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## **Sport-specific factors affecting location decisions in business to business sport manufacturing companies: a qualitative study in the Alps**

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**Abstract:** International business research has focused on location decision criteria a lot. In contrast to existing studies, this qualitative study examined business to business sport manufacturing companies. The focus was on sport-specific factors influencing the decision-making processes of sport manufacturing companies located in the German-speaking Alps. The results showed that sport-specific factors, such as corporate sport culture, the work ethic in terms of sport, and the location's destination image regarding sport, play key roles in the location decision-making process. Additionally, the spirit of sport is a fixed component of sport businesses' corporate culture. The findings contribute to the sport management literature by adding sport-specific factors influencing location decision-making in the sport industry and suggest a new framework for these factors. Managers and governments could utilise the findings to support their settlement decisions and as advice for benchmarking initiatives.

**Keywords:** location decisions; sport industry; sporting goods industry; location criteria; uniqueness of sport; sport specific factors; qualitative study.

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## 1 Introduction

The sporting goods industry is a growing segment; indeed, the sporting goods market in Europe has expanded over the past years and showed a growth rate of 3% in 2017. The market benefited from cold and snowy winters and the ongoing trend of product innovation in the sporting goods industry (Rotkreuz, 2018). The global sports equipment market is expected to reach USD 82 billion by the end of 2023 (Research Nester, 2019).

Many leading companies in the sport industry were founded in the Alps or have their headquarters (including management, sales, and marketing; excluding manufacturing) in the Alps. One of the founders of *Armada*, a freeskiing company based in the US with the European office in Innsbruck (Austria), named the Alps as the ‘ideal place to be’. *Millet*, an outdoor company that has been located in the French Alps for decades, promotes its authenticity with heritage and origin. Other examples are *Salewa*, an outdoor company located in South Tyrol (Italy), and the outdoor and skiing apparel company *Schöffel* with its headquarter in the south of Germany; however, these are just a few well-known players in the sport industry (Spoteo, 2019).

Some regions, destinations or sites appear to be more successful and attractive than others (Formica and Uysal, 2006). The main selling point of nature-based destinations such as the Alps is the natural environment (Huybers and Bennett, 2003). In the mountains, visual appeal, terrain suitable for sport, and favourable climate are linked to satisfaction and represent the pull factors of these destinations (Pan and Ryan, 2007). Consequently, there might be a difference between the sport business and other forms of business (Szymanski, 2009).

There is a variety of academic knowledge about sport tourism and/or destination competitiveness (e.g., Dwyer, 2010; Dwyer and Kim, 2003; Hallmann et al., 2012, 2015; Zehrer et al., 2017), about models which are able to frame business to business (B2B) industry location decisions in general (Ahsan and Musteen, 2011; Deng, 2012; Kim and Aguilera, 2016) and about the debate surrounding hard factors describing structural organisational characteristics – in contrast to soft factors, which embrace non-structural organisational characteristics such as shared values and employees’ behaviour (Homburg et al., 2003).

This study explored why some regions are given preference as locations for sport manufacturing companies in the winter sport and outdoor equipment industry. The European Alps clearly cannot compete with cheap real estate and inexpensive labour costs; but obviously, there are other reasons that explain why they constitute such

attractive locations for sport manufacturing companies. In other words, the Alps are a region where land that can be used by sports manufacturing companies is in limited supply. The infrastructure, including transport connections to other regions, is associated with high costs and limitations, and land prices are relatively high compared to other regions. Nonetheless, many sports manufacturing companies are located in the Alps. These particularities indicate that it would be worthwhile to examine this region in the context of the location decision factors of sports manufacturing companies. Consequently, this framework leads to the following questions: First, what are the hard and soft location criteria used by sport manufacturing companies located in German-speaking alpine communities? Second, do so-called 'sport-specific factors', such as sport culture, scenic beauty, or an affinity to sport among the local population, play a role in the location decision-making process of the sport manufacturing companies and their understanding of an attractive business location?

As the abovementioned factors have been widely neglected in sport management research, the contribution at hand gathers qualitative data (see details in Appendices A, B, and C) in order to identify decisive factors with regard to business locations. This qualitative research should produce findings not arrived at by quantification (Savin-Baden and Major, 2013). Furthermore, qualitative methods are generally employed when the researcher needs to identify variables that quantitative measures cannot adequately describe or to interpret a situation where there is a lack of knowledge in a particular research approach (Marshall and Rossman, 2014), namely, as in this case, in location decision factors for sport manufacturing companies.

## **2 Theoretical framework and literature review**

Industrial location decision has been reviewed since the 19th century, and critical factors influencing industrial locations have always been of interest for scientists (Badri, 2007; Dunning, 2007; Kim and Aguilera, 2016) though the zeitgeist and the spirit of the age are changing. Now, international business scholars have devoted substantial energy to studying the antecedents, processes, and outcomes associated with the 'how and where decisions' of multinational enterprises (e.g., Ahsan and Musteen, 2011; Brouthers and Hennart, 2007; Casillas and Acedo, 2013).

Research centred around the questions of where firms place specific activities and why they choose particular geographic areas has been done (Goerzen et al., 2013) and taken into consideration location as a non-generic source (Zaheer and Nachum, 2011). Management literature has predominantly examined models considering the hard factors in manufacturing industries.

In tourism research, several studies have examined the competitiveness and attractiveness of destinations; different research streams resulted. Most of the research studies in the field of destination competitiveness considered single destinations (e.g., Dwyer et al., 2003; Enright and Newton, 2004) or different destinations (e.g., Dwyer and Kim, 2003; Kozak, 2003) and focus on specific attributes of competitiveness (e.g., price competitiveness, environmental competitiveness, etc.) (e.g., Buhalis, 2000; Dwyer et al., 2000) or on specific contexts, such as health tourism (Schalber and Peters, 2012) or alpine winter sports (e.g., Hallmann et al., 2015; Zehrer et al., 2017). There is a need to integrate more theoretical findings with practice in the location selection process (Wright

et al., 2007) and to investigate soft factors influencing the competitiveness of destinations (Dwyer, 2010).

### *2.1 General location decision factors*

International business research on foreign-location choice has experienced a revival and a sort of renaissance in recent years. Some of the latest reviews on foreign-location choice literature were done by Ahsan and Musteen (2011), Deng (2012), and Kim and Aguilera (2016). Due to the rapid growth and diversification within a relatively short period of time, Kim and Aguilera (2016) followed the call for research on foreign-location choices that goes beyond multiple disciplinary boundaries. The overall research trend shows three major topics: institutions (e.g., culture, political risk), emerging markets, and new enterprises in emerging markets. The new economic geography comes in next with sub-national spatial dynamics of multinational enterprises. Other topics with notable presence include strategic-asset seeking, regions, networks, and offshoring.

Arregle et al. (2013) investigated the aforementioned topics and location choices. They provided an integrated institutional and semi-globalisation perspective on the internationalisation of multinational enterprises and question whether regions matter. As a topic of inquiry, geographic space in combination with location decisions in international business has remained relatively underdeveloped in the literature (Alcacer et al., 2013). Many studies exploring location decisions in an industrial and manufacturing context have been completed, but research on marketing and sales headquarters as well as on specific sectors has been widely neglected.

Traditionally, research has extensively focused on large manufacturing firms, especially on the activities of multinational enterprises, mainly by applying the transaction cost model, the eclectic paradigm, and the monopolistic advantage theory (Etemad et al., 2001; McAuley, 1999; Wright and Dana, 2003). Small-medium enterprises (SME) extensively differ from large companies in terms of competences, market behaviour, and strategies followed; thus, studies of internationalisation, particularly of small-medium enterprises, have been of increasing interest to the research community (e.g., Etemad, 2004; Kuivalainen et al., 2012; McAuley, 1999).

The changing global context demands holistic approaches to describe the location decision-making process (Kim and Aguilera, 2016). Capital, technology, and highly skilled labour have become more mobile internationally and their availability influences the productivity of the immobile domestic factors of production. Countries compete for these mobile factors of production. Additionally, research has recently been conducted into location decisions adding place image to the economic factors. The results showed that factors like place image should be given due consideration in strategic location decisions (Dixit et al., 2019). Furthermore, Marks-Bielska and Serocka (2018) pointed out that nowadays local authorities are also playing an increasingly important role in location decision studies. The main objective of the research was to evaluate the impact on entrepreneurship development in the context of business location factors. Thus, there is competition between countries, and also the paradigm of competition between locations applies (Sieber, 2006).

## 2.2 *Location decision factors in tourism literature*

The concept of destination attractiveness and its measurement have received much attention from tourism research, economists, and policy makers in recent decades (Dwyer et al., 2014; Formica and Uysal, 2006; Lee et al., 2010). Even smaller destinations have to compete in international terms (Reitsamer et al., 2016; Ritchie and Crouch, 2000; Webster and Ivanov, 2014). Ways to foster destination attractiveness have thus recently become the focus of attention for both research and practice (Formica and Uysal, 2006; Gretzel et al., 2006; Reitsamer and Brunner-Sperdin, 2017). Formica and Uysal (2006) as well as Cracolici and Nijkamp (2008) studied destination attractiveness in detail and came to the conclusion that attractiveness is evaluated indirectly by the competitive ability of a destination. A destination's capability and attractiveness reflect its ability to achieve its goals and provide its stakeholders with a higher value (competitive advantage) than other destinations do (Grant, 2005). Therefore, competitiveness and competitiveness theories play a key role in attractiveness studies (Cracolici and Nijkamp, 2008).

Consequently, the analysis and measurement of the attractiveness and subsequently of the competitiveness of a destination have been dominant themes in recent tourism and management literature (Andrades et al., 2012; Crouch, 2011; Dwyer and Kim, 2003; Pechlaner et al., 2012; Schalber and Peters, 2012). In addition to the development of comprehensive frameworks (Dwyer and Kim, 2003; Ritchie and Crouch, 2003; WEF, 2015), studies on single destinations (d'Hautesserre, 2000; Dwyer et al., 2013; Dwyer et al., 2014; Enright and Newton, 2004; Gomezelj and Mihalič, 2008), on comparisons of destinations (Enright and Newton, 2004; Hallmann et al., 2015; Kozak, 2003), and studies focusing on specific attributes of competitiveness, such as price competitiveness, environmental competitiveness, and business performance (Assaf and Dwyer, 2013; Barros et al., 2011; Buhalis, 2000; Dwyer et al., 2000; Mihalič, 2000) were conducted.

Recent research has evaluated the attractiveness of destinations from both sides, the supply (Dwyer and Kim, 2003; Ferrario, 1979; Zehrer et al., 2017) and the demand side (Dwyer and Kim, 2003; Formica and Uysal, 2006; Kim, 1998; Zehrer et al., 2017). In this context, the majority of tourism research contributions adapted the models of Dwyer and Kim (2003), Smeral (1998), and Ritchie and Crouch (2003) (e.g., Hallmann et al., 2012; Schalber and Peters, 2012). Ritchie and Crouch (2003) based their conceptual model on Porter's 'Diamond of National Competitiveness': it consists of five dimensions (Crouch, 2011) and could be seen as one of the most comprehensive, rigorous, and complex approaches among all the others (Tsai et al., 2009). Thus, the research at hand draws on the theory of Porter (1990) and the destination competitiveness model of Dwyer and Kim (2003) as well as on Ritchie and Crouch (2003) to investigate the location decision-making processes of sport manufacturing companies. In this context, the sport manufacturing industry is defined as predominantly B2B-oriented entrepreneurship. The regional focus of this study is the area of the German-speaking Alps (DACH regions).

Recent studies have focused on the importance of socio-cultural factors. Many of them have also noted that socio-cultural differences are the factor that shapes location decisions. Cities and regions are competing to attract foreign direct investment and creative talents. In order to succeed, they need to pay attention to new issues: diversified cultural offerings, quality of life, and lifestyle. Culture has become an important soft location factor and a key factor for boosting local and regional attractiveness (Badri, 2007).

In the context of our qualitative study in the Alps, the tourism destination competitiveness approach can have an impact from a tourism perspective and the knowledge of the literature can be of value in supporting the approach. However, the question is whether a tourists' understanding of a destination image and an attractive destination is also relevant in the making of business location decisions. An attractive destination for tourists does not necessarily have to be an attractive destination for the decision makers of sports manufacturing industry companies.

### *2.3 Soft location decision factors*

In today's highly competitive markets industrial marketing companies whose core offering is a product or a set of products often find the strong need to augment this core offering with so-called 'soft' or intangible factors in order to compete effectively (e.g., Anderson and Narus, 1995; Cooper and Jackson, 1988; Matthyssens and Vandembemt, 1998). Davis (1983) highlighted the role of human resource management and corporate culture in implementing strategies. Similarly, Porter (1990) stressed the relevance of the fit between the generic strategy and the corporate culture.

Culture has become an important soft location factor and a key factor for boosting local and regional attractiveness. Based on a case study, Badri (2007) analysed the influence of soft location factors, in particular cultural activities, on the competitive position of producers located in different urban regions. This and other studies have underlined that qualitative aspects are important and need to be taken into consideration intensively when discussing location decisions in the future (Dziembowska-Kowalska and Funck, 2000; Galan and Gonzalez-Benito, 2006). Regional economic literature has increasingly recognised that, in service-oriented societies, traditional location factors, such as transport cost, cost of materials and intermediate products, etc., have been losing their dominating importance. A series of soft and quasi-soft factors has become more relevant. In this context, it is appropriate to consider the cultural scene in which the business is embedded (Dziembowska-Kowalska and Funck, 2000). Referring to corporate culture as a soft factor, the values and behaviours in the organisation are two important dimensions (Calori and Sarnin, 1991; Deshpandè and Webster, 1989; Hofstede et al., 1990; Homburg and Pflesser, 2000).

Besides corporate culture, human resource management (attitude and attachment) has been studied extensively as a soft factor. Over the centuries, the importance of attitude and attachment has gradually increased; numerous definitions and models concerning attitude have been examined (e.g., Agarwal and Malhotra, 2005; Calder and Ross, 1972; Davis, 1983; Djasasbi et al., 2009; Spooncer, 1992). Attitudes are believed to directly influence behaviour. In practice, the term 'attitude' is often used as an umbrella expression covering concepts such as preferences, feelings, emotions, beliefs, expectations, judgments, appraisals, values, principles, opinions, and intentions (Bagozzi, 1994).

### *2.4 Peculiarities of the sport manufacturing companies and the Alps*

Sport has an ambiguous history when viewed from a management perspective. As Stewart and Smith (1999) as well as Smith and Stewart (2010) noted, the management of sport traditionally has two contrasting philosophical approaches. One approach views sport as a unique cultural institution with a host of special features, wherein the reflexive

application of standard business practices does not only produce poor management decision making, but also erodes the rich history, emotional connections, and social relevance of sport. The other approach sees sport as nothing more than just another generic business enterprise that is subject to the usual government regulations, market pressure, and customer demands, and is therefore best managed by the application of standard business tools that assist the planning, finance, human resource management, and marketing functions. Over time these divisions have been blurred due to the corporatisation of sport and through the emergence of sport management as an academic discipline. In fact, there are distinct and special features which make sport a unique business institution (Gammelsæter, 2020; Hess et al., 2008; Mangan and Nauright, 2000; Slack, 2003). Funk (2017) highlighted the lack of approaches from other disciplines and extended them to fit a sport context.

Coakley (2015) described the ‘great sport myth’ and the lasting power of this phenomenon, emphasising the influence of sport in shaping uncountable and emotional decisions of companies and what they may preclude in the way of other private or public choices. Furthermore, the influence of the purity and goodness of sport on and transmission to participants who consume sport was pictured, as well as the individual and community development. Scattered research on the sport industry in particular has been done (e.g., Lohman et al., 2004; Liu, 2016).

Mountain destinations like the Alps are defined as geographical, economic, and social units that offer tourism infrastructure specifically designed for mountain businesses and their visitors (Flagestad and Hope, 2001). Multinational sport enterprises offering general sporting goods are usually not located in the Alps, but sport manufacturing companies focusing on winter sports and outdoor equipment are quite often based in the Alps (Spoteo, 2019).

### **3 Research methodology**

The importance of qualitative research to further increase the knowledge about sport management phenomena has been widely recognised (Nite and Singer, 2012); this method can add new insights into concepts that have been the focus of research for some time (Shaw and Hoerber, 2016). For the study in hand we used a qualitative approach to retain holistic and meaningful characteristics of sport-specific critical factors influencing the decision-making process of sport industries. Therefore, qualitative data were generated from semi-structured interviews conducted with individual general managers of 13 companies within the B2B sport industry (i.e. sport manufacturing companies). In this study, we focused on headquarter organisations including management, sales, and marketing, but excluding manufacturing, because manufacturing is predominantly done in the Far East and has different needs in terms of location decision criteria, as experience has shown. In terms of sample selection we chose companies located all over the German-speaking area of the Alps and representing the entire range from small core companies to big affiliated groups. In order to map the whole market, our company selection process was reviewed by three experts from the sector and the sample was adjusted (details can be found in Appendix A). 13 interviews were required to reach theoretical saturation as prescribed by Guest et al. (2006), who noted that factors, such as the heterogeneity and interview length of the sample, affect the required number of interviews. According to them, usually 12 interviews are sufficient for research aimed at

understanding the common perceptions and experiences of a group of relatively homogeneous interviewees. Francis et al. (2010) underlined that approach and recommended ten qualitative interviews to reach theoretical saturation.

The interviews were carried out in person whenever possible to build a good relationship with the interviewee; however, some telephone interviews had to be conducted in place of face to face interviews, often due to scheduling issues with the interviewee or lengthy travel distances. Two pre-test interviews were conducted and feedback and improvements resulting from them were included in the final interview guidelines. The interview started with open questions about the company as well as location and future location decision ambitions, rephrased and adapted to the sport context. Afterwards, it continued with questions on influencing factors for location decisions as identified in the literature (Crouch, 2011; Dwyer, 2010; Dwyer and Kim, 2003; England, 2001; Enright and Newton, 2004; Hudson et al., 2004; Knoll, 2004; Zehrer et al., 2017). A sample list of interview questions can be found in Appendix B. In total, 13 interviews were conducted between June 2017 and September 2017 and transcribed; the interview duration was between 38 and 74 minutes.

The coding and data analysis process for this study followed the qualitative content analysis in accordance with Mayring (2010) and King (2012), which consists of a bundle of techniques for systematic text analysis. Rule-guided qualitative text analysis tries to preserve some of the methodological strengths of the quantitative content analysis and widen this quantitative approach to fit the concept of a qualitative procedure. The coding, key themes, and illustrative quotes are pictured in Appendix C. Moreover, this approach allowed the researchers to group the codes identified in text and assign them to overarching themes and sub-themes. Manually coding the data entailed a laborious and lengthy process that included examining the transcriptions meticulously. The interview transcripts were shared with each individual interviewee prior to the analysis in order to verify their accuracy. Then, all themes, sub-themes, and codes were collated in a file. Three independent researchers grouped the data. Validity and reliability were checked. Detailed information and illustrative quotes are presented in Appendix C.

## 4 Research results

### 4.1 *Sport-specific critical soft factors affecting location decisions of the sport manufacturing companies in the Alps*

The focus of this study laid on sport-specific soft factors which critically affect location decisions of sport manufacturing companies located in the Alps. Several factors could be found: they were summarised in Table 1 and explained in detail in the following chapters.

**Table 1** Sport-specific critical soft factors affecting location decisions of the sport industry in the Alps

<i>Sport specific critical soft factors</i>
• Image of the location in terms of sport
• Quality of life in terms of sport
• Corporate sport culture
• Work attitude and population in terms of sport

#### *4.1.1 Image of the location in terms of sport*

All of the interviewees estimated it is important that their company is located in a place that reflects the image of their individual spirit and the values of their company and products. The interview partner of Company A, a core freeskiing brand, said: *'To us as a brand, but also as a company, it is very important to be present in the centre of the German-speaking Alpine region.'* and added that the spirit and the image of the location are very important and have to be in line with the companies' values and mission statement. Company C, Company D, Company H, and Company J supported the statement that the image and attractiveness of a destination have to reflect the feelings, beliefs, and opinions of the company.

Destination attractiveness in regions such as the Alps inevitably goes along with tourism, and companies located there use the opportunities tourism destinations offer. The sport manufacturing companies located in the Alps are right at the centre of their major customers; moreover, these companies retrieve their values and mission statements in the image and mission statements of the destination. The statement of Company F represents the answers most of the interviewees gave by combining image, tourism, and the proximity to key customers: *'Tyrol as a worldwide leader in tourism provides us with a perfect environment, because we have to be where tourism is.'* [...] *'Our roots are in Tyrol ... in the home of tourism, which consequently is also our home.'* It seems that the location decision-making process of the sport manufacturing company includes management location factors, although a valuable number of intangible, so-called soft factors such as attractiveness, likewise seem to influence decision-making.

#### *4.1.2 Quality of life in terms of sport*

Quality of life in terms of sport is very important for sport manufacturing companies. They want to offer an environment where the employees feel good and have a high standard of living. Company C framed the requirements in regard to quality of life: *'We would like to offer our employees a combination between an urban setting and a versatile range of leisure activities in nature. [...]* *We would like to give the people who work here the possibility to go climbing, to go skiing.'* This statement is representative for all companies, irrespective of the size of the business. Practicing sport is a dominant theme for the majority of the employees working for sport manufacturing companies in the Alps, and companies want to contribute to the high quality of life of their employees.

#### *4.1.3 Local community sporting culture*

The findings in terms of image are very closely related to the findings we could identify as the cultural factor. In the interviews the image of a destination and the culture represented by the destination were frequently mentioned in one breath. Hence, there was a difference; the interviewees see the image as 'somehow intangible' for the people living there, whereas culture is very close knit with the people and their attitude towards sport.

Company A: *'Culture in general, how does the city think about what we do, about the brand XY, but also about the freeskiing sector.'* Culture is what the destination and its population represent. Company J: *'Therefore, I consider XY the capital of sport and I can confirm this, because I studied there and I was there often enough. [...]* *You simply feel the affinity to winter and alpine sport, the alpine sport lifestyle.'* Further, the interviewee explained that being located in a place representing sport culture is important for the

employees, customers, and the credibility of the company's product. Company J described the Alps as *'a place where it seethes and pulsates'* and where *'the sport flair is appreciable'*.

#### 4.1.4 Work attitude and population in terms of sport

The soft factor corporate culture is very closely knit with human resource management and the attitude of the employees. Sport companies believe in that premise and see a strong link between attitude and behaviour. Company C pointed out that it is key that the people working for them enjoy and have a passion for sport, as passion and a close relationship with sport lead to better staff performance. Company H explained that the mind-set of the population is important and needs to fit the companies' values. Further, Company H explained that the proximity to nature and sporting environments have an impact on the people living there. Baron and Byrne (1984) defined attitudes as relatively lasting clusters, naming feelings, beliefs, and behaviour tendencies as examples. Accordingly, Company J stated: *'Especially the local people's affinity to winter and alpine sport strengthens us as a winter sport brand.'*; This statement was supported by Company K: *'The sport infrastructure here in the region is also good ... everything is accessible within a short period of time and you can live the lifestyle of sport.'* Summarising, the interviews showed that culture is an important factor, that specific values of this factor are intangible but important, and that every company defines sport culture differently. Nevertheless, all of the interviewees were in line with the fact that employees represent a part of their corporate culture and that they need to be on fire for sport.

## 4.2 Critical hard factors affecting location decisions of the sport manufacturing companies in the Alps

Detailed discussions were held with representatives of the sport manufacturing companies on the topic of hard factors affecting their location decisions: first, proximity to the market/customer; second, transportation and transportation infrastructure; third, labour (quantitative); and fourth, sport infrastructure.

### 4.2.1 Proximity to the markets/customers

The proximity to the market and to customers was a dominant theme in the interviews. The proximity to the key customers is very important, and the Alps are named as one of the most important pools of customers. Company A: *'To us it was very important that the location is amidst our core market, the DACH region, the German-speaking Alpine region.'* Additionally, Company C stated: *'We wanted to be close to the Central European markets, because these are most important to us (Germany, Austria, Switzerland).'*

Not just the proximity to the market is key; also the proximity to the key customers was mentioned often. As Company D stated, *'On the sales side, XY is located excellently, because finally, the product is sold where the sport is practiced; also generally, XY is very centrally located amidst the DACH area.'* *'Both on the procurement side and on the sales side, XY is very favourably located for us. Suppliers and customers are in our immediate vicinity.'* Moreover, Company E mentioned, *'Besides the general location*

*factors, such as infrastructure, property charges, etc., the proximity to the customer is very important.'*

By trend, smaller and core driven companies (characterised by a very specific product offer for core customers) preferred to be very close to the key market, whereas bigger companies like Company B tended to have their headquarters not necessarily amidst the key market, but to have for example local subsidiaries in the key markets. For them the second factor, transportation and infrastructure, is much more important.

#### *4.2.2 Transportation & transportation infrastructure*

In addition, transportation and transportation infrastructure were mentioned by several interviewees as a driving factor for location decisions. For bigger companies it was important that the location offers high quality transportation infrastructure (airports, railroads, roads) and hotels in all price ranges nearby.

Company B: *'[...] first, the accessibility by motor vehicle, and second, as it is also the European headquarters, also by plane (the headquarters is located 15 minutes away from the airport). Not only the transport connection, but also when we have bigger meetings, when we need overnight accommodation, everything is on hand and also available in several classes.'*

Company J: *'Also the transport connections to the motorway and airport are perfect; by plane you can get to reach numerous destinations around the world within a minimum of time.'*

#### *4.2.3 Labour (in terms of quantity)*

Third, we could identify labour (in terms of quantity) as an important hard factor influencing the decisions of sport manufacturing companies. Human resources was a major topic for all interviewees. Many different facets were discussed. On the one hand, there is the question of whether a pool of qualified staff is available, especially due to universities located in the selected area; on the other hand, the affinity of the population and staff in terms of sport is important. We will discuss the first aspect now; the second aspect concerning the affinity to sport will be explained later in the results (culture and attitude labour and population).

Company B: *'The pool of qualified, trained personnel (if possible in all fields) is an absolutely decisive location factor. [...] The possibility to get well-educated personnel ... Munich is only ten minutes away, [there are] many students, which means that when we are looking for new employees, no matter in which field, we have plenty of choice and qualified personnel at our disposal.'*

Company C: *'A university city also has a consistent availability of personnel.'*; moreover, Company A stated, *'Additionally, it has to be said that concerning talent and potential employees, a university city provides us with a big, high quality pool of people, who on the one hand are educated and on the other hand have an affinity for winter sport and are passionately involved in it.'*

Irrespective of the size of the company and the specific product offer, qualified labour is a very important factor for location decisions. The quantity of potential employees is important on the one hand and the pool of qualified staff on the other hand. Sport manufacturing companies are convinced that they benefit from the different colleges and research institutions in the fields of sport management and management in the Alps. Big

companies such as Company E are interested in cooperation with educational institutions and create corporate educational programmes.

Company E: *'Employee quality and education are strongly linked to each other. We are striving to cooperate with schools and institutions of higher education and create joint training programmes.'*

#### 4.2.4 Sport infrastructure

In the mountains and with the existing tourism framework many sport manufacturing companies find their perfect environment either to test their products or to create new product innovations. One could call this strategy 'being in the place where the action is'; these companies do not only play with the image of their location, they also use the infrastructure coming along with. Company A: *'Of course, we are wallowing in luxury here, because we have everything within a radius of an hour. We have five to six glaciers, where we can test skis in summer – that was very important to us when it comes to our location.'* Company D: *'Also the proximity to the glaciers is crucial for our product development. [...] The availability of glaciers was very important to us so that we can test the products 12 months a year (further development).'*

Beside the four major hard factors (proximity to the market/transportation/labour and sport infrastructure), costs, such as fixed costs or land costs, as well as economic factors, such as tax structure and financial incentives, were important factors for the interviewees. Locations need to meet the requirements of the companies, but are not 'the' main decision drivers.

## 5 Discussion

Table 2 provides an overview of all critical factors – both soft and hard – which were found to affect location decisions of sport manufacturing companies situated in the Alps.

**Table 2** Critical factors affecting location decisions of the sport industry in the Alps

<i>Sport-specific critical soft factors</i>	<i>Critical hard factors</i>
<ul style="list-style-type: none"> <li>• Image of the location in terms of sport</li> <li>• Quality of life in terms of sport</li> <li>• Corporate sport culture</li> <li>• Work attitude &amp; population in terms of sport</li> </ul>	<ul style="list-style-type: none"> <li>• Proximity to the markets/customers</li> <li>• Transportation and transportation infrastructure</li> <li>• Labour (in terms of quantity)</li> <li>• Sport infrastructure</li> </ul>

In order to address the first research question—yes, there are peculiarities influencing the location decisions of sport manufacturing companies in the Alps compared to other industries and the general management literature (see Table 1 and Table 2). This study identified four critical hard factors: First, there is a need to be close to the customers and the key markets; this supports the findings of Badri (2007), who identified the proximity to the market as an important factor. Second, there is a general need for good transportation and infrastructure systems, but however, the requirements are quite different: By trend, smaller companies are pleased with a small airport, whereas bigger

companies need an airport with many international flight connections and thereby do not differ from the location decision factors of other lines of business (Badri, 2007). Third, the quantity of qualified staff is a key factor for location decisions among the sport manufacturing companies in the Alps. In this context, qualified means that employees well educated in sport and sport management are available and cooperation with colleges and research institutions is possible; these findings corroborate the existing literature, suggesting that the quality of and opportunities for cooperation with colleges and research institutions influence the location decision-making process (MacCarthy and Atthirawong, 2003). Fourth, the infrastructure in the Alps meets the requirements of companies in the sport manufacturing industry. This supports the findings that companies use the pull factors of mountain destinations (Pan and Ryan, 2007): in the mountains, visual appeal, terrain suitable for sport, and favourable climate represent the major success factors of those locations.

Beside the four major hard factors (proximity to the market/transportation/labour/sport infrastructure), the interviewees mentioned different types of costs, such as fixed costs or land costs, as well as economic factors, such as tax structure and financial incentives, as important. However, if these factors do not meet the companies' needs, the location is out of the question as these factors are seen as must-be requirements (Kano et al., 1984). The same applies to government and political factors: these are must-be requirements that do not influence the decision on a high level. That contradicts the findings reported by MacCarthy and Atthirawong (2003), who observed that costs, economic factors as well as government and political factors are major factors and influence the international location decision strongly. In addition, Sieber (2006) discussed that most research has been done on industrial and manufacturing companies and not on marketing and sales headquarters. He included the fact that in location decision-making immobile domestic factors differ according to the different sectors, and therefore he stated that it was worth to generate additional sport-specific know-how in the field of general location decision factors. In turn, these findings go along with Dwyer (2010), who discussed the need of investigating in soft factors influencing the competitiveness of a destination. Hence, one has to consider an holistic approach to understand the location decision-making process and the attractiveness of a destination (Knežević Cvelbar et al., 2016).

The abovementioned results lead us to the answer of the second research question – yes, there are sport-specific critical soft factors influencing the location decision-making process of companies in the sport manufacturing industry. The research in hand identified four sport-specific critical soft factors for the sport manufacturing industry in the Alps (Table 1), beginning with the image and attractiveness of a location in terms of sport as the first soft factor. Aspects related to the influence of the destination image on the location decision have been neglected in the management literature, leading us again to the discussion of whether the outcomes are sensitive to change if we distinguish between and analyse hard and soft determinants and include determinants of destination competitiveness (Knežević Cvelbar et al., 2016). Research on mountain destinations showed that the development of the economic environment is less important than other environments, such as nature and image (Kuščer and Mihalič, 2014). Second, the identified soft factor quality of life in terms of sport is linked to the attractiveness of a destination. If a destination is attractive, it satisfies the needs of its stakeholders (Cracolici and Nijkamp, 2008; Formica and Uysal, 2006). The study of MacCarthy and Atthirawong (2003) presented the relative importance of the sub-factor quality of life.

The quality of the environment, opportunities for staff and children, and the standard of living are important and will gain importance in the future. Places can form sources of identification and affiliation, and accordingly, they can provide meaning and purpose to life (e.g., Reitsamer et al., 2016; Reitsamer and Brunner-Sperdin, 2017; Williams and Vaske, 2003).

This study shows that for sport manufacturing companies the factor quality of life in terms of sport goes hand in hand with the sport infrastructure and an environment suitable for sport activities. Sport plays a key role in locations such as the Alps; people come into contact with sport every day, be it in a professional or private context. To augment this, the core offerings of the so-called soft or intangible factors allow competitive advantages for industrial marketing companies (Anderson and Narus, 1995; Cooper and Jackson, 1988; Matthyssens and Vandenbempt, 1998). For example, Homburg et al. (2003) identified culture and corporate culture as an important soft factor influencing the economic success of a company. Porter (1990) stressed that an incorporate culture within a company and its environment leads to competitive disadvantages. In this study we could identify culture as the third critical soft factor in the setting of sport companies. The fourth critical soft factor is work attitude and population in terms of sport. Sport companies in the Alps define affinity and passion for sport as very important elements of attitude that lead to competitive advantage and better performance; these suggestions go in line with the literature saying that attitudes influence behaviour directly (Bagozzi, 1994).

## 6 Conclusions

The purpose of the study was to evaluate the factors influencing the location decision-making process of the sport manufacturing companies in the Alps. The present contribution is based on the selection of a specific sector (sport manufacturing companies) and focused on sport-specific critical soft factors; however, there is a need to evaluate location decision factors for other lines of business (Sieber, 2006), and there is a lack of research in tourism that analyses both hard and soft determinants of destination attractiveness (Knežević Cvelbar et al., 2016).

Summing up, the key findings of the analysis revealed that versatile factors affect location decisions in the sport manufacturing companies. The findings showed that location decisions present an extensive portfolio within the domain sport. Therefore, models analysing international location decisions are based on hard facts, like they can be found in the management literature, or on destination competitiveness models; however, these models are used in tourism contexts that are not specific enough. Thus, even well-known general location decision factors have to be set in the context of sport.

Location image and attractiveness in terms of sport are important for the sport manufacturing companies. In some ways sport is an uncountable and emotional business that shapes uncountable and emotional decisions (Coakley, 2015). Hence, the factor image and the values representing a location have to be in accordance with the company; otherwise, the location is not qualified. In this context, locations such as the Alps do have a competitive advantage due to their natural environment as their selling point (Huybers and Bennett, 2003); these regions reflect the preferred values of companies in the sport manufacturing industry and offer perfect infrastructure.

All interviewees agree on the fact that culture and the culture represented by the employees' attitude to sport are two of the most important factors. The cultural dimension is intangible but of increasing importance (e.g., MacCarthy and Atthirawong, 2003). The results showed that the sport manufacturing companies have a very specific view concerning culture and the attitude of its employees. The companies' corporate culture represents the spirit of sport and it is important for them that their employees represent a part of the corporate culture in their lifestyle.

Hard facts, such as the proximity to the market and the customer or transportation connections, are crucial and build important factors for a company's location decision-making process. Nevertheless, these hard facts go hand in hand with soft facts; for example, the proximity to the customer and market is mentioned in combination with specific values related to the destination (e.g., 'this is a seething and pulsating place', 'the sport flair is appreciable', 'the customers represent the values of the company', etc.). Labour is not a pure hard fact for the sport manufacturing companies; that supports the findings of Badri (2007), who found that the attitude of the employees and their way of life have to be in line with the values of the company. Nevertheless, labour in the context of the availability of qualified employees and education specific to sport has been mentioned as well. Costs, economic factors, and political factors are defined as must-have requirements.

Furthermore, as the theoretical implications are based on the selection of a specific sector, we gained deeper insights into the factors affecting the location decisions of the sport manufacturing companies with a focus on sport-specific critical soft factors. Moreover, we tried to build a framework of factors influencing the sport business settlement decisions of companies in the winter sports and outdoor equipment sector in the Alps. We contributed to the sport management literature by identifying specific aspects for sport manufacturing companies and by comparing them to international location theories and destination competitiveness models.

The following practical implications for managers and destination managements can be derived from this research. Managers could use the findings to support their settlement decision and as an advice for benchmarking initiatives. Furthermore, sport-specific environments (suitable for practicing sport) can improve the quality of life of a company's employees and strengthen the sport culture in the company. Cooperation with educational colleges and research institutions can shape a more specified pool of staff. Government and destination managers could consider the findings in repositioning and benchmarking decisions; as a result, they could create a long-term strategy to attract sport manufacturing companies by meeting their specific requirements in location decisions.

## **7 Limitations and future research**

We faced several limitations of this study. First, data were generated from a single respondent in each company; seeking the opinions of more organisational stakeholders such as employees would have generated greater validity of the reported findings, especially because the number of interviewees involved in the study is rather small (Lee et al., 2016). Second, the study is based on the German-speaking area of the Alps; hence, we did not include the whole area of the Alps or other regions in our study to identify possible geographic particularities. Third, the purpose of this study was to examine what factors affect location decisions in the sport manufacturing industry; hence, we did not

seek to assess the detailed weighting of the particular factors. To enlarge the findings of our qualitative research, a quantitative research approach could be taken in order to specify the factors and items affecting location decisions in the sport manufacturing industry. An approach that embraces location decision factors specific to sport management could thus be offered. Fourth, a ranking system showing the importance of each factor is worthy of future research. Fifth, in this paper, clustering was not discussed, but it would be interesting to investigate whether sport clustering has taken place in the region under study, namely the Alps. Additionally, the question could be elaborated with a view to identifying whether there are clusters in different sports and different regions and whether interorganisational relationships, networks and behaviours in sport clusters exist (Gerke et al., 2015)?

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## Appendix A

### *Data audit*

<i>Organisation</i>	<i>Location</i>	<i>Turnover (2016)</i>	<i>Interview partner: level within organisation</i>	<i>Duration</i>	<i>date</i>	<i>In-person/ telephone</i>
Company A	Innsbruck (AUT)	€9.3 m	Head of department	67 min	20/7/18	In-person
Company B	Munich (GER)	€2.6 bn	Head of department	38 min	8/6/18	In-person
	Helsinki (FIN)					
Company C	Innsbruck (AUT)	€125 m	Head of department	39 min	1/6/18	In-person
Company D	Innsbruck (AUT)	--	Head of department Europe	61 min	13/7/18	In-person
	Vermont (USA)					
Company E	Dornbirn (AUT)	€834 m	Head of department	57 min	13/6/18	In-person
Company F	Telfs (AUT)	€773 m	Head of department	74 min	14/6/18	In-person
	Sterzing (ITA)					
Company G	Salzburg (AUT)	€145 m	Head of department	47 min	24/6/18	Telephone
	Stockholm (SWE)					
Company H	Fulpmes (AUT)	€13.8 m	Head of department	74 min	13/6/18	In-person

*Data audit (continued)*

<i>Organisation</i>	<i>Location</i>	<i>Turnover (2016)</i>	<i>Interview partner: level within organisation</i>	<i>Duration</i>	<i>date</i>	<i>In-person/ telephone</i>
Company I	Vienna (AUT) Kennelbach (AUT)	€411 m	Head of department	62 min	2/6/18	Telephone
Company J	Innsbruck (AUT)	€4.5 m	Head of department	58 min	12/7/18	Telephone
Company K	Steyr (AUT) Seon (CH)	€202 m	Head of department	58 min	11/8/18	Telephone
Company L	Hohenems (AUT)	€6 m	Head of department	56 min	11/8/18	Telephone
Company M	Hachenburg (GER)	---	Head of department	42 min	11/9/18	Telephone

Leading companies representing the sports industry in the Alps were selected; three independent experts verified the sample of the selected companies and added or deleted companies. At the end, the sample included various winter and/or outdoor equipment companies in the Alps, ranging from small companies (annual turnover < € 2.5 m) on the one hand to large companies (annual turnover < € 50 m) on the other hand.

## Appendix B

### *Sample list of interview questions*

PART I: The first part of the interview started with three open questions; the interviewees had the chance to give detailed information about their company and gave the following answers:

- Your company is located in ... ; according to you, what are the three main factors why your company is located on this particular site? Factor 1: ...; Factor 2: ...; Factor 3: ...
- Is there an ideal location or desired location for your company, irrespective of history and personal interests – virtually the ‘perfect location’? If yes, which one and why? ...
- Generally seen and irrespective of your specific company, which factors do you think are important in choosing the location of an enterprise? Factor 1: ...; Factor 2: ...; Factor 3: ...

PART II: In order to deepen the insights into the named factors and in order to address factors that were not mentioned by the interviewee within the open questions in part I, the additional questions asked in part II were related to specific factors influencing the location decision that were identified in the literature (Crouch, 2011; Dwyer and Kim, 2003; Dwyer, 2010; England, 2001; Enright and Newton, 2004; Hudson et al., 2004; Knoll, 2004; Zehrer et al., 2017). Excerpts of the questions:

For the location decision of my or any company, it is important that ...

... the region is known for unique sport and leisure events (Factor Sport Events and Culture) (Zehrer et al., 2017).

... the region is known for the very good organisation of sport events (Factor Sport Events and Culture) (Zehrer et al., 2017).

... the region and its policy stand for the sustainable promotion of tourism (Factor Sport Tourism and Hospitality) (Dwyer, 2010).

... the region offers many different possibilities for sporting activities (Factor Sport & Infrastructure) (Zehrer et al., 2017).

... the area has guaranteed snow conditions (Factor Sport and Infrastructure) (Zehrer et al., 2017).

... the area offers various universities, universities of applied sciences, and research institutes with an emphasis on sport (Factor Sport Education and Population) (Dwyer, 2010).

... the population of the area are keen on sport and actively participate in sport (Factor Sport Education and Population) (England, 2001).

... the lead time to start a business or to establish a location is short (Factor Sport and Economy) (Dwyer, 2010).

... the extra costs to start a business are low (Factor Sport and Economy) (Dwyer, 2010).

... there are excellent international transport connections via plane (Factor Sport and Infrastructure) (Zehrer et al., 2017).

... the region provides ski resorts and winter sport facilities (Factor Sport and Infrastructure) (Zehrer et al., 2017).

... the life expectancy in the region is high (Factor Quality of Life and Medical Care) (Dwyer, 2010).

... there are medical centres (offering services especially in the field of sport) (Factor Quality of Life and Medical Care) (Dwyer, 2010).

... the policy programmes are transparent (Factor Politics and Security) (Dwyer, 2010).

... the region is considered politically stable (Factor Politics and Security) (Knoll, 2004).

## **Appendix C**

### *Coding, key themes, and illustrative quotes*

*Codes identified in the text:* K1: Sport Events and Culture; K2: Sport Tourism and Hospitality; K3: Sport Environment and Landscape; K4: Sport Education and Population; K5: Sport and Economy; K6: Sport and Infrastructure; K7: Quality of Life and Medical Care; K8: Sport Politics and Security; K9: History; K10: DACH Region in a Narrower Sense; K11: DACH Region in a Broader Sense; K12: Human Capital; K13: Proximity to the Market.

QUESTION	ANSWER	PARAPHRASE	KEY MESSAGE	CODES
Question 1: Your company is located in ... ; according to you, what are the 3 main factors why your company is located on this particular site? Factor 1: Why?	<p>Lienz/Innsbruck (Tyrol)</p> <p>There are two cities in Austria that are interesting to me as a fashion label: on the one hand Innsbruck, on the other hand Salzburg. If I'm a winter sport brand, I'll go to Innsbruck; if I'm a fashion brand, I'll go to Salzburg. Therefore, I consider.</p> <p>Innsbruck the capital of sport in Austria and I can confirm this, because I studied there and I was there often enough. Innsbruck is seething when it comes to winter and alpine sport and this is just pretty cool. You can also feel it (population and atmosphere).</p> <p>Maybe you could call it alpine sport lifestyle. Our company and our brand just feel extremely fine here.</p>	<p>In Innsbruck you feel the alpine sport lifestyle, which is good for our company and the brand.</p>	<p>City and population fit the company</p>	<p>K3, K4</p>
Factor 2: Why?	<p>Connection/proximity to the customer, when we say that our most important customers are within a radius of 150 km in Austria and the DACH region.</p>	<p>The most important customers in the DACH region are within a radius of 150 km.</p>	<p>Customer proximity</p>	<p>K13</p>
Factor 3: Why?	<p>Also the access to the motorway and the airport are perfect for me. When I'm in the area of Lienz, the most important airport is Munich. The Innsbruck airport has good connections to Vienna or Frankfurt and from there I can go anywhere in the world in a minimum of time, this is perfect.</p>	<p>The transport connection (motorway and airport) is perfect.</p>	<p>Transport connection</p>	<p>K6</p>

*Critical hard factors affecting the location decisions process of the sports industry in the Alps*

*Proximity to the markets/customers*

Company A: *'To us it was very important that the location is amidst our core market, the DACH region, the German-speaking Alpine region.'*

Company C: *'We wanted to be close to the Central European markets, because these are most important to us (Germany, Austria, Switzerland).'*

Company E: *'Of course, the proximity to the customer is important to us ... the Alpine region is our most important customer pool. [...] Besides general location factors such as transport infrastructure, real estate costs, etc., customer proximity is very important to us.'*

Company G: *'For us immediate customer proximity takes top priority.'*

Company J: *'Customer proximity in the German-speaking Alpine region is very important to us and we can very well accomplish this with XY as our location. The closeness/proximity to the customer ... we have the most important customers in the entire DACH region within a radius of 150 km.'*

*Transportation and transportation infrastructure*

Company B about the advantages of the location: *'[...] first, the accessibility by motor vehicle, and second, as it is also the European headquarters, also the accessibility by plane (the headquarters is located 15 minutes away from the airport). [But it is not only about] the transport connection, also when we have bigger meetings, when we need overnight accommodation, everything is on hand and also available in several classes.'*

Company J: *'Also the transport connections to the motorway and airport are perfect; by plane you can get to reach numerous destinations around the world within a minimum of time.'*

Company K: *'The connection to the transport system is also very good.'*

*Labour (in terms of quantity)*

Company B: *'The pool of qualified, trained personnel (if possible in all fields) is an absolutely decisive location factor. [...] The possibility to get well-educated personnel ... Munich is only ten minutes away, [there are] many students, which means that when we are looking for new employees, no matter in which field, we have plenty of choice and qualified personnel at our disposal.'*

Company C: *'A university city also has a consistent availability of personnel.'*

Company E: *'Employee quality and education are strongly linked to each other. We are striving to cooperate with schools and institutions of higher education and create joint training programmes.'*

### *Sport infrastructure*

Company A: *'Of course, we are wallowing in luxury here, because we have everything within a radius of an hour. We have five to six glaciers, where we can test skis in summer – that was very important to us when it comes to our location.'*

Company D: *'Also the proximity to the glaciers is crucial for our product development. [...] The availability of glaciers was very important to us so that we can test the products 12 months a year (further development).'*

### *Economic factors*

Company C: *'Consequently, we had a structural foreign exchange risk in Switzerland.'*

Company L: *'Company L has its origin in XY. [...] Moreover, here in the area we have a very high competence in specific product development and small series production, which are decisive location factors to us. [...] There are development skills, prototypes, and expertise in small series production here in the region.'*

### *Government and political factors*

Company F: *'Certainly, another point is that we have found constructive and targeted cooperation with the administration of the municipality Telfs. From a present-day perspective, the location is perfectly suited.'*

### *Sport-specific critical soft factors affecting the location decisions process of the sports industry in the Alps*

#### *Image of the location in terms of sport*

Company A: *'To us as a brand, but also as a company it is very important to be present in the centre of the German-speaking Alpine region.'*

Company F: *'Tyrol as a worldwide leader in tourism provides us with a perfect environment, because we have to be where tourism is.'*

Company J: *'The Alps are a place where it seethes and pulsates, the sport flair is appreciable.'*

#### *Quality of life in terms of sport*

Company C: *'We would like to offer our employees a combination between an urban setting and a versatile range of leisure activities in nature. [...] We would like to give the people who work here the possibility to go climbing, to go skiing.'*

Company G: *'The employer and the surrounding need to be attractive, then you will get every employee.'*

Company I: *'[...] provides a perfect framework for marketing and sales and a high quality of life for the employees.'*

### *Corporate sport culture*

Company A: *'Culture in general, how does the city think about what we do, about the brand Armada, but also about the freeskiing sector.'*

Company E: *'Certainly, the culture of the population and the attitude towards work ('how we are') are another important issue.'*

Company J: *'Therefore, I consider XY the capital of sport and I can confirm this, because I studied there and I was there often enough. [...] You simply feel the affinity to winter and alpine sport, the alpine sport lifestyle. [...] The Alps are a seething and pulsating place where the sport flair is appreciable.'*

### *Work attitude and population in terms of sport*

Company A: *'For us there is a pool of high quality personnel, who on the one hand are well-educated and on the other hand simply have an affinity to winter sport and are passionate.'*

Company H: *'The mentality of the population and the environment are very decisive, because this determines the extent to which the employee actively participates in the company and develops his/her creativity. [...] The mentality of the local people, who are influenced by nature and their environment, is the most decisive factor.'*

Company J: *'Especially the local people's affinity to winter and alpine sport strengthen us as a winter sport brand.'*

Company K: *'The sport infrastructure here in the region is also good ... everything is accessible within a short period of time and you can live the lifestyle of sport.'*