hard to shape these players in the next two to three years by giving them an amazing experience of having a big role in Euroleague. Most of the players that passed through BC Partizan ended up in best European and NBA clubs with amazing contracts. Because of this, club became attractive for the young talents as a good way to start their carrier and gain experience. Year by year management of the club was counting on sponsorships due to good results from previous year.

Infrastructure. Besides revenues by ticketing, TV rights and sponsorships, one of the biggest advantages one club can have is possession of sports venue that can bring income. By having venue, club is able to rent it whenever it does not play home games, save cost for training as well as open other kinds of services and entertainment places where spectators can spend their time before or after the game.One of the major advantages of BC Crvena Zvezda is possession of three

sports venues where its youth selections are having practices and games. Those venues are FMP, Basket city and Basket land. College of basketball club Crvena Zvezda, its own high school very convenient for the players 14 to 18 years old is a great advantage as well. It has accommodation for talents from other cities and possibility to follow school and lectures during whole junior basketball league. College is very well-organized and very flexible so players can adjust their obligations at school with their trainings. By having its own facilities, venues and college, club is not only saving cost as it does not have to pay for practices of its selections but is also gaining revenue by renting these facilities to the other teams.

BC Partizan does not have any facilities in possession. This is one of the main disadvantages as club needs to rent all the facilities for their youth and senior selections. The expenses are very high as there are many selections.

Market research and data analytics. In recent years with the new management BC Crvena Zvezda started new era trying to improve each part of their business. To be able to feel the market and possible growth, club needs to do proper research. As it is well known, primary research is very expensive and might last too long. Club is leaning mostly on the market researches of Nielsen group. At the same time, club is monitoring number of followers and interactions on their social media platforms.

BC Partizan did not have proper marketing department in past twenty years. Marketing research had not been done. As loyalty of their fans is huge, playing Euroleague as the main competition in Europe, was enough to attract big audiences. Club did not take any actions to analyze its customers, their needs and desires. In the period of 2015. to 2018, viewership of Partizan was decreased, but even this situation was not analyzed by the club. Club did not do any analytical research about the main reasons that led to this and its impact on loyalty.

Marketing activities. On the other side, BC Crvena Zvezda and its marketing team did an amazing job with a lot of marketing activities week after week. Marketing department of BC Crvena Zvezda is on top when it comes to game day experience in past six years. Every game had some theme. Real excitement and convergence of sport and entertainment is something that characterize every game of BC Crvena Zvezda. Club paid special attention not only on match days, but even on non-match days. Still, they are well known for their activities on match days on-site. Every Euroleague game in Belgrade Arena club had organized its “Pre game Intro show” and team presentation. In season 2019/2020 club made 12 different 3D mapping audio visual performances and team presentations, which has never been seen in this part of Europe. Club have organized fan zones in the venue during games in cooperation with general sponsor of Eurocup 7days. As a lot of companies wanted to promote themselves during the half time, BC Crvena Zvezda had organized some kind of draft in September 2019 where those partners have shown their programs for mini-

games during the half time break, and club had chosen the best. In this season majority of sponsors such as mt:s Telekom Srbija, Idea supermarkets, Hell energy drinks, Old Spice, Europcar (rent a car agency) and Lutrija Srbije (lotto company) had held their activities during the half time breaks, with valuable prizes for best participants.

When it comes to BC Partizan marketing activities, they were on a very low level. At some point, club outsourced marketing activities that had been done by agency which made game day experience week by week. Still, investments into marketing activities were very low. After certain time, due to financial crisis, club stopped even this kind of entertainment via marketing agency. Atmosphere made by fans and their engagement with players along with good results were crucial for a huge interest of audience to watch games of Partizan live. This way of doing business can bring profit just for a short term, especially in modern dynamic markets.

International activities. BC Crvena Zvezda is doing coaching and youth classes in China and Belgrade for Chinese coaches and managers. They are also selling tickets and giving bonuses to those who retweet news or game review highlights. Social platform of BC Crvena Zvezda in China count over 20k followers and they are promoting themselves in any basketball activity in China, working on their popularization and better selling of their merchandizing products there.

BC Partizan Belgrade is focused on Serbian market and does not do any activities abroad.

Fan engagement. During the years when BC Partizan played Euroleague and was really successful, the club reached full capacity of Arenas where played, with much less effort. Fans of BC Partizan are very loyal when it comes to basketball, as club has big historical results and many legendary players. Each and every game was followed by many ex-players, coaches and others, so club did not need to call influencers in order to attract attention of fans. On the other hand, there is a band which is making songs dedicated to sport club Partizan only. Just by playing these songs during the game, Arena was filled with emotions and the atmosphere was amazing. People wanted to feel it over and over again. In these years, Partizan's games of Adriatic league and National league even had the biggest attendance in those leagues.

Since the major crisis club passed through in 2006, it had been facing poor fan engagement. This has changed in recent years with new management, where club is using a lot of effort in making new attractions on every game in order to provoke word of mouth and attract new fans. Club has to keep doing on this constantly.

III POSSIBLE SOLUTIONS TO SUSTAIN AND INCREASE COMPETITIVE ADVANTAGE

3.1 Michael Porters' 5 forces in case of BC Crvena Zvezda

The first step while analyzing competitive advantage is to analyze current situation and current position of the club in market. Michael Porters' 5 forces can be used for this purpose. While analyzing these 5 forces, all specifics of sport industry have to be taken into consideration.

Threats of new entrances. Barriers for new entries are very high - technical, financial and managerial. There were a lot of cases in Europe where new clubs which entered the market, having good sponsorship contracts and good results could not achieve competitive advantage and sustain in the market, as it is not easy to engage fans which are already engaged with another club.

BC Crvena Zvezda has very strong position among the clubs due to the size of its fan base and sport results in the past seven seasons. Despite its strong position on the market, entrances of new clubs to the market still might affect BC Crvena Zvezda. Power of the suppliers of BC Crvena Zvezda, players and coaches becomes bigger as there is bigger demand for them. Club has to offer bigger salaries to attract some coaches and players as every new club is new opportunity for them. At the same time, games and events organized by the new club can be considered as substitute which means stronger competition.

Bargaining power of supplier. Talking about technical suppliers, their power is low as there is a lot of other firms which club could rent for the same purpose. The other suppliers are sponsors and pay-TV and their power is high as club depends on them, their funds and prices. High skilled and educated players and coaches are crucial suppliers of the club. Coaches and players have high power as BC Crvena Zvezda is participating in Euroleague and their responsibilities and duties are great during the season. On the other hand, this might be the crucial factor for one player or coach to join BC Crvena Zvezda even if other clubs might give better conditions and wages. Players and coaches are looking for the best environment where their plays could be seen and from where their carrier might have ascending path. In most of the cases they will even sacrifice their wages at some point in order to gain better opportunities in the future.

Bargaining power of buyer. In sport industry, buyers are fans' and their demand for games is crucial and their power is big. Power of buyers when it comes to BC Crvena Zvezda was really visible during the period of crisis when club had to lower ticket prices in order to attract people to come and watch their games. In past seven years, new management of BC Crvena Zvezda has changed its previous strategy. The decision was made to offer new diverse product to the fans, making every new game a show and focusing on sport and entertainment at the same time. This

brought many people back to the venue and now they were ready to pay larger amounts of money for the tickets. As demand became much higher, club was able to increase ticket prices and bargaining power of fans as buyers is much lower as demand to price is inelastic.

Threats of substitute products and services. Substitute products are games of other basketball clubs, games of clubs from different sports and all the other events and happenings in the city such as concerts, theatre shows, cinema projections etc. Belgrade as a capital offers a lot of different leisure activities and cultural events. BC Crvena Zvezda has to prove that their product is more valuable and creative, that atmosphere that people can experience in the venue cannot be replaced by any other at that point of time. To be able to attract big number of spectators, marketing sector of BC Crvena Zvezda has been creating game day experience in new modern ways, trying to show value and diversity of its products.

Rivalry. This is one of the fields that can be connected with the threats of substitute products and services. The main rivals are off course clubs from the same sport and they are competing with BC Crvena Zvezda in many fields, not only for new fans in blue ocean market but also for coaches and players, sponsorship contracts, better conditions and discounts of suppliers and many other things. On the other side, rivals of clubs are all other sport clubs, coffee shops, restaurants, cinemas, theaters etc. To be able to survive and gain revenue in such a strong competition, club needs to make strategy which will help it decrease cost or make different products keeping its fan base at the same time. Strategy of BC Crvena Zvezda is to offer its customers or fans innovative products that are distinctive and appealing.

3.2 Use of VRIO model in reaching competitive advantage of BC Crvena Zvezda

Club needs to be aware of its resources and to distinct which are valuable, rare and hard to imitate and which are valuable but other clubs can reach it easily. If we look at the main resources of BC Crvena Zvezda, club is able to reach its competitive advantage temporarily or in long term and that depends on the resources it has. Each of the resources is valuable so not even one of them leads to competitive disadvantage.

Product innovation is valuable, but when it comes to basketball games it is not something rare or hard to imitate. Once club invents something new in organization of its main product, which is basketball game, it takes very less time for the other clubs to follow the same concept. This leads to competitive parity or to temporary competitive advantage but in a very short period. Even though the club is not gaining competitive advantage, it still has to work on product improvement each and every game. BC Crvena Zvezda is one of the clubs that bring some innovation to each and every game.

Table 3

Vrio Model of BC Crvena Zvezda

Resources	Valuable?	Rare?	Hard to imitate?	Is organization organized around it?
Product innovation	YES	NO	NO	YES
Marketing activities	YES	NO	NO	YES
Market research	YES	YES	NO	YES
Infrastructure	YES	YES	NO	YES
Professional management	YES	NO	NO	YES
Relationship with partners	YES	NO	NO	YES
Customers experience and loyalty	**YES**	**YES**	**YES**	**YES**
Brand reputation	**YES**	**YES**	**YES**	**YES**

Source: Created by the author based on RBV

Marketing activities are valuable, but not rare as every club is working on them. At the same time it is very easy to imitate it. Some of the activities are very cheap to be imitated but some are very expensive. Whatever the case is, clubs need to keep working on inventing always new marketing activities. BC Crvena Zvezda is the club with the largest number of innovative activities on and off the court, surprising fans over and over again.

Market research is valuable and rare resource as most of the clubs are not working on it. This is one of the resources that is outsourced in most of the cases. It definitively brings competitive advantage at least on temporary basis but in some cases even in long term.

Infrastructure is valuable and rare resource. BC Crvena Zvezda has 3 sport venues in its possession and this is one of the main sources of competitive advantage. This resource is valuable and rare as majority of clubs have to rent sport venues. Again, even though it is expensive, other clubs are able to imitate and build their own sport venues as well. At the moment BC Crvena Zvezda has temporary competitive advantage. By building sport venue for its first team, BC Crvena Zvezda might increase its competitive advantage.

Professional management is one of the most important resources that club can have. It brings competitive advantage at least temporary. Innovative and creative management with appropriate know-how is not easy to imitate, but at the same time, not impossible. Club always

needs to work on education of its employees and their knowledge about the latest achievements in the industry. KK Crvena Zvezda is well-known for its young and innovative management team.

Relationship with partners and sponsors is valuable resource, but with it clubs mostly achieve competitive parity, as all the clubs build their relationships with partners and sponsors. Again, in case clubs are doing something extra trying to promote their partners and sponsors to the fans and are trying to achieve their attachment to those companies, clubs can gain competitive advantage in longer period.

Brand reputation is one of the most valuable resources club can have. It is valuable, rare, hard to imitate and organizations are working hard on building strong brand as it is the main source of competitive advantage. As it is something that separates certain club from all the other clubs and something that certain club is recognized for, brand is a source of permanent competitive advantage.

Customers', or in our case fans', experience and loyalty is something that is valuable, rare and very hard to imitate. Due to their emotions and love for the club, there is no any other club that can make them feel the same way. These feelings are leading them to loyalty. This resource is definitely source of permanent competitive advantage.

By VRIO model BC Crvena Zvezda can see which of the resources are crucial and which are of less importance than the others. According to this, club has to prioritize its investments season by season. Club should definitely never make any compromises when it comes to fans engagement and brand building. Still, once fans show their loyalty and engagement, club can use less expensive methods and focus more on sport throughout the games.

3.3 SWOT analysis of BC Crvena Zvezda

SWOT analysis is one of the greatest tools that shows strengths and weakness points of one organization and opportunities and threats in the market. It is very important for an organization to be aware of it as the main goal should be to turn its weaknesses into strengths, to avoid threats and to use the opportunities. When it comes to basketball club Crvena Zvezda, there are many strengths by which this club differs from the other clubs.

Besides strength, BC Crvena Zvezda has a lot of weakness points. By turning its weaknesses into strengths, club is improving its competitive position in the market. At the same time, club should not neglect general situation in Serbia and in Europe as well as the situation on sport market, which includes status of its main competitors, their actions and reactions to different circumstances.

Club can gain competitive advantage using different strategies. It might mean product differentiation or lower cost in a long term or focusing on one of those.

Table 4

SWOT analysis of basketball club Crvena Zvezda

STRENGHTS	WEAKNESSES
-good location -professional management and experienced staff -participation in best European and regional competitions -good reputation and credibility -ownership of three sport venues -sponsorship from the best companies in Serbia and Europe -organized basketball college -summer basketball camp -wide broadcast coverage -partnerships with other successful companies -high level of marketing activities	-poor history and tradition (when it comes to basketball) -weaker brand image compared to the biggest competitor (when it comes to basketball) -club does not have ownership over venue for its first team -lower fan engagement -low level of market research -low level of merchandising activities -e-sport -lack of value co-creation
OPPORTUNITIES	THREATS
-new markets -new partnerships -possibility of new co-branding products -cost reduction	-uncertainty/unstability in the country -economic crisis -unemployment -strong competition in Europe

Source: Created by the author based on RBV

Brand reputation building. Besides product differentiation, brand image can be enhanced via sponsorship contracts. This effect is called strength of association and it is very important in sport industry. The same way reputation of sport clubs impact reputation of sponsors, sponsors' reputation can affect reputation of the sport club. Majority of sponsors of BC Crvena Zvezda, including the official sponsor, are domestic companies and BC Crvena Zvezda can build its brand and increase customers' awareness by looking for new sponsors among multinational companies. This strategy will lead to image transfer from multinational companies to BC Crvena Zvezda and higher recognition of the club internationally. Even though official sponsors of BC Crvena Zvezda and some of the main sponsors are the biggest domestic companies, their achievements are not well known internationally. Working on this task, management of BC Crvena Zvezda should consider fit between the club and company they are supported by. This fit is multidimensional construct and this similarity may come from mission, products, markets, technologies, attributes, brand concept or any other key association. The best match will be achieved in case of overlap of target markets or in case of overlap of brand or brand positioning strategies. Sponsorship gives the best results when two partners are linked to the same group of consumers and share similar kind of message.

Building of new basketball venue. If it wants to achieve and increase its competitive advantage, BC Crvena Zvezda should look for the ways in how to build its own Arena for the senior

team as it is the main method which makes club generate high revenues at the same time being able to save costs.

Having its own venue is one of the biggest advantages one club might have. Today's sport is so much more than just a game and modern sport facilities generate revenue sufficient to cover their construction and operating costs. BC Crvena Zvezda needs to have strategic approach when it comes to this, because building new Arena means a huge investment which is not easy to reach. The main reason for this is that venues which have been built in recent years do not have only one purpose, which is sports games being held, as it used to be in the past. Venues became much more than that, as they give different opportunities to the club, and different kinds of events can be held inside them. BC Crvena Zvezda should build new venue in such a way to fulfill different needs of people. It should be the place where people can spend part of the day with their families and friends, with a lot of possible activities to do even when team is playing away. Sport Arena is the most important distribution channel, so club needs to pay special attention to every detail.

The most important areas that should be taken into consideration are location and accessibility of the venue, layout and design, facilities indoors and customer service.

BC Crvena Zvezda has to find **nice and attractive location**, easy to access from different parts of the citie by public transportation. Parking places are playing very important role, as people are mostly coming using their own cars. These parking places can be used for renting during periods when there are no events taking place inside the arena. This can be another revenue stream for the club. Arena should be for at least 20000 people so number of entrees and exits should be enough to make the flow of people faster.

When it comes to **design and layout**, it is very important part of business. It should be attractive with symbolic colors of the club, certain size, shape and lights. Look of the Arena from inside and outside is part of the club's branding and its importance is immeasurable as it gives the fans first impression and builds their perception about the club.

When it comes to branding, indoors of the arena should dominate red and white colors which are colors of the club. Branding the parquet and whole indoors of the venue is not as easy and cheap operation. So far, BC Crvena Zvezda has played its games in Belgrade Arena and sports hall Aleksandar Nikolić (ex Pionir). The fact that both venues had been used by BC Partizan each week, as well for the purpose of playing its Eurocup and Adriatic league games, got BC Crvena Zvezda to have new costs each week with branding the venue over and over again. Even branded locker rooms and outdoors for certain purpose could not stay that way until the next game or next event. By building its own arena BC Crvena Zvezda will be able to decrease or completely exclude these unnecessary costs. Club will stay with more funding which will be possible to invest in growing its business.

The other part of design and layout of the arena is also lighting of the playing area. Club was spending a lot of money for 3D mapping during team presentations before each Euroleague game. By owning its own venue and adjusting proper lightning and ambience, a lot of cost might be saved as club will not rent equipment for each and every game and people required to fix it.

The club, in case of possession of its own venue, may adopt the look of the venue and its capacity to different needs of customers or fans in our case. Each part of the Arena is important and as BC Crvena Zvezda is renting Belgrade Arena, many ideas that consider investments and changes in the seating area cannot be realized as Belgrade Arena is used for many other purposes. This is as well of the reasons club needs its own space. By having its own venue, club can improve overall seating quality, make special premium suits, corporate boxes with catering, bars and other special services in order to improve overall experience for their fans.

Sport venue gives flexibility to the club for trainings and practice games as well as for arrangement of their scheduled games. As club played its games in Belgrade Arena and Pionir sports hall, club had to reschedule some games or play in another place in case there was a certain event planned and organized on the game day. In case of owning its exclusive Arena, basketball team has its priority and all the other events would become secondary. Medical and massage center can be an advantage.

BC Crvena Zvezda has to build modern venue with a **variety of facilities** indoors that will be attractive to people not only to spend time of the game in it, but regardless if it is a game day or not. There should be variety of food and beverage outlets, food courts, child-care facilities, merchandising areas, all at the best customers', or in this case - fans' convenience.

Renting the sport venue to the others for different purposes, sport or non-sport, might be another very important source of revenue and way to increase competitive advantage.

New markets. Trying to make its market wider, one of the main strategies that could be used for this certain purpose is **Blue Ocean Strategy** which is looking for segment of population that is not interested in sports or is not yet determined.

As we can see by the last research of CESID, in Republic of Serbia, there where 5000 people which were asked about the sports club they are fan of. Only 64% of people declared as those who are following sports, out of which 32% have declared as supporters of sports club Crvena Zvezda and 23% as supporters of sports club Partizan. 9% of the population are supporters of other sport clubs.

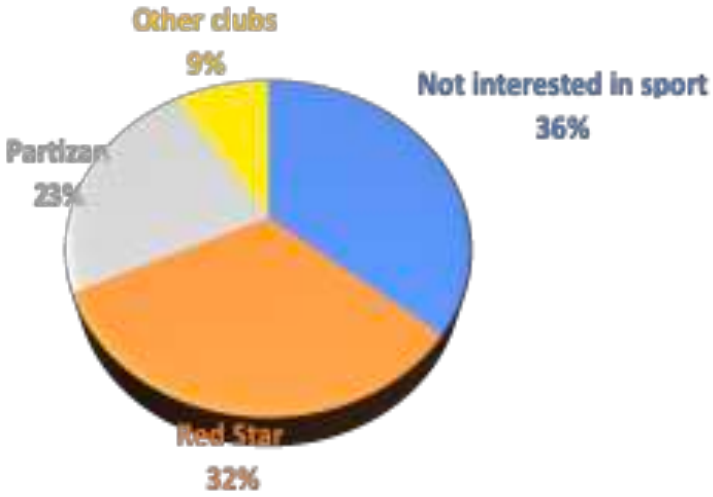


Figure 6. Sport fans in Republic of Serbia

Source: CESID (Centar za slobodne izbore i demokratiju)

Following blue ocean strategy when it comes to sport industry, we can say that BC Crvena Zvezda should look for new supporters among 36% of people that are not very interested in sports. This population should be potential target group for BC Crvena Zvezda.

In case of Republic of Serbia, popularity of basketball was extremely high in periods when basketball national team of Serbia had big results in European and World Championships and Olympic games. This is one of the main factors that influence popularity of certain sports in Serbia. As results of the Serbian national team are not the same as in the past, popularity of basketball has decreased. Clubs need to make more effort to attract fans to the venues. According to the Nielsen group research, 47% of population of Serbia is following basketball. Out of it 2.4 million is following Euroleague actively and 1.4 passively. BC Crvena Zvezda has 1.690.000 online followers in media in Serbia. 1.1 billion has been following games of BC Crvena Zvezda in season 2019/2020 via television.

Blue ocean strategy can be conducted by attracting more female fans or by entering market niches in which interest for BC Crvena Zvezda and its activities has been on very low level.

Female basketball fans. The fact is that majority of the fans of BC Crvena Zvezda are male population. Lack of women fans represents one of the major opportunities for making its fan base wider. BC Crvena Zvezda has to show special attention when it comes to female population and their needs. Entertainment throughout the game should be adjusted so that each game should be organized with at least one event dedicated to the ladies with customized prizes from sponsor Mona, which is one of the major sponsors of the club, selling leather clothes and bags for female and male. Lack of knowledge about the sport rules and club itself can be the major obstacle for them to engage with basketball and the club. BC Crvena Zvezda has to organize different quizzes on social media where women will compete when it comes to knowledge about basketball rules,

club's history and legends, leagues club is participating in, actual results and achievements. This is one of the main preconditions in order to engage them as knowledge about the club and basketball leads to increased interest.

Market niches. BC Crvena Zvezda play its all Euroleague games in Belgrade, where it is from. Euroleague game is the major sports event in basketball throughout the season and as it is played on Thurdays and Fridays, for most people not living in the capital is not convenient to attend those games. As majority of them have never had the opportunity to attend such a big event as a Euroleague basketball game of BC Crvena Zvezda is, their engagement to the club is very low or does not exist. Clubs' marketing team should make extra effort to attract people from different regions of Serbia and make its fan base wider. During the regular part of the season each Euroelague team is playing seventeen games at home hosting other teams. Each of these games is a big opportunity for BC Crvena Zvezda. Each week that team is playing its game as a visitor, marketing team should organize fan zone in the city center of some smaller city, playing songs of the club, selling souvenirs and merchandising products and organizing award winning games where people will compete for the tickets for the next game where club will be the host. For fifty people that get the tickets for the upcoming event, BC Crvena Zvezda will send a bus completely branded in colors of the club and its logo and they will be part of the next game show. This will not engage only those who won the tickets and attended the event, but it will provoke word of mouth in entire city and its suburbs. The whole tour considers complete coverage by local and national media.

Fan engagement and value co-creation. After the major crisis in the history of BC Crvena Zvezda in 2006, new management had to take decision in how to engage with the fans again, boost their interest and increase attendance. This is not an easy job. Distance of the fans from basketball lead to lack of knowledge about actual situation, attractiveness of the league and rivals and even club's activities. In the first phases, entertainment has to take priority over sport introducing slowly club's activities and players. After that, the most important is to make good balance of sport and entertainment as per the taste of the majority. There are different segments of people in sports arena and club needs to make good balance to be able to satisfy the needs of each of them. Balance of sport and entertainment can be shown using consumer function.

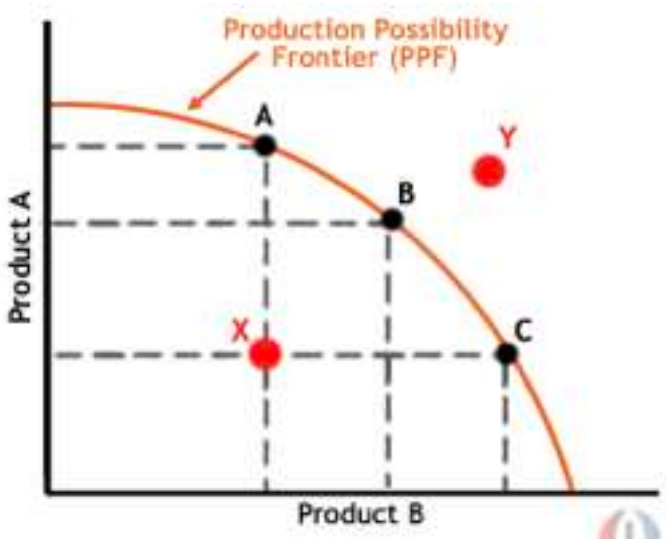


Figure 7. Production possibility frontier curve of BC Crvena Zvezda

Production possibility frontier is a curve that represents rates of production of 2 different commodities that use the same factors within the specific period (Berndard, 2007). In this certain period the technology used in production is assumed as constant. As it is shown in the diagram, we can use production possibility frontier curve to show possible levels of sport and entertainment in order to satisfy needs of fans of BC Crvena Zvezda. Entertainment is shown as product A and sport is shown as product B. To maximize satisfaction of the fans, club has to use specific approach to stay on production possibility frontier curve. To be able to attract fans in first stages, entertainment should be more emphasized, as fans are not attached to the sport or to the club enough. The point along the curve shows optimum level of fans' satisfaction using different strategies. As fans are becoming engaged in basketball and the club, having better knowledge about the game and rules, their interest for the sport and their loyalty is becoming bigger. In this case, club is moving from point A to point B or further to point C, depending of the need of the fans. In case club's marketing team is not using breaks and time before and after the game for different marketing activities, club is in point X, as there is possibility to improve fans' satisfaction. Of course, here we are talking only about the factors which management can influence on. There are some factors such as reputation of the rival or uncertainty of the game that are important factors which contribute to fans' excitement and satisfaction but are not in control of the management.

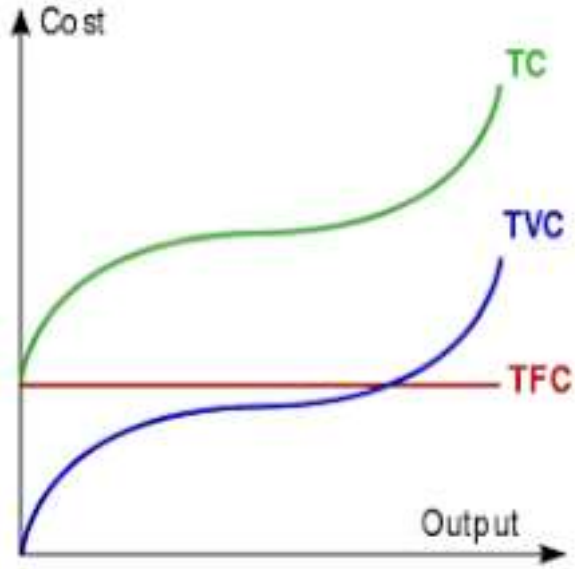


Figure 8. Fixed, Variable and Total costs

Whenever club is organizing one game there are total fixed costs. Those costs include rent of the arena, salaries of the employees, security, ticketing and all the other costs that are necessary for the game to be organized. With bigger interest for sport and loyalty of the fans, BC Crvena Zvezda is able to decrease cost by focusing more on the sport and entertainment activities related to sport and less on other kinds of entertainment. Other kinds of entertainment might mean very high cost which are variable and increase total cost for the clubs. Of course, fans need excitement and different kinds of entertainment, and club is there to develop new aspects of game experience by adding value to the sport game as a primary product. Still, once club reaches loyal fans, it can play with different amounts of sport and entertainment game by game.

One of the ways which can give very good results when it comes to fan engagement is value creation through participation in sport fan consumption communities. Fans have need to feel as a part of sport fan community. At the same time, they have need to, by participating in different activities of the fans, contribute to the club's success. This is one of the things in which BC Crvena Zvezda lags behind. Fans' banners and choreography during the game is something that makes people feel as part of the game scene and important for the motivation of the team. At the same time, those activities are increasing an individual's preferences for the team's goods and services. Participation in sports fan community is usually leading to positive attitudes and emotions towards the team as well as to positive word-of-mouth.

Fans banners and choreography are very important in attracting people from different countries that are willing to feel atmosphere made at the game by fans. This strategy is called behavioral spillover effect and it might bring cost leadership. It is completely arranged by the fans and it does not cost club anything besides giving opportunity to the fans to carry out their activities

in order to arrange and prepare everything for the games. In case of BC Partizan, it gave very good results.

Fans of BC Crvena Zvezda are not proactive and organized the way fans of BC Partizan are, so I think that marketing sector can motivate fans to send their proposals or ideas for banners that will be displayed by fans during Euroleague games. This might be competition via social media with special awards for those whose slogan is chosen. Club might decrease cost by this activity as the only cost will be copying of the cardboards. At the same time, it is proven that activities like this enhance fans' engagement.

In-house development of the players. Even though basketball club Crvena Zvezda is famous for its in-house development of the players, crucial players of the first team are foreigners. Team still has 4-5 players from the youth selections of the club, but their role is not as big as it used to be in the past. Club needs to keep investing in youth selections development. Due to amazing, modern facilities for the youth selections, BC Crvena Zvezda has a very good base for growth and development of youth selections. The best strategy should be to sign a long-term contract with their players at the age of 18 and then by trading them to the other club prior to ending the contract, club will earn compensation which is in this case some kind of return on investment in sport. These compensations can be the biggest source of revenue of BC Crvena Zvezda.

Merchandising activities. BC Crvena Zvezda has only two well-known official "Red Star shop" shops in Belgrade, one in the football stadium and another in Belgrade city center and it is selling its merchandising products online as well. As a club with the greatest number of supporters in the country and region, I think that club has a lot of opportunities in this field which are not used. On the other hand, location is not convenient for the people that are not living in the capital. Having at least one extra shop in Novi Sad and Niš as the two biggest cities after Belgrade in North and South part of the country, will make shopping convenient for people that are living in these regions as there are many club supporters. Location is maybe the most important factor when it comes to business. Good location means higher revenue and profit and bigger size of the market.

Huge Serbian diaspora is another opportunity, especially countries with the highest number of Serbian immigrants.



Figure 9. Serbian diaspora in the world

Table 4

Serbian diaspora by countries

USA	>1.000.000
Germany	>700.000
Austria	>300.000
Switzerland	>200.000
Sweden	>100.000

Source: https://en.wikipedia.org/wiki/Serbian_diaspora

Counties with the largest numbers of Serbian citizens are potential markets for Red Star Shops. As it is shown in the table, those countries are Germany, Austria, Switzerland, Sweden and USA. Only city of Chicago with its suburbs has over 350.000 Serbian immigrants. In these countries, most of the Serbian domestic or Ex-Yugoslavian products found its place on the market, and Red Star shop can be something that will make people living abroad "closer" to Serbia.

Club is doing a lot on variety of products and every year this is wider and wider. In its collection, club has football jerseys and macrons for adults, kids and babies, jackets and shirts, flags, scarfs for the games, home decoration products, school supplies, products of ceramics and glass, souvenirs etc.

Still, most of the products are products of football club and there is not even a jersey of basketball club. This is something club has to work on, as there are more basketball fans year by year. Working on brand of basketball team should include this field as well, as popularity of basketball among Red Star supporters is increasing in past 5-7 years.

Also, there is no female collection in Red Star shop. Club with reputation and popularity of Red Star should not permit it. This should be one of the major targets in the future as female population should be the target market.

Marketing activities. As it is mentioned previously, club has done a lot when it comes to marketing activities on match day on site. Still, there is a lot of space for improvement when it comes to match day experience off site or non-match day experience.

As team schedule is very busy, marketing team can usually not count on the players many days during the week. They mostly organize some activities during short holidays throughout the season but this will be the main field where clubs in the future will fight for each and every new fan. Short 3x3 tournaments held by the club, organization of different activities where people can socialize with the players and take the autograph or eventually activities in the shops of the main sponsors will increase the fan base.

Virtual reality is another field where sport e-games are becoming more and more popular in the world in recent 10-15 years among millennials. They are generation that is known for its usage and knowledge of Internet, Social media and mobile devices. New technologies and its integrations made fantasy games very attractive. Clubs that have their teams in e-games can make huge profits out of that. There are possibilities of competitions between the fans with the possible awards for the game winners. Club can make cooperation with its biggest rival BC Partizan organizing tournaments off the court with professional gamers to contribute to its competition and rivalry.

Club can organize “watch parties” in some bars or venues where fans will be able to watch together the games which BC Crvena Zvezda is playing away. Fans have need to socialize and gather while supporting the team. Marketing team can be the one to organize these events and by this achieve even stronger engagement with the club and new revenues.

Digital marketing. Digital era cannot be escaped even during watching sport games live. Most of the spectators are looking for the extra contents on their smart phones while watching sports events. Introduction of WIFI in sport arenas can be very important factor in increasing attendance and popularization of the game as it might get people closer to the atmosphere from the venue. On the other hand, digital era brought possibility of digital ticketing via bar codes on mobile application. This kind of ticketing means certain costs during its introduction but it is cost saving strategy in a long term. At the same time, it is a green project and can be part of CSR of BC Crvena Zvezda by which club can show its concern for the environment and action towards greater awareness of people when it comes to this topic.

Decisions taken in order to gain and increase competitive advantage in certain fields have to be followed by proper performance management evaluation. BC Crvena Zvezda needs to establish systematic approach and invent different tools which will be helpful in measuring costs and benefits

of the performance management system. Performance management has to be viewed from a strategic perspective and it should be linked to an organizations' vision, goals and objectives. The best measure is satisfaction of the main stakeholders of the sport clubs. Those stakeholders are players, employees, equipment suppliers, members, owners and shareholders, sponsors, player agents, fans, community and society and media. The main measures are financial stability through league turnover and net assets, corporate support, broadcasting rights, media exposure, public interest, media coverage, competitive balance and game development. At the same time, club should not neglect sport results as there is a close correlation between revenue and success in most professional sport leagues. Larger resource base and capacity to secure the best facilities, the best coaches and the best players will on balance have the best win-loss ratio.

By analyzing case of BC Crvena Zvezda, certain recommendations have been given as the proposals that can lead to sustainable competitive advantage in long period and its expansion.

Club has chosen differentiation of its product as the main strategy to reach competitive advantage. Entertainment has been prioritized over sport and it gave good results in the first stage as it had a huge impact on attendance. Higher attendance provoked word of mouth and spillover effect has been shown. Club kept enhancing its product and customer experience. By this, club has built its reputation. Club has built fans loyalty and their interest for basketball and for the club has been increased. At this point, club is in the position to make a good balance between sport and entertainment as a part of its marketing strategy. Club has the opportunity to combine very expensive differentiation strategy which it had been using in past five years together with cost leadership strategy which will mean bigger fans' participation in game day experience and lower costs. This may cause similar effects, higher attendance and loyalty with less costs.

Cost saving strategy is very important in reaching another goal and that should be building its own infrastructure. This is another way to boost its competitive advantage and keep it in a long term as this resource cannot be imitated in short period. Ownership over sport venue has long-lasting effects in the future.

Even though BC Crvena Zvezda has very large fan base, club needs to keep looking for new uncontested markets. Value of each new fan is very big. They are contributing to club's success by attending club's games, promoting it and purchasing its products. Club should make proper research of the market and use blue ocean strategy to find and attract people from certain market niches whose interest in basketball is on very low level.

CONCLUSION

21st century brought a lot of innovations in sports industry and funding of sports organizations. Situation where sports organizations (sports clubs, federations and leagues) rely only on sponsorships, commercial deals and government investments is past. Management of sport organizations needs to think more economically. Orientation on sport results and focus on winning only on the court will lead club to bankruptcy if not in short-term then in long-term definitely. Primary objective of sport club has to be how to reach or keep competitive advantage by striking the right balance between sports performance and profitability. Sport organizations today need to build a long-term business culture and to survive the pressure that brings short-term performance due to this. The main goals of professional clubs should be how to increase the quality aspects, how to reduce or eliminate cost, what the new elements that could be introduced are and how to find new market space, still uncontested.

Even though sport organizations are similar to traditional business organizations - professionally structured and managed, where players and administrators are paid employees, games and activities are branded products and fans are customers - sport shows also have some differences from classic business. Sport is consumed by strong emotional attachments linked to the past through nostalgia and tradition. Emotions and passion sometimes override commercial logic and economic rationality. At the same time, predictability and certainty that are goals in commercial world, sport results are characterized by uncertainty and clubs cannot rely on them solely. Uncertainty is exactly what attracts fans to attend the sport events. Sport is not driven by the need to optimize profit in a way used by other traditional businesses. When deciding about mission and goals, sport clubs need to optimize two conflicting models - profit maximization model and win maximization mode. Both are important for sport club as to fulfill its objectives.

Taking into account insights given in literature review and comparative analysis of BC Crvena Zvezda and BC Partizan, it has been shown that in sport, focus only on sport results and achievements, might bring comparative advantage only in a short term. BC Partizan is very good example how strong brand, great sport results and support of the enormous number of fans is not sufficient to keep competitive advantage. By comparing resources and key factors of success of BC Crvena Zvezda and BC Partizan as its main competitor, I showed that strategical approach, long term planning professional management and diversification of activities that enable financing from inside will always give results and make sustainable business. Stability of the club is the main goal and base for building good sport results, not opposite.

To be able to analyze further steps that BC Crvena Zvezda needs to take, in order to sustain its competitive advantage, we need to know current position of the club. Michael Porters' 5 forces

has been used for this certain purpose as a base for further research and it is shown that current position of the club is very strong.

Resource-based view is model that competitive advantage as field analysis leans on. Resources within the company are crucial for superior performance of the club. In past seven years BC Crvena Zvezda took over competitive advantage in Serbian market and use of its in-house resouces have played the main role. VRIO method is used as a tool to show which of these resources bring competitive advantage in short or in long term. BC Crvena Zvezda make big investments in product innovation and marketing activities. Those resources are valuable but they are very easy to imitate so they are bringing competitive advantage only in a short term. Infrastructure is very important resource, rare and valuable but in long term can be imitated as well. Those resources that are bringing competitive advantage in long term are those that take the most time to be built - customer experience and loyalty and brand reputation. These are the main resources on which BC Crvena Zvezda has to build its strategy.

Competitive advantage is not everlasting and once gained it might be lost very easy. To avoid this situation, sport club needs to keep introducing value innovations to ensure strategic growth. At the same time club has to expand its business on new markets reaching new segments of consumers.

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ANNEXES

GLOSSARY OF TERMS

Behavioral spillover effect – process where adoption of one behavior spill over into the adoption of another. They are often seen to occur as a result of changes in motivation and preferences at the individual level that impacts further behavioral outcomes. Can be positive and negative.

Competitive advantage - a condition or circumstance that puts a company in a favourable or superior business position

Cost leadership - establishing a competitive advantage by having the lower cost of the operation in the industry

Differentiation - process of distinguishing a product or service from others to make it more attractive to a particular target market

Resource-based view (RBV) - managerial framework used to determine the strategic resources a firm or organization can exploit to achieve sustainable competitive advantage

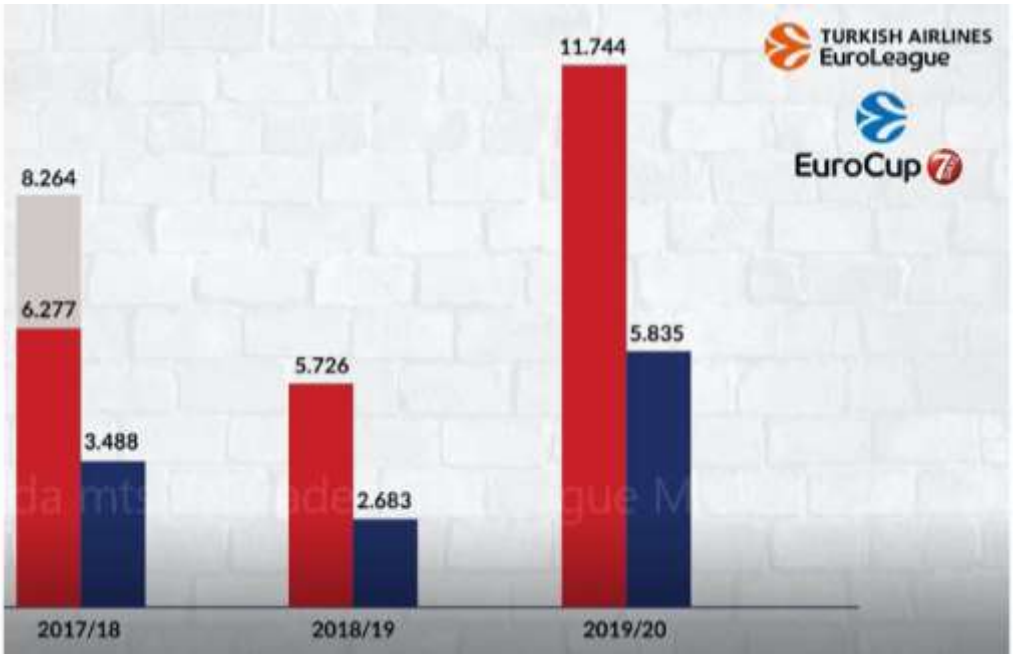
Strategy - consciously intended course of action, guideline or set of guidelines to deal with a situation

Strategic fit - matching sport organization activities to the demand of the environment

Number of season tickets sold in last 2 Euroleague seasons



Attendance of BC Crvena Zvezda games in Euroelague and Eurocup in last 3 seasons



Number of followers on social media of BC Crvena Zvezda

