

A stakeholder approach to sporting events: A case study of Spokane Hoopfest

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ABSTRACT

Spokane Hoopfest is the largest outdoor 3-on-3 street basketball tournament held on the final weekend of June in downtown Spokane, Washington annually. As the largest outdoor basketball event in the world, more than 1,000,000 visitors come to the Spokane area to enjoy the event annually and about 27,000 players on 7,000 teams coming from 42 states participate in the basketball event (Spokane Hoopfest Association, 2016). The Hoopfest event has given \$46 million of economic benefit to the Spokane area annually. Even though the Hoopfest event has increased profit since 1990s, Spokane Hoopfest Association (SHA) has faced issues regarding the event operation. This case study was analyzed based on 1) Stakeholder theory that concerns how the environment of people affects organizations and/or how those people are affected by the organizations' actions and 2) SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis to diagnose problems that SHA faces and to suggest recommendations for SHA.

Keywords: Spokane, hoopfest, stakeholder, sporting event, visitor satisfaction

INTRODUCTION

Background

Spokane Hoopfest is the largest outdoor 3-on-3 street basketball tournament held on the final weekend of June in downtown Spokane, Washington annually. As the largest outdoor basketball event in the world, more than 1,000,000 visitors come to the Spokane area to enjoy the event annually and about 27,000 players on 7,000 teams coming from 42 states participate in the basketball event (Spokane Hoopfest Association, 2016). About 450 basketball courts in downtown Spokane are prepared to house 14,000 games, and almost all blocks in downtown are closed to host the Hoopfest event. The event is a combination of tournament and festival, making it an ultimate hoops experience for fans, players, volunteers, sponsors and vendors (Bozman, Kurpis, & Frye, 2010).

The history of Hoopfest festival goes back to 1990s. The idea of the Spokane Hoopfest was born from two separate groups; one group with members from the Midwest who wanted to see the continuance of the 3-on-3 ball they had back home and the other with members trying to raise money for Special Olympics. Two groups merged under co-founders Rick Betts and Jerry Schmidt, and Spokane Hoopfest Association was created. The first Hoopfest event was held and hosted 2,009 players on 512 teams on June 30 and July 1 in 1990 (Spokane Hoopfest Association, 2016). Since 1990, Hoopfest has grown as a family festival as well as the largest 3-on-3 basketball tournament in the world and the event has significantly influenced Spokane's economy.

The mission of Spokane Hoopfest Association (SHA) is to 1) organize an excellent 3-on-3 street basketball tournament and create a festive atmosphere emphasizing athleticism, fitness, sportsmanship and fun, and to 2) support Special Olympics and basketball-related charitable organizations by distributing profits generated from the Hoopfest basketball tournament and related activities (Bozmann et al., 2010; Elder-Groebe, Duggin, Ferguson, & Grace, 1998; Spokane Hoopfest Association, 2016).

Regarding the basketball tournament, teams are determined based on two competition levels (i.e., recreational and competitive) and three divisions groups (i.e., standard, elite, and other groups such as Special Olympics) according to age, playing experience, height, gender, and competitiveness. Rules of Hoopfest tournament are a little bit different from original basketball. Each team can have a maximum of four players and games are won by the first team to score 20 points or by the team that leads the game after 25 minutes. Players should call their own fouls themselves. This is because the mission statement of Spokane Hoopfest event is based on Sportsmanship (Spokane Hoopfest Association, 2016).

Problem Diagnosis

Spokane Hoopfest has grown since middle 1990s and has become the most popular and well known 3-on-3 basketball event in the world. The Hoopfest event has given \$46 million of economic benefit to the Spokane area annually (Bird, 2016). Even though the Hoopfest event has increased profit since 1990s, SHA has faced issues regarding the event operation. Some merchants in downtown Spokane opposed the Hoopfest festival being downtown by insisting street congestion and limited parking associated with the event make it difficult for regular shoppers to patronize their stores (Bozman et al., 2010). In short, problems that SHA has to resolve to successfully host the Hoopfest event annually include 1) parking space and downtown congestion issues, 2) friction with downtown merchants, and 3) visitors' satisfaction issues.

First, limited parking space downtown has been a big problem to visitors coming from other areas. Available parking spaces are about 9,000 and this number is only one-twenty fifth of all participants. Once the event begins at the end of June, about 40 blocks in downtown are closed, which causes large congestion issues during the event. This has been controversial issue in Spokane city and alternative options such as using basketball courts in other areas instead of using downtown courts or increasing parking space have been presented, but the association has not been able to find a good solution.

Second, merchants in downtown areas have opposed the Hoopfest event stating many regular shoppers cannot access the downtown area due to the event during the weekend. Since the following next week of the Hoopfest event weekend includes Independence Day, merchants downtown expect many people to spend a large amount of money during this period. However, the problem is SHA wants to follow their tradition that has hosted the event in the last week of June in downtown, and this time is a good opportunity for visitors to join the event since it is summer vacation season.

Third, visitors' satisfaction with the Hoopfest event is another problem. According to a survey conducted in 2006 by SHA, about 65% of visitors who participated in Spokane Hoopfest event answered that they were not willing to come to Spokane again to enjoy the Hoopfest event. One of the reasons was because they thought there's nothing special that they could enjoy during the event period except the basketball related activities. In other words, the results of the survey showed many visitors were not satisfied with the Hoopfest event and this affected their revisit intentions.

Discussion Questions

1. Spokane Hoopfest basketball is one of the largest basketball events in the world. What is the historical background of the event and how does it affect local economy of Spokane, Washington?
2. What are key secrets that have made Spokane Hoopfest successful?
3. With regard to hosting Spokane Hoopfest, what are the main problems and what potential issues might negatively affect the event?
4. To resolve problems and issues mentioned above, what are the resources that Spokane Hoopfest Association (SHA) can take advantage of and how should they be used?
5. What are substantial recommendations for SHA to develop the annual event?
6. Regarding hosting a sporting event in a local community, what are important considerations that decision makers in a city should make to maximize the benefits and minimize risks of the event on a local economy?

LITERATURE REVIEW

Stakeholder Theory

Organizations make an effort to maintain good relationships with their stakeholders (Walker, Kent, & Vincent, 2010). Stakeholders are "any persons or group that can affect or be affected by an organization" (Coombs, 1998, p. 292). Coombs (1998) classified stakeholders into two groups, primary and secondary stakeholders. Primary stakeholders are "those whose actions can be harmful or beneficial to an organization" and the secondary stakeholders mean "those who can affect or be affected by the actions of an organization" (Coombs, 1998, p. 292). Schiebel and Pochtrager (2003) also specified stakeholders into six groups (i.e., customers, employees, business partners, communities, investors, and environment), and noted that one of the

important roles for organizations to achieve their goals is to concern about their stakeholders. In this sense, the stakeholder approach assumes that stakeholders in an organization directly or indirectly affect an organization's objectives (Freeman, 1984).

Stakeholder theory concerns how the environment of people affects organizations and/or how those people are affected by the organizations' actions (Freeman, 1984; Getz & Andersson, 2010). Stakeholder theory has been extensively cited in previous literature (e.g., Donaldson & Preston, 1995; Freeman, 1984; Getz & Andersson, 2010; Marsden & Andriof, 1998; Smith & Westerbeek, 2007) to examine the relationship between organizations and stakeholders. In particular, the stakeholder theory has been increasingly used in event management (e.g., sport events or festivals) to explain how managing stakeholders associated with the events is important to improving organizations (Andersson & Getz, 2008; Getz & Andersson, 2010; Parent, 2008). For example, Parent (2008) examined how organizing committees for major sport events evolved and how their stakeholders should manage issues related to the sport events based on the stakeholder theory and issue management. Getz and Andersson (2010) also examined the importance of stakeholders to festival organizations based on the stakeholder theory. In sports, researchers (Brown, 2003; End, 2001; Sutton, McDonald, Milne, & Cimperman, 1997; Walker et al., 2010) demonstrated that sport organizations can utilize active communication with stakeholders (e.g., sport fans) as an effective way to achieve benefits for organizations.

Many studies (Bohlmann & Van Heerden, 2005; Kurtzman & Zauhar, 2005; Ntloko & Swart, 2008; Weed & Bull 2004) showed hosting an event in a city provides a local community with economic benefits (e.g., business development and promotional benefits) and social benefits (e.g., community development, civic pride, and event production extension). Considering the significant impacts of the events on the host communities, managing the involvement of people for the events is essential to have successful event management (Ntloko & Swart, 2008). Understanding accurate impacts of sport events enables host communities to reduce potential risks (e.g., community disruption or sustainability issues) and to enhance social and economic development (Delamere, 2001; Ntloko & Swart, 2008).

In this study, significant stakeholders of Spokane Hoopfest event are out-of-town visitors, local residents, and the city of Spokane. In particular, out-of-town visitors that come from other states or countries to participate in the largest 3-on-3 basketball tournament in the world are key stakeholders for SHA. In other words, the economic success of the Hoopfest depends on out-of-town visitors. As Getz and Andersson (2010) noted, however, balancing conflicting interests and concerns among stakeholders is important for organizations to make the events successful. In this study, local residents in Spokane (e.g., downtown merchants and business leaders) are another important stakeholder that affects SHA. Therefore, SHA should focus on balancing interests and concerns between out-of-town visitors and local residents regarding the Hoopfest event for economic benefits.

PROBRAM ANALYSIS

Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis is an analytical tool that categorizes internal and external factors that directly or indirectly affect organizations (Pickton & Wright, 1998). SWOT analysis has been extensively used in business to develop an effective corporate strategy (Hill & Westbrook, 1997). In particular, many case studies in event management (e.g., Carlsen, & Andersson, 2011; Karadakis, Kaplanidou, & Karlis, 2010; Lee & Walsh, 2011) have been examined based on SWOT analysis to develop an effective management strategy. In this sense, this case study was analyzed based on SWOT analysis to diagnose problems that SHA faces and to suggest recommendations for SHA.

Strengths

- Spokane Hoopfest event is the largest 3-on-3 basketball tournament in the world
- The event has been recognized as an economic engine that boosts the Spokane economy
- Visitors are annually sustainable. More than 20,000 players and 6,000 teams always participate in the event annually

Weaknesses

- Limited parking space and street congestion in downtown negatively affect regular shoppers
- Lack of activities for older individuals except the basketball tournament event. The Hoopfest event focuses primarily on young basketball fans, especially ages between 10 and 20 years old
- Visitors' satisfaction with the event and revisit intentions are not high

Opportunities

- SHA has an opportunity to expand the event toward other global markets such as Asia or Europe because 3-on-3 street basketball is one of the most popular amateur sporting events over the world
- Popularity of using social networking sites for young people can be a good opportunity to advertise the event nationally
- Family-oriented festival is an increasingly popular theme

Threats

- Operating expenses for the event has increased
- 3-on-3 basketball tournament event market is too saturated. There are similar 3-on-3 basketball tournament events such as NIKE 3-on-3, Joe Hoops 3-on-3, and Midwest 3-on-3 event
- A variety of entertainment options in other fields such as music festival, movie festival, and theme parks' events threaten the existence of the Spokane Hoopfest event

RECOMMENDATIONS

Market Differentiation Strategy

3-on-3 street basketball has become a popular event throughout the world. Even though Spokane Hoopfest is one of the largest and famous basketball events, differentiated marketing strategies are required to maintain a quality event. In other words, Spokane Hoopfest should build up different strategies based on five market differentiated strategies: technology, price, quality, consumer service, and experience. For instance, SHA can improve awareness of the Hoopfest event by providing mobile application game and disseminating viral video clips differentiated from other Hoopfest events. Collaborating with other local events (e.g., music festival or food festival) and providing a unique experience in Spokane can be good strategies to differentiate Spokane Hoopfest from other competitors in this market.

Social Media Marketing Strategy

The symbolic image of Spokane Hoopfest event is dynamic, outgoing, and energetic. Unlike other ordinary strategies of social media in organization, Spokane Hoopfest should be able to provide a unique fan experience and fan participatory contents (e.g., augmented reality game, virtual reality event through mobile apps) in addition to offering simple video highlights and photos to differentiate from other competitors. Social media marketing has become an effective strategy to attract consumers. In this sense, Spokane Hoopfest should focus more on developing attractive contents and should take advantage of new social media platforms (e.g., Cyfe or Ello) in addition to traditional social media platforms such as Facebook or Twitter.

Brand Management

SHA should pay attention to brand management and sponsorship. As a long term effect, maintaining a positive brand image and reputation is critical to attract out-of-town visitors, and it would provide much sponsorship opportunities from local companies. In fact, positive image of the Spokane Hoopfest event has played an important role in enhancing awareness of SHA and hosting the successful event. In this sense, SHA should focus more on brand management for long terms benefits.

Differentiated Fan Activities

Green (2001) noted that the attendance of a sport event can be increased by many environmental factors (e.g., transportation, attractions, previous experience, or word of mouth) in addition to the event itself. In this sense, SHA should focus more on visitors' satisfaction by offering fun activities in addition to basketball tournament event. The Hoopfest event has focused on the basketball tournament games for young basketball fans. Consequently, this has caused that many spectators were not satisfied with the event and showed low willingness to revisit Spokane to enjoy the event. SHA has provided a variety of activities such as Nike court event, which is a fan meeting event with professional basketball players, Toyota shoot-off, NBA players' autobiography event and so on. Despite the diverse events, those events have failed to attract some spectators such as elderly people or kid fans due to similar events with other 3-on-3 street basketball events. Therefore SHA should be able to provide spectators with memorable events (e.g., family night event, cooking event, or music concert) in addition to general events associated with basketball games. Those differentiated fan activities from other competitors will enhance out-of-town visitors' satisfaction with Spokane Hoopfest events and make the event the best in the world.

Global Penetration Strategy

Spokane Hoopfest is one of the largest 3-on-3 street basketball tournament events in the world. This means that it is an opportunity for SHA to expand the event toward global markets. Basketball is one of the most popular sports in the world and there are a large amount of similar events in Asia countries and Europe. Spokane Hoopfest has strong awareness compared to other similar events in the world and this would make the Spokane Hoopfest easy to penetrate global markets. As with the Ultimate Fighting Championship (UFC) that absorbed Pride Fighting Championships in Japan and became the top Mixed Martial Arts (MMA) association in the world, Spokane Hoopfest can become the top 3-on-3 basketball tournament event in the world by taking advantage of their strengths and opportunities.

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