Gordon Institute of Business Science
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A resource-based view of the climbing gym industry

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ABSTRACT.

Orientation: Climbing and by extension, climbing gyms are growing in South Africa, and with this growth comes the need for strategic management to that creates competitive advantages for the organisation. A need exists for management of climbing gyms to better understand the factors critical to a climbing gym and the resources that provide a competitive advantage.

Research purpose: The purpose of this study was to understand the factors that are critical to a climbing gym and thus derive the resources of the climbing gym industry that provide the climbing gyms with competitive advantages. The customer perceived value will need to be sought in order to determine which resources are valuable and thus provide a competitive advantage.

Research approach/design and method: A qualitative approach was utilised through the use of 12 interviews which were conducted with owners, managers, and industry experts in the South African climbing gym industry. During the interviews, the respondents provided insights into their perspectives of the factors critical to climbing gyms, the resources that they considered to create a competitive advantage and the value that customers derive from the climbing gym industry.

Main findings: The findings revealed that there are factors that need to be taken into account in the external environment that affect both the climbing gym and customers and the internal environment which can be influenced by management. The resources that produced the completive advantage were the employees, the routes, and management. By understanding this, managers are in a better position to build on the competitive advantage.

KEYWORDS.

Indoor climbing, climbing gym, resource-based view, customer value

DECLARATION

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

Signed: W. Black

Date

CONTENTS

LIST OF TABLES

LIST OF FIGURES

GLOSSARY OF TERMS

Bouldering:	**Bouldering** is a form of climbing that is performed on small artificial indoor walls (usually not more than 4m in height) without the use of ropes or harnesses but with bouldering mats to prevent injuries from falls. Bouldering is characterised by short, very difficult routes. It was initially a method of training for Sport Climbing or traditional outdoor climbing. It is also now an international competitive sport which is a new discipline in the Olympic Games.
Climbing disciplines:	Includes three indoor **Climbing disciplines** that may be offered in Climbing gyms Sport Climbing, Bouldering and Speed Climbing. Can also include Traditional climbing (see Sport Climbing definition), Alpine climbing and Ice climbing which are outdoors disciplines.
Climbing gyms:	Indoor climbing in **Climbing gyms** is a form of rock climbing performed on artificial structures that attempt to mimic the experience of outdoor rock. Climbing is done on artificial walls with grips for hands and feet. Climbing gyms can be the size of a small garage or as large as a three-storey structure - city block in size. Climbing gyms usually encompass walls for Bouldering. Some larger gyms include Sport Climbing and a few offer Speed Climbing.
Climbing industry:	Meaning the entire **Climbing industry** including climbing gym owners, makers of wall holds, employees of climbing gyms, route-setters, trainers, investors and climbers who are customers of the climbing gyms.
Climbing route:	A path, or obvious line of grips or holds which designates a **Climbing route** in either an indoor climbing gym or outdoors.

Employees:	Meaning **Employees,** Personnel or Staff who are employed, remunerated and trained on a full time or part-time basis by the Climbing gym establishment.
Lifestyle sports:	Meaning action sports which fulfil three conceptual concepts: “alternative”, “lifestyle” and “extreme”. Examples of **Lifestyle sports** are Sport Climbing, Snowboarding, Surfing and Paragliding. (Alan Tomlinson, Neil Ravenscroft, Belinda Wheaton, Paul Gilchrist. 2005)
Participant:	A **Participant** or paying climber or Competitor who utilises the facilities of a climbing gym.
Sport climbing:	**Sport climbing** or Lead Climbing is a form of climbing that relies on permanent anchors (bolts) fixed to the surface for protection in which a rope that is attached to the climber is clipped into the anchors to arrest a fall. Each route may be 25 meters in length. This is in contrast to Traditional climbing outdoors where climbers must place removable protection as they climb. Climbs or routes are graded to indicate difficulty. Indoor Sport Climbing has now become an international competitive sport which is a new discipline in the Olympic Games.

CHAPTER 1: PROBLEM DEFINITION AND PURPOSE

1.1 Introduction

This chapter commences by providing the background and rationale of the study. It then discusses the problem that brought about the study, after which the research aim and significance are explained.

1.2 Research Background and Rationale

The requirement for climbing gym management is a recent need that has arisen from the evolution of climbing as a sport. Climbing gyms as they are known today have evolved from the outdoor version of the sport over the last decade or so. Lifestyle sports, such as climbing, have become more popular, both in participation and viewership (Breivik, 2010; Wheaton, 2004). The public that participates in recreational, leisure and sporting activities have increasingly sought man-made facilities that are closer to their homes instead of venturing into natural open areas (Prothe & Kleiner, 1993; van Bottenburg & Salome, 2010). This has led many of these sports to become more commercial and mainstream (Gagnon, Stone, Garst, & Arthur-Banning, 2016) causing the sports to see enormous growth, mainly caused by the additional media coverage (Thorpe & Wheaton, 2011). This has led to an increased demand for quality management of these facilities (Prothe & Kleiner, 1993).

At first individuals and groups of people that were passionate for the sport built climbing gyms to capitalise on the new market (van Bottenburg & Salome, 2010). However, these individuals did not necessarily have strategic managerial knowledge and skills, but due to the high demand for these facilities they were profitable. Since then the landscape has changed with more institutions opening up climbing gyms. Investors too have seen the returns that climbing gyms can provide and have started buying equity in the profitable climbing gyms (Prothe & Kleiner, 1993).

With this change from owners passionate about the sport to a more commercialised version, the need for better managerial skills and knowledge is now apparent. In addition climbing has become a globally recognised sport with it recently being accepted into the Olympics (Batuev & Robinson, 2018). Its rise in popularity (Raue, Kolodziej, Lermer, & Streicher, 2018) has meant that there is a greater demand for facilities offering the opportunity to participate in the sport (van Bottenburg & Salome, 2010). This has led to the expansion of the climbing gym industry and many countries are seeing steady growth of the industry (Burgman, 2019; Kuelthau, 2018; Platts, 2018).

Management of these facilities is a growing requirement as more climbing gyms are moving from owner managed to employee managed. This has allowed for a more strategic approach to be taken in managing these facilities. The quality of management and employees is thus fundamental to the performance of the organisation (Goslin & Kluka, 2015).

1.3 Definition of Research Problem and Purpose

The climbing gym industry is not the only industry that has seen growth, other lifestyle sports have seen an increase in participation, as people look for alternative activities other than the mainstream sports. For climbing gyms to maintain the steady growth that they have experienced, owners and managers now require more knowledge about the industry itself, competing industries, and therefore the advantages that the climbing gym industry has over other lifestyle sports.

As stated by McKay (2018) the South African adventure tourism industry and by extension, the South African climbing gym industry has significant growth potential. However, two climbing gyms have recently (within the last two years) closed down climbing gym generally closes down for one reason: it did not generate enough revenue from customers to cover its expenses (Kalane, 2015). For a climbing gym to generate revenue by attracting customers it must understand the markets perceived value of that climbing gym.

However, other external and internal factors could play a role in the revenue and expenses of the organisation. One possible external influence could be the small size of the market due to the demographics that climbing as a sport attracts (Fletcher, 2008), which has increased over the last two years (Zizzamia, R., Schotte, S. and Leibbrandt, M., 2019). Possible internal influences could be the lack of management skills (Kalane, 2015), mismanagement, high initial capital, and slow return on investment (Shah, 2012). Whatever the cause/s may be there are considerably few indoor climbing facilities in South Africa that serve the general public.

This could show that climbing gyms within the industry are not able to compete with other activities or are unaware of the resources that are at their disposal to create a competitive advantage (Thompson, Peteraf, Strickland, & Gamble, 2018). The competitiveness of the industry is crucial to aiding innovation in the industry and to provide the consumer with value (den Hertog, 2014). As the trend in other countries has shown, the sport is growing (Burgman, 2019), therefore there is a need for organisations in South Africa to better understand their competitive environment.

As there are various factors, from external to internal, that would influence the profitability of climbing gym organisations, there is a need from the strategic management perspective for these factors to be known (Matinaro, Liu, Lee, & Poesche, 2019). Hence, there exists a need for research that focuses on the necessary resources at the organisation's disposal that can be utilised to leverage against these factors and create a competitive advantage.

However, this must be considered alongside the strategy or the organisation. The strategy as defined by IoDSA (2016, p. 17) is "the setting of the organisation's short, medium and then the long-term direction towards realising its core purpose and values". Thus, a successful strategy means the organisation accomplishes its core purpose. An organisation's core purpose is the underlying and fundamental reason it exists (Collins & Porras, 2011). This could be to serve its shareholders, customers, employees, and community in which it exists. Planning this strategy requires that the strategic resources are identified and are utilised correctly. This process aligns the organisation to its core purpose (Pour, Zadeh, & Zadeh, 2018).

The competitive advantage as it relates to the organisations strategy of each individual climbing gym, is important to the competitiveness and growth of the industry. This research will focus on the internal resources of the organisation, utilising theory from the resource-based view of the firm (Barney, 1991). This will be done to better differentiate the common resources from the resources that produce a competitive advantage.

1.4 Research Aim

The study will incorporate the theory of the resource-based view of the organisations to define the strategic resources that the organisations within the industry have (Barney, 1991). The resource-based view of a firm suggests that each organisation has resources/capabilities that are the source of its sustained competitive advantage (Duarte Alonso, 2017).

The study intends to find the strategic resources by analysing the resources against Barney's (1991) Valuable, Rare, Imitable, and Non-substitutable (VRIN) framework for sustainable competitive advantage.

This study, therefore, aims to accomplish the following objectives:

1. To understand the perceived key factors influencing the organisation's success.
2. How the organisation's VRIN resources are aligned to leverage the key factors.

1.5 Significance of Research Study

As one can see these areas relate to the strategy of the organisation and it is believed this technique is beneficial to the development and planning of strategy. Therefore, research into this topic would assist climbing gym owners, managers and investors to better understand the factors that influence their performance. This could lead to a better understanding of their strategic resources. With this knowledge, management could be more intentional in their development and planning of strategy.

The intent is that this study could have a further reaching impact on industries that resemble the climbing gym industry.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

This literature review evaluated the available literature on the climbing gym industry. As this literature was not abundant in the field of strategic management, related industries that could potentially inform the climbing gym industry were reviewed to gain a better understanding of the topic and to support the study. Although many aspects of climbing gyms have undergone research; there exists limited information on the possible factors influencing climbing gyms and what the possible strategic resources of climbing gyms are. However, reviewing related literature provided a better understanding of the probable factors and resources.

To support the study, firstly, the value of a resource was measured by the customers' perceived value which needed to be known, after which a resource could be deemed to be the cause for a competitive advantage. Secondly, possible factors that affect a climbing gym needed to be investigated to better understand the way in which they affect the climbing gyms in the industry.

2.2 Strategic Management

Organisations are presented with a volatile, uncertain, complex and ambiguous (VUCA) reality (Saleh & Watson, 2017; Whiteman, 1998). The process of strategic management requires leadership to consider many factors on an ongoing basis in order to navigate this reality and be competitive in the market (Rothaermel, 2016; Saleh & Watson, 2017; Thompson et al., 2018). There are numerous potential internal factors that management needs to take into account such as organisational plans, systems, processes, culture, vision, goals, as well as location, communication, monitoring and evaluation of employee performance, employee teamwork, team composition, ongoing projects, data management, management support, and organisational characteristics (Ngai, Law, & Wat, 2008).

The majority of external factors that the organisation needs to consider are out of the hands of management. Nevertheless, external factors such as the culture of the country, country legislation requirements, stakeholder management and customer preferences (Ngai et al., 2008) also need to be taken into account for the organisation to react to them (Saleh & Watson, 2017).

Even with the large amount of information at hand to managers (Van Knippenberg, Dahlander, Haas, & George, 2015), studies have suggested that managers either do not have adequate information or have too much information for decision making (Caralli, 2004). Therefore, there is a need for the specific factors that influence a particular organisation to be known in order to simplify the ongoing considerations of management.

2.3 Resource-Based View Theory

The resource-based view theory states that an organisation's resources, strategic assets, or capabilities, whether tangible or intangible, can drive that organisation's competitive advantage (Barney, 1991; Formentini & Taticchi, 2016). For a resource to provide a sustained competitive advantage it must have four characteristics; it must be valuable, rare, imitable, and non-substitutable (Barney, 1991). The resource-based view theory of an organisation is a theory from the field of strategic management (Barney, 1991; Wernerfelt, 1984).

The theory deconstructs the sustainable competitive advantage into the resources that produce it (Hitt, Xu, & Matz, 2016). It utilises an inside-out approach to the organisation, focusing on the valuable resources at the organisation's disposal. The resource-based view theory offers a clear framework that can be utilised in understanding the strategic resources that the climbing gym industry has at its disposal to create a sustainable competitive advantage.

The below Figure 1 is Barney's (1991) VRIN (Valuable, Rare, Imitable, and Non-substitutable) requirements for a sustainable competitive advantage. Starting at valuable and progressively attaining the requirements renders a resource a sustainable competitive advantage of the organisation.

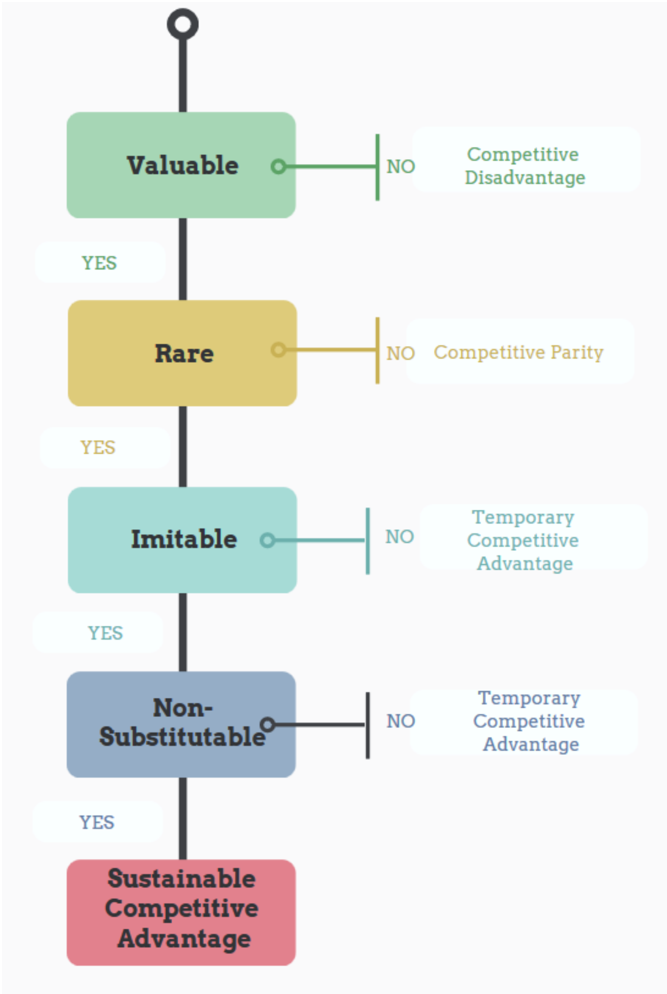

Figure 1: Adapted from Rothaermel (2016)

Applying the resource-based view to the climbing gym industry, and using the valuable, rare, imitable, and non-substitutable (VRIN) framework by Barney (1991) (Figure 1) the study aimed to identify the critical resources which would aid the climbing gym industry in creating competitive advantages.

2.4 Customer Value Creation

Success (or failure) of a climbing gym is based on feet through the door. The revenue for a climbing gym is generated by getting customers into the facility; this would include new and returning customers. Therefore, customers need to derive value from the services offered by the climbing gym.

A key insight from Kumar and Reinartz (2016) is that climbing gyms need to understand the customers perceived and derived value before assigning resources to create value for the customer. From a strategic management perspective knowing which resources are essential to the value of the customers means that management can place a greater emphasis on those resources (Kumar & Reinartz, 2016). However, the emphasis that is placed on these resources must be considered against the cost to utilise those resources (Hamilton, Rust, Wedel, & Dev, 2017; Mizik & Jacobson, 2003). The cost of utilising the resource must not outweigh the gain received from the resource.

The value to the customer has been seen to increase with an increase in customer engagement (Hollebeek, 2013). An organisation can aid the engagement of its customers with the use of social media to attract new customers and engage return customers creating greater relational longevity with its customers (Zhang, Guo, Hu, & Liu, 2017).

2.5 Customer Typology

Before the value to the customer is considered it would be helpful to understand the type of customers that climbing gyms host. A study by Gagnon, Stone, Garst, and Arthur-Banning (2016) suggested that climbing has predominantly been sought out by upper-middle-class, white people, and it has stagnated within this diversity. A study by Graham and Tshipala (2017) analysed the demographics of climbers in the Gauteng area showing that the majority of climbers are in the 25-34 age bracket and male. This fits with the findings of Fletcher (2008) and Lötter (2012). Fletcher (2008), however, gave a reason for the majority of risk sports customer-base being young, white, professional, middle-class males. Fletcher (2008) suggested that it was due to the safe structure that the professional middle-class constructed and thus needed an escape from. The sport also appeals to individuals that hold western values of "individualism, self-reliance, risk-taking, and progress" (Fletcher, 2008).

In addition to this segmentation, Salome and Bottenburg (2012) categorised participants into three typology's; the "Exercisers", the "Experiencers", and the "Exceeders", the differences being the reason for participation (Salome & Bottenburg, 2012). The value that each group seeks differs, but the climbing gym must cater for all three groups in quality and value.

The "Exercisers" value physical fitness, appearance and social contact of climbing, while the "Experiencers" are less motivated by fitness and more motivated by being outdoors. They thus see indoor climbing as a means to an end (Salome &

Bottenburg, 2012), as the indoor climbing assists them outdoors. The “Exceeders” are motivated by achievement and because of this view indoor and outdoor as complimentary aspects of the sport. They thus value the challenge of climbing indoor (Salome & Bottenburg, 2012).

2.6 Value Chain

The definition of the value chain idea from Brown (1997) shows the link between its ideas and the critical resources that this study aims to find: “*The value chain is a tool to disaggregate a business into strategically relevant activities. This enables identification of the source of competitive advantage*” (Brown, 1997). The value chain was looked at through the customers journey (Lemon & Verhoef, 2016). The customer journey is utilised to understand the value that is created or lost at each intersection of the customer experience. The customer journey is split into three phases (Lemon & Verhoef, 2016), *Prepurchase, Purchase*, and *Postpurchase*. Within each phase, and after understanding where the customer derives value, the organisation needs to understand which resources are required to provide this value.

2.6.1 Pre-purchase

2.6.1.1 Location Value

Value

Creating value for the customer starts before they have entered the climbing gym (Lemon & Verhoef, 2016). The journey to the facility is dependent on its location, customers can gain value from it being nearby or on route to work or home (García-Fernández et al., 2018). Ease of locating the climbing gym, for instance on social media or device locating technology, can also add value (Sousa & Rocha, 2019).

The area in which the facility is situated can also add to the customers perceived value (Geltner, Miller, Clayton, & Eichholtz, 2010), thus, the location of a climbing gym is a decision that is critical to the organisation (Temur, 2016).

Required Resources

The selection of the correct location is dependent on various factors (Temur, 2016). There are various methods that exist which can assist in weighing up certain factors to make an optimal decision (Temur, 2016). This study endeavoured to discover what the factors were that needed to be considered when selecting the location of a climbing gym. Further studies could possibly use the various methods that exist which can assist in weighing up the factors to make an optimal decision (Temur, 2016), including computer models taking the factors as variables (Aboolian, Bermanb, & Krass, 2007).

From a review of the literature and the nature of a climbing gym, possible factors are the size of the required building and the cost to the organisation of acquiring the correct facility. As a climbing gym requires height by its nature (Gagnon et al., 2016) the organisation needs a facility that can accommodate this. Height restrictions can then affect the desired location (Bertaud & Brueckner, 2005; Kok, Monkkonen, & Quigley, 2014) which are governed by the local municipalities zoning scheme (Nel, 2016). The cost of the building can vary and is dependent of the perceived value of the area in which it is situated (Geltner et al., 2010) .

2.6.2 Purchase

2.6.2.1 Employee

The next posited interaction that the customer has with the climbing gym would be with the employees.

Employee Value

The customer derived value from the employees that they interact with can have significant lasting effects (García-Fernández et al., 2018; Park, Hsieh, & Miller, 2018). Park, Hsieh, and Miller (2018) found that professional competencies, service efficiency, and the performance of employees played significant roles in the quality-value-loyalty chain as shown in Figure 2.

The quality-value-loyalty chain is an understanding of how the quality of a service affects the value perceived by customers and thus whether they would become loyal customers (Park et al., 2018).

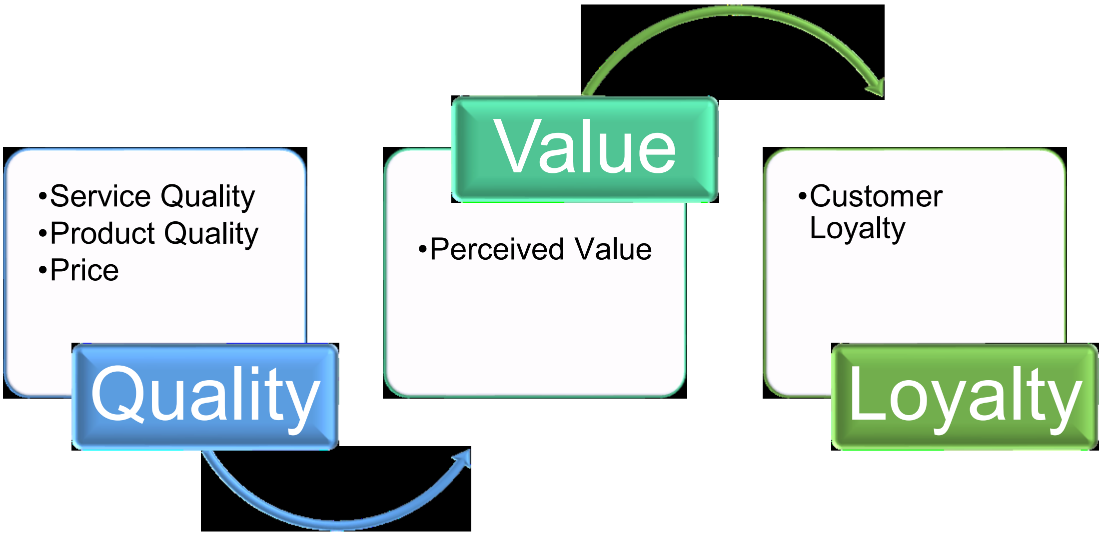

Figure 2: Quality-Value-Loyalty adapted from (Parasuraman & Grewal, 2000)

The professional competencies, service efficiency, and the performance of employees thus affected the customers return rates (Park et al., 2018). Parasuraman & Grewal (2000) argued that service quality before, after and during purchase can add to the benefits received by the customer at the same time reducing the customers nonmonetary cost. Parasuraman & Grewal (2000) also argued that service quality is much harder for competitors to copy than other more tangible aspects.

The competitive advantage that employees can give to an organisation is well documented (Nyberg, Moliterno, Hale, & Lepak, 2014). Thus, employees are invaluable to an organisation's competitive edge and its value that it provides.

Required Resources

Employees need to be trained in various aspects of the climbing gym for them to provide superior quality service that is valuable to the customer (Dhar, 2015). First and foremost they would need to know the safety aspects of a climbing gym (Gagnon et al., 2016), and be able to administer preparticipation evaluations on customers (Campbell et al., 2015) They would then need to know enough about the sport of climbing for them to add value to new and old customers (Asfaw, Argaw, & Bayissa, 2015). If the climbing gym has other services that it offers, the employees would need to be knowledgeable in those areas and therefore trained in them if required. Training can have the additional effect of creating better employee engagement and assist employees to perform better in their respective roles (Asfaw et al., 2015)

2.6.2.2 Facility

Facility Value

The reason most customers attend a climbing gym is to utilise the climbing facility, which makes it one of the most important areas of value. Its central for a service centred business to understand the dimensions of quality that matter to the customers and add to their perceived value (Barber & Scarcelli, 2010). A study by Wakefield and Blodgett (1999) showed that the tangible environment can heavily impact the customers value perception. Barber and Scarcelli (2010) studied the role that cleanliness in a facility played on the customers perception of quality. They found that cleanliness had a significant impact on customers willingness to return, demonstrating the value that customers place on cleanliness.

Required Resources

For the facility to be cleaned and maintained to the required standard that either produces value for the customer or at minimum does not detract from the customers perceived value, resources need to be utilised which can be costly (Ganisen, Nesan, Mohammad, Mohamed, & Kanniyapan, 2015).

2.6.2.3 Social

Climbing has been shown to provide a holistic value to customers (Garst, Stone, & Gagnon, 2016) with development in areas such as social skills, health and strength, and cognition and mental conditioning. The first area to be discussed is the social benefits that climbing gym customers receive.

Social Value

A significant amount of the value that customers derive from attending climbing gyms is that they interact with other people (Kulczycki, 2014; Kulczycki & Hinch, 2014). This creates value that the climbing gym cannot create by itself (Coenen, Alexander, & Kok, 2013). The value is created both by the climbing gym hosting them and by the customers because the social interaction is seen as valuable to them (Kulczycki, 2014; Kulczycki & Hinch, 2014). Although the study by Kulczycki & Hinch (2014) did suggest that climbers did not require friends to be at the facility because the environment allows for positive social engagement with other likeminded individuals, creating a place for new friends to be made.

The social value that climbing gyms provide to the customer is not created by the customer, but instead by the customers themselves as co-creators of value (Grönroos, 2017). The climbing gym, however, can create an environment which aids this co-creation (Heinonen, Jaakkola, & Neganova, 2018) and as shown by Kulczycki & Hinch (2014) this environment is ultimately due to managements philosophy

Required Resources

The required resources to enable a positive social environment is the culture of the climbing gym which is set by management (Kulczycki & Hinch, 2014) and enacted by the employees.

2.6.2.4 Physiological

Physiological Value

The activity of climbing is arguably the reason customers attend the climbing gym. Thus, the quality of the climbing can affect the customer's perceived value (García-Fernández et al., 2018). A study by Kulczycki & Hinch (2014) revealed customers valued the physical fitness and skill development gained from the activity.

There is minimal literature on the quality of climbing, how it can be measured and how it affects the perception of value. Although literature does shed light on the positive physiological effects climbing provides. Foremost, climbing provides physical exertion leading to physical fitness which in itself has benefits mentally and physically (Gallotta et al., 2015). Climbing also has shown to increase muscular strength and endurance and improve flexibility (Siegel & Fryer, 2017).

Required Resources

Apart from being a fun activity (Kulczycki & Hinch, 2014) customers can derive value from a number of benefits from the sport of climbing. The resources that the climbing gym requires for the activity are the walls, grips, and equipment, also known as holds (Button, Orth, Davids, & Seifert, 2018).

2.6.2.5 Psychological

Psychological Value

Apart from the physical aspect, literature has shown that climbing can have psychological benefits that customers may value. Fletcher (2008) suggested that risk sports athletes look for an escape to the constraints that they have in their daily lives, meaning that from the way they view the structure of their lives they feel confined and view risk sports as an escape to that (Fletcher, 2008).

Other studies have shown psychological benefits such as reduced anxiety and improved mood (Gallotta et al., 2015), positive effects on depression (Dorscht et al., 2019; Kleinstäuber, Reuter, Doll, & Fallgatter, 2017; Luttenberger et al., 2015), better perceptions of their physical capabilities, improved visual memory and motor expertise (Whitaker, Pointon, Tarampi, & Rand, 2019), and positive effects on the problem solving skill set of participants (Özen, 2015; Özen & Vatansever, 2016). The above benefits are inherent in the sport and are a benefit that climbing gyms can create by hosting the sport well and creating a safe environment.

2.6.3 Post-purchase

In the post-purchase phase climbing gyms need to keep customers engaged and returning. As shown by San Emeterio, Iglesias-Soler, Gallardo, Rodriguez-Cañamero, & García-Unanue (2016) the cancellations of fitness facilities memberships could be predicted if the customers used the fitness facility below a certain amount of times in a year and shorter than a certain duration. The recommendation is firstly to maintain customer engagement in order to keep customers returning to the facility, and secondly when the customers are at the climbing gym to create an environment that lengthens the duration of time spent in the climbing gym (San Emeterio et al., 2016). The potential for post-purchase interactions with customers lies within social media platforms.

2.6.3.1 Social Media

Social media platforms have become increasingly prominent for organisation customers providing another source of value for the customer (Singaraju, Nguyen, Niininen, & Sullivan-Mort, 2016). However, in this environment, customers are the co-creators of value based on the engagement of the organisation and the utilisation of social media as a resource (Singaraju et al., 2016).

Social media has afforded climbing gyms the opportunity to influence the culture of its community (Holland-Smith, 2017). It has aided the climbing gym in creating a community around it. However, it has also democratised the culture (Holland-Smith, 2017) meaning that climbing gym needs to keep track of the culture because if it is not party to the creation and maintenance of it then it will only be subject to it.

2.7 Possible Factors

2.7.1 External Factors

The macroeconomic effects of a country play a role in business earnings on the macro scale. However, an individual organisation can have success no matter the economic climate of the country it is in (Eliud, Tabitha, & Obwogi, 2015). Nevertheless, during economic downturns, consumers will spend less on non-essential items (Kamakura & Du, 2012). Due to the professional working-class customer base that climbing gyms attract (Fletcher, 2008), it could be considered a non-essential item. However, a study by Barnes, Lefter, Bhave, & Wagner (2016) showed that working-class adults were more likely to spend time doing recreational activities during economic downturns. This dichotomy presents a fascinating view of the customers of climbing gyms and where they place their value. Wood's (2016) adds to this by suggesting that climbing is taken as a serious leisure activity. To the climbing gym industry this means that customers could place higher value on climbing as an activity because of what it means to them (Wood, 2016).

The fuel price was another macroeconomic factor that could affect the customers of a climbing gym and therefore the climbing gym’s profitability. Latinopoulos (2014) conducted a study in Greece on the effects of increased fuel price on customers willingness to travel to recreational activities. The study showed that people were less willing to travel to recreational activities.

More localised factors can affect a climbing gym such as weather. The effect of weather on a climbing gym is considered to be logical consideration (Prettenthaler, Kortschak, & Ortmann, 2015). Climbing gyms need to account for weather and the effect that it can have on customer attendance (Prettenthaler et al., 2015). The effect that weather has on attendance can be lessened or amplified by the region in which the climbing gym operates. For example, if the gym is located in an area that has immense potential for outdoor climbing, the climbing gym could see large swings in customer attendance due to weather changes.

Literature also reveals regional differences based on culture and preferences (Kaasa, Vadi, & Varblane, 2014). The impact they could have on the climbing gym could be significant. These regional cultural/preference differences can produce outcomes such as how far customers are willing to travel (Kaasa et al., 2014), affecting the strategy of the organisation.

2.7.2 Internal Factors

The climbing gyms also need to be aware of factors that need to be taken into account, which could affect profitability over and above customer attendance.

2.7.2.1 Current Context

The study examined the current context that the industry exists within. The context was defined as the opportunities and constraints that affect the organisation's behaviour (Pavlowich & Kapuscinski, 2017).

Market

The current context in which climbing gyms operate needs to be taken into account in order for the best strategic decisions to be made (Saleh & Watson, 2017). The current size of the market would be essential for the climbing gym for multiple reasons. It would impact the size of the facility which needs to be procured (Ganisen et al., 2015), the general scale and scalability of the organisation (Nielsen & Lund, 2015), and the location of the climbing gym as the preferred location would be closest to the most significant market (Temur, 2016). Along with the size, market growth would also be a factor that could impact scalability (Nielsen & Lund, 2015).

Market Growth

The growth of sports such as climbing, can be attributed to additional media coverage (Thorpe & Wheaton, 2011) that the sport has received. Its rise in popularity (Raue et al., 2018) has meant that there is a higher demand for climbing facilities. The public that participates in recreational, leisure and sporting activities have increasingly sought man-made facilities that are closer to their homes instead of venturing into natural open areas (van Bottenburg & Salome, 2010). These two aspects have combined to lead the expansion of the climbing gym industry with many countries already seeing steady growth in their respective industry's (Breivik, 2010; Gagnon et al., 2016).

Internal Rivalry

Internal rivalry in an industry needs to be considered for its possible impact on strategy and profitability (Saleh & Watson, 2017). The internal rivalry can be mitigated if the differences between organisations are significant enough that they serve different markets (Rothaermel, 2016).

Market Segmentation

As shown in section 2.5-Customer Typology there are various market segments meaning there is the possibility for climbing gyms to select a segment and tailor its offerings for that segment (den Hertog, 2014). Although the offerings that drive attraction for a particular segment might not work as well at attracting other segments. Some organisations try to add additional services (from here on referred to as peripherals) on top of their current offering to attract more customers from the other segments (Hamilton et al., 2017). However, this has additional costs associated with it and thus must be weighed up against the potential additional revenue it would generate (Hamilton et al., 2017).

Cost

The costs that exist for climbing gyms is an ongoing constraint that must be considered. For resources that are common between climbing gyms, climbing gyms could consider cooperating amongst each other to reduce the costs (Müller, Maier, Veile, & Voigt, 2017).

Revenue Generation

The general business model for recreational facility usage is for customers to pay a fee, in the form of a "day pass" or a subscription/membership, to utilise the facility. To aid monthly operational costs there is a preference to utilise memberships for a better forecast of incoming funds. This business model is common throughout the industry (Deephouse, Bundy, Tost, & Suchman, 2017; Gagnon et al., 2016).

The revenue generation needs to be supported by the value generation. An organisation cannot appropriate value from customers when the organisation has no value to provide those customers (Mizik & Jacobson, 2003). With this understanding the price charged to the customer needs to be inline with the value created, thus, highlighting the value created by the organisation and the resources that underpin it. Price is however, more complicated than the simplified version above with many variables that need to be considered by the organisation (Friedman, 2017).

Perceptions

The perception of climbing has been as an extreme sport (Cohen, Baluch, & Duffy, 2018). This is partly due to the way in which media has portrayed the sport (Cohen et al., 2018), and partly due to the origins in opposing the norms of society (Breivik, 2010). In addition, there are currently members that resist the migration of the sport to mainstream as they value its subculture (Breivik, 2010). However, the safety precautions that have been taken by climbing gyms have mitigated this risk (Batuev & Robinson, 2018; Gagnon et al., 2016) to a level in which serious injury is rare for indoor climbing (Raue et al., 2018).. Climbing gyms need to maintain this safety in order for the sport to gain more legitimacy (Gagnon et al., 2016).

CHAPTER 3: RESEARCH QUESTIONS

As demonstrated in chapter 2, this topic relating specifically to the climbing gym industry is under researched and there exists space for this study to provide insight.

The research methodology that was selected for this study was a qualitative study that was exploratory in nature. The approach was to better understand the factors affecting the climbing gyms industry and the resources that the climbing gym industry has at its disposal to create competitive advantages by virtue of creating value for customers. This was done through semi-structured interviews with selected individuals. The research questions that were generated after review literature were:

3.1.1 Research Question 1:

What are the critical areas for a sustainable climbing gym?

3.1.2 Research Question 2:

What value does the climbing gym industry provide to customers?

3.1.3 Research Question 3:

What are the competitive advantages the industry has and should build upon?

The next chapter explains the methodology that was followed.

CHAPTER 4: RESEARCH METHODOLOGY

4.1 Introduction

This chapter provides an overview of the research methodology that was used to design, collect, manage, and analyse the data of this study. The literature review in chapter 2 showed that research specific to the climbing gym industry is still in its infancy and thus the factors that should be accounted for are still unknown. Therefore, more research into this area is required. The literature did however form the basis for the interview guide that was used during the interviews with the respondents. The study utilised a qualitative approach, with the design, sampling, and analysis of the data reinforcing this approach.

The study looked through the lens of the resource-based view theory. This deconstructs the sustainable competitive advantage into tangible and intangible resources and capabilities. The resource- based view theory was used to determine the resources that provide the climbing gym industry with its competitive advantage. The resources were researched with interview data from owners, managers and experts in the industry.

4.2 Research Methodology and Design

The qualitative method was chosen due to limited literature that exists on the climbing gym industry. The research was exploratory in nature due to the field being previously unexplained (Kothari, Kumar, & Uusitalo, 2014; Saunders & Lewis, 2018). There were additional phenomena that arose during the study that were more insightful than previously considered, thus again lending itself to being exploratory. The method for collecting the qualitative data was done by conducting semi-structured interviews to find out from organisation owners, managers, and industry experts as to what the resources are that produce the competitive advantage and value to the customers.

This study sought to explore the strategic resources that influence the success of indoor climbing organisations in South Africa. The study was cross-sectional as the interviews were done at a single point in time. With the use of semi structured interviews, the data collected came from the interviewees perceptions of the circumstances of the industry. (Saunders & Lewis, 2018). The epistemological assumptions favour the interpretivism philosophy as the research was built on the perceptions of the individuals. The participants interviewed understood the same industry with their unique perspectives and rationales for their actions that cause effects on that industry (Maree, 2012).

The objective was to describe the phenomena that exists in the industry. The research approach made use of inductive reasoning as the research investigated and developed conclusions based on observations (Bengtsson, 2016). The research became less broad over the course of the interviews and after processing. As the approach was inductive Hsieh and Shannon (2005) suggests that inductive research is characterised by semi structured interviews, avoidance of pre conceived ideas, and immersion in the data to allow insights to emerge. The use of semi-structured interviews was considered adequate for the desired outcomes. The interviews were conducted face to face where possible, while the use of video conferencing tools was used for the interviews where it was not possible for the researcher to interview face to face due to geographical challenges. The results were then analysed to ensure saturation was reached and that the same specific phenomena were found for saturation.

The boundaries of the study were the indoor climbing gym industry in South Africa, therefore only organisations that operate in that industry were studied. The methodology examines the sample as it is in time and in its context.

4.3 Unit of analysis

Through the analysis process the unit of analysis was determined to be the individual respondents perceptions and opinions. This was due to the study being aimed at owners, managers, and industry experts' perceptions and opinions of what the resources were that produced competitive advantage and customer value. The individuals were the unit of observation as their perspective on the phenomena was observed (Cassell & Cunliffe, 2018).

4.4 Population

The population is described as the "The full set of cases or elements from which a sample is taken" by Saunders, Lewis, and Thornhil,(2016). There are currently ten indoor climbing gym organisations in South Africa. Ten of these establishments are currently operating and two have ceased operating. There is also a number of experts that operate in and around the industry. With this in mind the population is owners and managers of climbing gyms within South Africa and experts that exist in and around the industry.

4.5 Sampling method and size

With the exploratory nature and case study design of the research, the sample was purposively selected with maximum variation, meaning the sample of respondents was subjectively selected for the most appropriate candidates to be chosen for their relevance to the research. The maximum variation was produced by sampling from the various organisations across the country in different geographical locations. Within those organisations top management were interviewed. The top management were optimal for the study due to their knowledge of the industry and knowledge of what factors affect the individual organisations and overall industry. The industry experts purposively chosen were from organisations that work directly with climbing gyms.

The sample size was 12 individuals, seven of whom are either owners- managers of the climbing gym or the managers of the climbing gym. Six different climbing gyms were represented across the country. There were five industry experts that represented either the sports competitive governing organisations or organisations that work directly with climbing gyms. The majority of the five industry experts had previously worked in climbing gyms. All had significant experience in the industry.

Table 1: Respondent experience

Respondent	Experience in Industry (years)	Experience around Industry (years)
R1	3	20
R2	4	24
R3	6	18
R4	15	19
R5	4	6
R6	5	22
R7	8	11
R8	5	9

R9	5	7
R10	4	5
R11	2	5
R12	3	18

4.6 Measurement instrument

Saunders et al. (2016) suggested that searching and reviewing academic literature and conducting in-depth interviews is best suited to exploratory research. The first part was conducted by reviewing the available literature that was relevant, peer-reviewed, and recent. This part of the study provided the relevant setting on which to conduct the interviews.

The next part was the in-depth interviews. 12 interviews were held of which the longest interview was 1 hour and 22 minutes and the shortest interview was 15 minutes with the average being approximately 45 minutes. The respondents were invited via email for a time that was convenient for them. No prior knowledge of the questions was provided.

The measurement instrument used was semi-structured interviews that focused on factors affecting the industry, internal resources of the industry, and value provided to the customer. The interviews were conducted in person by the researcher with the selected respondents. The interviews were either conducted face to face or in person or over a video calling platform. This is considered an appropriate form for the interviewing process as the face to face interviews and the video call interviews can be recorded for transcription.

The analysis of the industry by the respondent was guided by the interviewer's question guide which was developed prior to the interviews. The question guide, apart from generating subjective discussion, ensured that all aspects were covered and the interview remained focused. The interview consisted of 12 open ended questions designed to generate thought and discussion in a free and open manner. The questions had a logical flow to them. Although some respondents answered questions that had not been posed to them yet thus negating the need for that specific question. The questions were categorised into three groups. The first seven questions related to factors that affect the industry and the resources that climbing gyms have. The second group of three questions related to the value that the respondent thinks customers derive from the climbing gym. The final group of two questions related to the competitive advantage climbing gyms have over other activities.

Saunders et al. (2016) suggest pilot testing the question guide to assess the difficulty of the questions, check that the answers are being recorded correctly and general reliability of the questions attributed meaning. This was done prior to the interviews on one respondent. The pilot test concluded that the questions were clear and not nonsensical.

These interviews required skill from the interviewer in order to avoid injecting bias into the interview. In addition to this, another possible point of contention around the interviewer's skill was the ability to avoid leading the respondent to only a select few phenomena.(Fusch & Ness, 2015) Instead, the interviewer needed to understand the concepts that the respondent was trying to convey and allow the respondent to explain and dive deeper.

4.7 Analysis approach

The aim of the study was to understand the larger environment of the climbing gym industry. To this end the analysis tool used was content analysis or conceptualisation (Saunders et al., 2016), which is an extensively applied analysis tool. It involves classifying the results into data and then narrating the data to deduce themes (Kothari et al., 2014). This analysis was also more interpretive meaning that, apart from the actual responses, the implied meaning was also taken into account. The approach used was an inductive approach as the study built the theory and detected the themes that arose from the data rather than deductive, in which the aim would be to prove the theory.

4.8 Data preparation

The interviews were firstly recorded, with the use of digital audio recording equipment, for analysis at a later stage. Then the recordings were then transcribed into written text producing the initial data. As Saunders et al. (2016) suggests, the transcriptions were reproduced verbatim.

For the initial transcript voice recognition software was used to capture the text from the recordings. This transcript was then checked against the recording and edited manually if required, to ensure verbatim text. This also provided an additional instance to review the interview before coding.

4.9 Coding schema

The next step taken was to analyse the transcripts. This was done while listening to the recording to ensure that inferences in the tone of the voice would not be missed. The transcripts were then processed and codes were assigned to concepts/meanings that appear in the transcription with the use of Atlas.ti software (Saunders et al., 2016).

The coding schema evolved as the codes were drawn out from the interviews. The codes could not be categorised by question because at some point the respondents provided answers to questions that had not been asked yet. As the coding progressed patterns of the data started to emerge and categorisation started. The first interview yielded enough codes for categorisation to take place.

4.10 Coding of text

The coding of text was done by selecting the text that explained the relevant concept and applying an identifier of a few words to reference the meaning of the concept. That same code would be used in subsequent interview transcriptions if the concept expressed was the same. Thus, when a new concept emerged a new code was created. Upon every third interview a review of the current codes was done to ensure that there were not any duplicate codes, ones for which the concept was the same or considered similar enough to become the one code.

4.11 Analysing of coded text

The codes that had been created were then categorized with the possibility for subcategories. Each category or subcategory represents a possible resource/capability of the industry thus giving substance to the purpose of the study.

After categorising the codes the categories were then grouped into themes (Saunders et al., 2016). Themes were established by identifying critical concepts or ideas that repeatedly appeared from the data. After this the research questions were used to place the themes.

4.12 Conclusions from the text

Once the data had been grouped the total number of findings identified was 35 which translated into 12 main themes and the themes then informed the research questions.

4.13 Reliability and Validity

The purpose of reliability is to ensure replication and consistency, while validity is to ensure that the measures are appropriate (Saunders et al., 2016). Two methods were used to maintain validity and reliability of the results during the study. The question guide was reviewed in a pilot test to establish the validity of the questions. Reliability was maintained by the steps that were taken in the interview process. Talking from the interviewer was kept to a minimum apart from the questions and the same follow up questions from the interviewer were maintained across the interviews.

4.14 Limitations

The study was limited by the clarity it can provide outside of its scope. It is a study that is specific to the South African context and as such cannot be generalised. The clarity of the results was dependent on the respondents. Their responses were based on their perceptions and opinions from their experience in the industry. The respondents also have their own biases and therefore the results are biased towards the dominant industry dynamics. These biases may not reflect other countries' or industries' influential factors. A certain amount of observer error could have been present due to subjectivity.

The industry in South Africa is relatively small compared to other countries (Mike Helt, John Burgman, & Jon Lachelt, 2018). If the study was to be applicable to the international industry the sample and population would increase substantially but for this study, the boundary has been set at the South African industry.

CHAPTER 5: RESULTS

5.1 Introduction

This chapter summarises the results found through 12 semi-structured, in-depth, one-on-one, expert interviews conducted with managers, owners and industry experts of the South African climbing gyms industry to establish the strategic resources that the climbing gym industry has. The results are laid out according to the research questions that were formulated in chapter 3.

5.2 Respondents and Interviews

The data was collected through individual semi-structured interviews with each respondent, all of whom were active in the climbing gym industry. Considering the strategic implications of resources that exist (Rothaermel, 2016), the respondents were climbing gym owners and managers (58%) and, industry experts (42%). The managers and owners have between 4 and 20 years' worth of experience in the industry operations. The industry experts have between 5 and 20 years' worth of experience within and around the industry.

8% of the respondents had experience in a climbing gym that became non-profitable. 8% of the respondents were investors in climbing gyms but were not involved actively in the daily operations. 25% of the respondents were associated with the climbing industry's competitive governing body for South Africa. 33% of the respondents were climbing gym owners that also managed daily operations. 25% of the respondents were employed as climbing gym managers.

The respondents who are actively involved in daily operations of climbing gyms came from gyms that were established between 2 and 20 years ago.

The following table shows the respondents

Table 2: Sample realisation

Respondent	Grouping	Position	Experience in Industry (years)	Experience around Industry (years)
R1	Owner/Manager	Owner/Investor	3	20
R2	Expert	Investor	4	24
R3	Expert	Old Employee/Coach	6	18
R4	Owner/Manager	Owner/Investor	15	19
R5	Owner/Manager	Manager	4	6
R6	Expert	Member*	5	22
R7	Expert	Member*/Coach	8	11
R8	Owner/Manager	Manager	5	9
R9	Owner/Manager	Manager	5	7
R10	Expert	Member*	4	5
R11	Owner/Manager	Owner/Investor	2	5
R12	Owner/Manager	Owner/Investor	3	18

* Member refers to a member of one of the sport's governing bodies.

40% of the respondents were interviewed in person, the remaining 60% had telephonic interviews conducted. All interviews were recorded for transcription. The in-person interviews were conducted with the respondents at their place of residence for them to feel comfortable. Although telephonic interviews were not ideal, the method was utilised due to the respondents' time constraints and geographical locations.

Once completed the interview audio files were transcribed into text. The text documents were analysed and coded to establish possible repeating concepts. These concepts were then grouped into categories which were grouped into themes. The respondents were allocated identifiers to ensure the anonymity of their identity.

5.3 Findings

The research process consisted of 12 semi-structured interviews conducted with managers, owners and industry experts of the climbing gyms industry, which were then analysed to acquire the qualitative data contained therein.

5.3.1 Research Question 1:

What are the critical areas for a sustainable climbing gym?

Questions were posed to the respondents as to what the factors, either internal or external, affecting the climbing gym industry are. Both Internal and external factors were mentioned, but a few of the respondents identified some of the factors as being critical to the success of a climbing gym.

a. Finding 1.1: Critical Factors

During the interview process, the respondents were asked what the critical resources of climbing gyms were. The responses were grouped into eight main areas; namely employees, facility, operations, marketing, growth of climbing gyms, location, management, and innovation. As one respondent pointed out, the areas are interrelated and overlap with each other. However, the factors that have been emphasised by the respondents have been placed as critical, while the factors that the respondents were cognisant of have been divided into external and internal factors.

Table 3: Critical factors by business function

	R1	R2	R3	R4	R5	R6	R7	R8	R9	R1	R11	R12
Critical Factors	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Employees	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Facility	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Operational	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Marketing	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Growth of Climbing Gyms	✓	✓	✓	✓	✓	✓	✓			✓	✓	
Location	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Management	✓			✓		✓		✓				
Innovation						✓		✓				

Employees

All the respondents mentioned that employees were an area of importance for the climbing gyms; however, the factors that made the employees critical differed.

Respondents R3, R4, R5, R7, R8, R9, R1, and R11 stated that employee's friendliness is a critical factor to the atmosphere of the gym and the experience the customers receive from the employees. Almost all respondents said phrases, or similar phrases, that "people [customers] love to be greeted by name as they walk in". This desired intentionality shows the customer centred, inclusive nature of the industry.

Respondents R2, R3, R5, R7, and R8 stated that employees need to be passionate about climbing and enjoy the sport. This is to provide the climbing gym with employees that can appropriate the passion and enjoyment to the customers. The employees (and sometimes owners) are seen to be the facilitators of this process where, as stated by respondents R1, R3, R5, R7, and R11 they also establish the atmosphere of the gym.

In addition to the employee's passion and enjoyment, their knowledge and willingness to learn, enables the employee to fulfil the above-mentioned requirements effectively. Respondents R4, R5 and, R7 stated that employees need, primarily, to be knowledgeable in safety practice aspects and then in other areas such as climbing skills and correct usage of the gear, to assist the customers when required.

Respondents R1, R3, R4, R5, R6, and R7 stated that employees need to be internally motivated. This is separate from passionate employees because employees could be passionate about the sport but lack an internal motivation or a “go-getter” nature, as stated by one of the respondents. Based on the responses, employees that have both passion for the sport and an internal motivation would be best for a climbing gym.

Respondent R1 stated that there is a requirement for owner/managers to trust their employees with the daily operations of the gym and their ability to make decisions on behalf of the owner/manager. By trusting the employee with the daily operations, it gives autonomy and responsibility to the employee to deliver quality service to customers.

A challenge facing climbing gyms in South Africa is that it is a small industry, therefore, the pool of knowledgeable and qualified employees is limited. In addition to finding qualified employees, the challenge of providing a sustainable salary arises. Some of the owners/managers remarked that they try to pay their employees relatively well. Although it was not stated outright in the interviews, the owners/managers have the problem of trying to entice qualified employees, paying them well, while running a profitable business, Due to the size of the industry, the owners/managers cannot pay talented employees high salaries, therefore employees are leaving the climbing gym industry for other opportunities. Respondent R12 stated that knowledge and money were the two most essential resources to a climbing gym, demonstrating the importance of having employees with the correct knowledge.

Another challenge for climbing gyms relates to the culture that is created by the employees and management. Respondent R1 stated that it is difficult to keep a good culture as the gym grows. Although this challenge area was identified, no solution or additional information was provided. The culture of the gym was closely linked to the atmosphere or, as was expressed by other respondents, “the vibe” of the climbing gym. The atmosphere was expressed as critical to make the climbing gym appealing to customers, but what exactly results in an atmosphere that is attractive to the customers was not discussed. It is, however, considered reasonable to assume that combinations of the factors mentioned herein produce the atmosphere.

Here are the critical factors of employees summarised below:

Table 4: Respondents employee related factors

	R 1	R 2	R 3	R 4	R 5	R 6	R 7	R 8	R 9	R 10	R 11	R 12
Friendly employees are required			✓	✓	✓		✓	✓	✓	✓	✓	
Employees are critical	✓	✓	✓		✓		✓		✓	✓		
Need "go getter" employees	✓		✓	✓	✓	✓	✓					
Knowledgeable staff/employees are critical								✓	✓	✓	✓	✓
Passionate employees are critical		✓	✓		✓		✓	✓				
Employees set the atmosphere	✓		✓		✓		✓					
Employees/Owners are part of the experience			✓				✓	✓				
Employee are more important than holds/grips	✓											
Employees require good social skills										✓		
Employees should have a willingness to learn								✓				
Employees must keep customer trust high	✓											
Limited availability of qualified & knowledgeable staff/employees									✓			
Employees must make the customer feel important		✓										
Organisation culture is important	✓											
Route setters need to be paid well							✓					
Some cultures hard to scale	✓											
Trust employees to make right decision	✓											

Facility

The second area critical to climbing gyms is the facility. The respondents mentioned various areas that were critical to the look-and-feel for customer attraction and satisfaction. Two factors that were mentioned by all respondents were the quality of routes on the walls for the customers to climb and the route setting. Route setting refers to the changing around of grips on the walls to alter the difficulty of the route or to create a new route. The need for quality routes was mentioned by respondents R1, R3, R4, R6, R7, R8, R9, R11, and R12. This means that having high quality routes is vital for maintaining attraction for the customers. The route quality is highly dependent on the route setters, hence respondents R2, R4, R5, R6, R8 and, R1 said good route setters are critical to climbing gyms. This also links with the above-mentioned necessity of having skilled employees. In addition to good route setters, quality routes require quality grips/holds. Respondents R1, R2, R4, R5, R7, R9, and R11 stated that the quality of the grips is important. Due to the fact that “the best grips are found overseas” and that they are more advanced in grip design, this, provides another challenge. Acquiring new grips from abroad means that they are produced at a higher cost. The exchange rate plays a significant role in procuring them, which can add to the challenge. However, when the grips are procured it means that the local climbing gym industry can stay up to date with international climbing trends. Historically, the South African climbing gym industry has lagged behind the American and European industries.

The reason for buying new holds is to keep the climbing new and “fresh” for customers. This is also the reason for changing routes regularly. Respondent R1, R4, and R7 stated that the routes “get stale” and “people […] get bored” There did not seem to be consensus over a definitive time frame for changing routes, but there was a balance that needed to be held between changing routes to keep it new and retaining some routes so customers could attempt them on multiple days. There was also consensus that there needed to be a bell curve of route difficulty due to the majority of customers only being able to climb easy to intermediate routes, therefore, the majority of the routes should be at this intermediate level.

Respondent R4 and R8 had a different perspective on how to keep things new. The respondents stated that in order for the climbing gym to have a new feel, more than just routes needed to be changed. This can include changing the walls by adding new ones, changing the angles of the walls or adding in new features to the gym. These additions should not be confused with maintenance of the facility.

Maintenance was stated as being a critical requirement by respondents R3, R5, and R7. Most of the respondents mentioned that for customer attraction, maintenance and cleanliness is necessary. Maintenance is also necessary from an operational point of view because it requires time and money, but if the facility is not maintained it could be a significant detraction for customers.

Below is a table of summary that shows which factors were mentioned by the respondents that relate to the facility.

Table 5: Themes for the Facility

	R1	R2	R3	R4	R5	R6	R7	R8	R9	R10	R11	R12
Routes	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓
New/Fresh	✓		✓	✓	✓	✓						
Maintenance	✓	✓	✓		✓	✓	✓		✓	✓		✓
Grips	✓	✓		✓	✓	✓	✓	✓	✓		✓	✓

Operations

Safety was stated by three respondents as being critical to the climbing gyms ongoing business. This is partly due to the nature of the sport and partly due to the perception the sport has. One respondent stated that the sport had a reputation for being an activity for the risk-takers or “adrenaline junkies”, and that this reputation can be a deterrent for potential customers. Due to both of these reasons, the perception or nature of the sport, requires that climbing gyms need to make their customers feel safe. The respondents mentioned two areas in which safety is achieved. The first is that the climbing gym equipment must be maintained and the second is that safety processes are in place. It was stated that to maintain the safety of the equipment it must be replaced regularly which is a cost that can be budgeted for. The safety processes that need to be put in place were mainly carried out by employees, therefore, having safety-conscious employees was critical to the organisation.

Firstly, the price charged to customers was stated by respondents R2, R3, R6, R7, and R11 as being essential to the organisation. The reasons given for its importance are that it should be comparable to the alternative industries that have been seen as competitors, such as a regular work out gym. Secondly, the price must ensure that the expenses of the organisation are covered. Lastly, the price must be based on the context in which the organisation operates. An example given was if the majority of the customers are blue-collar workers due to the location of the climbing gym then the price must be set to that context. Therefore, for a lower-income market costs need to be reduced in order to provide a lower price. Memberships assist the operations of the organisation in terms of planning as the gyms can rely on income for the duration of the membership. Membership duration differs per gym as they each utilise a different membership methodology.

Respondents R1, R3, R8, and R9 stated that there is generally a lack of information and data gathered about the industry, the organisation and the customers. There also seems to be a need for greater use of this data. Respondent R12 stated that knowledge and understanding of the market and customers was a critical component for a climbing gym. Respondent R3 stated that information about the customers is rarely used because it is undervalued. In addition to utilising the data more, there is a need for the data to be used in innovative ways.

Marketing

The sport of climbing is small, as previously stated. Due to this, respondent R3 and R5 said that there is a lack of general awareness about the sport and what it entails. This lack of awareness extends to the climbing gyms that are discipline-specific (e.g. bouldering or sport climbing). New customers do not usually understand the different disciplines that the sport has and the nuances that exist in each discipline.

While discussing the lack of awareness, respondents R3 and R10 stated that this is because there is a lack of advertising on mainstream paid-for channels. They said that this should change and advertising should be increased. They did, however, agree with respondents R2 and R8 that passive marketing through channels such as social media is what the gyms are currently employing, and it has given them some traction. Whether or not the gyms were able to put more funds into marketing on a larger scale was unclear.

One of the respondents praised the passive marketing, which employed customer created content to further the awareness of that gym. Another marketing strategy mentioned were events that are inviting and engaging for customers. Examples that were given of these events were friendly fun and sometimes themed competitions or fun events that involve “climbing in weird and whacky ways”. This marketing strategy was partially opposed by another respondent who stated that other factors had increased customer return and engagement more than hosting events. An example given was changing routes more often. This was in line with respondent R3 who stated that events are better at engaging beginners or newcomers while the more veteran climbers return for the route quality and the culture created by the employees.

Growth of Climbing Gyms

As much as marketing can work to increase the awareness of climbing in general respondents R1, R3, R5, and R11 stated that the more climbing gyms that are operational, the more attention the sport will gain. This suggests that the creation of new climbing gyms will generate greater awareness for the sport.

Respondent R6 stated that, “the only way you're going to grow the sport [is through cooperation between the sport’s governing body and the climbing gyms], and by doing that, put more people into climbing gyms”. This meant that for growth of the sport there would need to be cooperation between the stakeholders within the sport and industry and that climbing gym growth is dependent on the growth of the sport.

Another proposed method for growth of the sport was to engage with schools to get children into climbing and therefore grow the youth market. Respondent R1 disagreed with building climbing facilities on a school’s property. This was based on experience obtained from another country in which the government built climbing facilities on multiple school properties, but due to mismanagement by the schools, the facilities were never effectively utilised, and climbing did not grow. The respondent did, however explain, that climbing gained attention in that country through television and popular shows. Respondent R1 also stated that due to films being released featuring climbing it is also growing the awareness of the sport in South Africa. The inclusion of climbing in the Olympics has also aided the growth in awareness.

There was a general consensus amongst respondents that overall, climbing as a sport and the climbing gym industry is growing. Respondents R1 and R11 stated that internationally climbing is growing and respondents R4 and R10 indicated that they had encountered an increasing awareness in South Africa and interest in the sport in South Africa. Respondent R7 remarked that the youth involved in the sport was growing.

Location

Questions regarding the importance of the climbing gym’s location were posed to the respondents and the respondents’ answers showed a nuanced view of the climbing gym’s location. The first factor mentioned was the feeder area or customer market in and around the gym’s location. As a climbing gym is not mobile, the feeder area around the gym plays and essential role. Nevertheless, the climbing gym is also a destination facility, with respondents R1, R2, R3, and R4 stating that the people are willing to travel up to an hour to get to the climbing gym. Although these are generally customers that have already adopted the climbing lifestyle. For new climbers, the location of the climbing gym can have a pivotal role to play. Making the gym accessible affects both the new and old climbers, as the higher the accessibility of the climbing gym is, the greater the chance the climbing gym will have of attracting both new and old climbers. Respondent R4 stated that the internet had brought down the marketing barrier to new customers that are looking for climbing gyms, as it has made it easy for a potential customer to navigate their way to the gym.

The feeder area needs to incorporate the target market that the climbing gyms hope to attract, such as active and fit individuals. Targeting the middle class to affluent customers was mentioned by respondents R1, R7, R5, and R8 as being the market that should be in the feeder area. However, there are other location factors that need to be taken into account as well.

Some of the location factors stated by the respondents are; the size of the building required for the climbing gym, the different rental costs between the different areas, the competitive industries in the selected area, and the business model the gym will have. The size of the climbing gym is essential to the location choice because bigger buildings are harder to find near residential areas while smaller buildings are easier to find near residential areas. The size of the climbing gym is dependent on the climbing discipline/s that the gym wishes to host and the number of customers it envisions having. Respondent R4 commented that for a climbing gym that would like to host sport climbing “the biggest problem is height restrictions because obviously, you are looking at a minimum of three stories”. Sport Climbing requires a building with a high roof structure, approximately 25 meters high. The size also impacts the variety of routes available to customer. Respondent R10 commented on a climbing gym that had to close: “I think they didn't make it because it was just too small, you know. In the end, when people went there, there was not enough variety for you to keep you there for an hour or two”.

The second factor was that there is a vast difference in price between the cheaper industrial areas and the more expensive suburban areas; this is a pivotal factor due to the relatively large floor space and height that is required for the success of a climbing gym. Historically, climbing gyms have been located in industrial areas, however, the trade-off of cheaper rent and more space is that sometimes it is unsafe for customers due to crime in South Africa. Respondent R11's example best captured this; "So it's quite difficult when people are obviously weighing up options and they say, you know, Virgin Active is just down the road from me, I can go there on my way home from work or I can quickly pop in there before work. Or, you know my CrossFit is just around the corner from me and my work out time today is only 30 minutes, or whatever. Now I have to compare that to driving all the way to an industrial area at night. I don't feel safe because no there's not much other activity going on out there". Respondent R11 also highlighted, in this comment, that the location of the climbing gym in an industrial area could be a deterrent to the customer when making the choice due to convenience and safety.

Respondent R5 stated "I would guess, the location is one of the single biggest factors into a business model", and respondent R8 agreed, saying that if one gym were moved to a different location, it would not survive. The business model for a specific climbing gym is based on the particular context of the site of the climbing gym.

Another factor that could affect the location of a climbing gyms is the distance to natural rock climbing. Even though indoor climbing has the usual advantages of being closer and indoors, outdoor climbing can take customers engagement away. The weather can also play a role in the attendance at climbing gyms as customers will take advantage of the indoor aspect when the conditions are poor for outdoor climbing.

Management

The management of a climbing gym was stated to be critical by Respondents R4, R6, and R8. They noted that the failure of a climbing gym can be traced back to poor management practices. It was inferred from their comments, that managers/owners did not take an interest in the business and did not taking the time to select the target market, plan a business strategy, and chase down opportunities. With regards to the target market, respondent R8 stated, "they were targeting the wrong people. When you have your target market, obviously analyse what people want with their climbing. How do they want to get better? How are we going to improve it? And then what is the succession of that?". Having a manager or owner that is passionate about the climbing and the climbing gym can be critical to the health and sustainability of the climbing gym. Most of the respondents stated that a lot of current climbing gyms were started by passionate people, and not investors, which means that the industry is still maintained by people that have a passion for the sport. This can be seen to lend itself to the lifestyle side of the climbing gym industry's attractiveness.

Another reason for owners needing to be passionate is that the climbing gyms have low profits in the initial years with some gyms barely covering expenses. These factors are made worse by the high initial capital outlay that is required to start the business. Finding investors willing to risk the large capital outlay with the slow returns that have been stated by respondents, is a challenge.

Innovation

As stated above, there have been a number of climbing gym failures and the respondents suggest that this was due to mismanagement of the owners and lack of passion from the employees. The drive for the business to innovate and create opportunities is usually from owners or management. Without continually looking for opportunities, the climbing gym could stagnate. Although innovation was not specifically stated as being critical to the business, it has been placed here as it is a factor that if not taken into account could cause failure. Respondent R8 stated that the reason for the recent closure of two climbing gyms was in part caused by a lack of searching for opportunities for the business.

b. Finding 1.2: External Factors

Economy

Respondent R2 stated that changes in the economy of the country would not have a significant effect on the customer's attendance as they would have more time to climb in a poor economy. However, respondent R4 stated that the economy could affect the climbing industry as it is a luxury for the customer; this was reiterated by respondent R11. Respondents R1, R5, R9, and R12 stated that the required income level for customers of climbing gyms is middle to upper class which could indicate that the climbing gym industry will be affected by the economy of the country or that because the upper classes are impacted less from poor economic periods than the lower classes, the industry will not feel the brunt of an economic down swing.

Fuel Price

The second external factor was from respondents R4 and R11 who both stated that fuel price can affect the industry's customer attendance as the higher fuel price would lead to lower gym attendance because their customers would have higher travel costs to get the climbing gyms.

Market Maturity

Respondent R2 stated that the market for the climbing gym industry in South Africa is not as developed as in other countries such as the USA. In this respect, the local market lags behind other countries in market maturity.

c. Finding 1.3: Internal Factors

Internal Rivalry

Respondents R8 and R9 stated that there is an internal rivalry in the industry. However, respondents R1, R3, R4, R5, R7, and R9 confirmed that they thought there was little to no internal industry rivalry. They also indicated that although the market was small, the number of climbing gyms was also low, meaning that the market is unsaturated. The consensus from the respondents is that even though the sport is small, as stated by respondents R3, R5, R6, and R7 the market size is sufficient for the small number of climbing gyms that exist as stated by respondents R3, R4, and R7.

Respondents R1, R2, R4, R6, and R7 showed another side to the internal rivalry by stating that there was a territorial nature within the industry. This territorial nature between the businesses can translate into competition within the industry even though there seems to be space in the market for more gyms.

Differences of Climbing Gyms

Another aspect as to why there could be little internal industry rivalry is that different climbing gyms serve different markets, as stated by respondents R1, R3, R5, R6, R7, R8, and R11. This was represented well in respondent R5’s comment, “Look there's not really enough gyms for there to be a big enough rivalry, and each gym sort of covers a niche market and, obviously, caters for the areas. So currently they're pretty spaced out enough that there are no real overlaps”. Respondent R2 disagreed with this viewpoint stating that the South African market is not developed enough to have niche climbing gyms. Taking the view of the majority into account respondent R2 could mean that niche gyms who rely on advanced climbers would not be profitable without a developed market which incorporates such climbers.

Respondent R1 differentiated the markets served as high-end and low-end, while respondent R6 stated that gyms target different markets by what they offer in terms of activities that are not part of its core business and the different disciplines of climbing offered. An example of a non-core business is where respondent R11 suggested that climbing gyms have to diversify their offering to increase revenue. While an example of how the different Climbing Disciplines target different markets is when respondents R1, R2 and R3 stated that a bouldering gym (a specific discipline of climbing) has some advantages over climbing gyms that also host sport climbing. The first advantage is that bouldering caves require a smaller building, because of the lower ceiling height comparatively to sport climbing, allowing for a broader choice of location. The second advantage is it provides for more significant social interaction than sport climbing because of the amount of time spent not climbing. The third advantage is that it usually attracts more advanced climbers, which are more likely to be repeat customers. This attraction supports respondent R4's statement that smaller gyms attract and rely on more loyal customers than bigger gyms.

Another difference between climbing gyms is the size. As above, the positive attributes of smaller gyms were discussed, but the benefit of the a gym being bigger in size is that it will bring more awareness to the industry. A bigger gym will usually have better access to capital and can host more activities, thus, attracting more people from other industries and can be more of a "one-stop shop" as respondent R2 stated.

These differences between the climbing gyms require each gym to base its business model on the context in which it finds itself and the market which it serves, as stated by respondents R1, R3, R4, and R6. As respondent R1 stated, "Yeah, but [the critical factors] depend from gym to gym. I don't know what would be [another climbing gym's] critical resource".

Cooperation

The differences between climbing gyms and the markets that they serve can result in there being a synergy between the gyms. Respondent R4 discussed how bigger gyms assist smaller gyms as there is a crossover of climbers. It appears bigger gyms have a better chance of bringing in new customers that filter out to the smaller, more niche gyms in the surrounding area as stated by respondent R4, “but generally if a bigger gym opens it feeds the smaller gyms”.

Respondent R1 stated that there is also cooperation within the industry. For example, gyms will get together and buy grips from abroad and share the shipping costs. Respondent R11 said that in terms of cooperation, more could be done between the gyms, while respondent R7 said that there needs to be more cooperation within the climbing gym industry and the governing body of the sport to grow it.

Expenses and Constraints

Respondent R11 vocalised the need to have a greater cooperation between climbing gyms when ordering new grips from the UK or America. The quality of the grips directly affects the quality of the routes; climbing gyms need good routes to keep customers in the industry. Importing good quality grips was reported by the respondents as being one of the highest expenses of the climbing gyms. Respondents R1, R5, and R6 said this high cost is especially prevalent when a gym is starting up.

The cost of grips is an ongoing expense to the gyms as they need to keep replacing grips so that the routes and grips are fresh for customers. The cost of grips also scales with the size of the climbing gym. At the start of a climbing gym respondents R7, R8, R9, and R10 stated that walls, grips and mats are the most expensive each costing around a third of the entire setup cost. When discussing running costs of the climbing gyms, respondents stated that apart from the ongoing cost of grips, the salaries, rental for the building and maintenance on the facility were the highest expenses.

Respondents R3, R4, and R8 mentioned that the maintenance of climbing gyms is an ongoing high expense because of the replacement of equipment to maintain a high standard of safety and to keep the gym aesthetically pleasing. The above-mentioned costs can be planned, nevertheless, there will always be the cost of breakages that are costly and unpredictable.

Respondents R3, R4, R5, R6, R7, and R8 said that employees are the biggest expense of a climbing gym. However, because they are a critical component to the climbing gym; the expense is necessary. Respondent R5 encapsulated it saying,” our biggest resource is our employees. They’re, obviously, our biggest expense and the biggest time-consuming aspect for the business, but they're key". Another expense relating to the employees is the training required to get the employees knowledgeable, safety-conscious, and passionate.

Respondent R2 stated that due to the high cost of employees, it reduces the margins on children's' birthday parties at the gym. Respondent R2 said these events are a "money-spinner… but not profitable". There is the perception that these kinds of events can be profitable however they are not because the gym has to hire additional employees to take care of the children.

Time is a constraint on the climbing gym. It has to produce value to the customer within this constraint. As stated above, maintenance is an ongoing expense, but it is also a continuous time expense that increases as the facility ages. However, respondents R3, R4, and R8 stated that between maintenance and route setting, the latter required the most time. It was also stated that to ensure high quality routes, in order to add value to the customer's experience, time should be exclusively dedicated to it. The final item mentioned that requires substantial time is the planning and executing of events. The events, such as friendly fun and sometimes themed competitions or fun events that involve "climbing in weird and whacky ways" are essential for drawing in new customers and engaging with the established customers.

5.3.2 Research Question 2:

What value does the climbing gym industry provide to customers?

Throughout the questioning, respondents highlighted areas that provide a valuable experience to the customers. There was, however, questions that specifically requested responses about the value the customer experienced. The respondents also noted aspects which could detract from customer's perceived value.

a. Finding 2.1: Detractors

The first hurdle for a new customer that wishes to go to a climbing gym, is the cost. After the initial cost of being able to use the facility, the customer usually needs to include the cost of equipment rental if they do not have their own equipment. Some climbing gyms incorporate the equipment rental cost in their monthly membership fee. As respondent R11 stated all effort should be made to reduce the barriers to entry for a new customer because as respondent R7 stated, “the one downside to climbing, in my opinion, is that it's quite expensive compared to some of the other sports”.

Respondent R4 said that rental equipment is usually the first thing that new customers will encounter when they climb for the first time. If it does not look safe and presentable even if it is safe it could have the ability to turn away customers. The same applies to the rest of the equipment in a climbing gym. If they are not properly maintained, in both appearance and safety requirements, they could become detractors for the customers reducing the perceived value of the climbing gym.

Respondent R6 made the following statement about two different climbing gyms that had closed down: “I obviously did climb at both of them. From what I saw, as an individual, which I think might have contributed to them not succeeding was purely just a lack of maintenance. They started getting very rundown”,

Respondent R6 also stated, “As a customer going to those gyms, I felt, you know, I'm paying for this, but it's a bit grungy and dirty, and I climbed these same routes two months ago”. Respondent R7’s sentiment was a common theme amongst respondents, showing that lack of maintenance can be a vital detractor if not considered. As respondents R2, R5, R7, and R8 stated, climbing gyms need to be continually worked on over and above the maintenance. The routes should be changed regularly, and innovative new additions need to frequently added. Failure or delay in doing so could result in the climbing gym feeling boring or “stale”.

Respondent R10 had the view that climbing gyms need to manage the customers in order for the climbing gym to not get too crowded. Customers could find it challenging to do what they came to do in a climbing that is crowded which will detract from the customer's value and experience.

In conjunction with possible detractors in the facility, the employee plays a significant role too. Due to employees being the first interaction with the customers in a climbing gym, an unfriendly employee could significantly detract from the experience that a customer is seeking. They also play a significant role in the atmosphere of the climbing gym, thus, having employees that do not set a positive and friendly atmosphere could again detract from the customer's experience which increases the chances of customers not returning.

Lastly, memberships can act as a detractor to potential customers, which is an aspect that climbing gyms need to be aware of. Respondent R8 and R11 stated that customers could be put off when obliged to take out memberships longer than a month. They said that customers were hesitant for the commitment in terms of length and the process if there is a debit order involved. They did, however, suggest adding value to the membership such as including free gear rental or coaching to entice customers to take up a membership.

b. Finding 2.2: Customer Trends

The question posed to the respondents was ‘what type of customers are attracted to climbing gyms?’ The respondents listed a range of customers as shown in Table 6. The list shows the diversity of people attracted.

Table 6:Customers stated by respondents.

	R1	R2	R3	R4	R5	R6	R7	R8	R9	R10	R11	R12
Attracts all ages			✓	✓		✓			✓	✓		✓
Attracts non-mainstream		✓	✓		✓	✓	✓				✓	
Attracts loners		✓		✓	✓		✓	✓			✓	
Attracts intelligent people				✓			✓	✓		✓		
Predominantly white customers	✓					✓			✓			✓
Attracts alternative type			✓		✓						✓	
Attracts lifestyle enthusiasts		✓									✓	✓
Attracts disabled		✓	✓									
Attracts IT & engineers				✓				✓				
Attracts not usual athletic		✓									✓	
Attracts old adventure veterans		✓									✓	
Attracts active people				✓					✓			
Most customers 20s to 40s					✓							✓
Attracts a modest type											✓	
Attracts adventurous type							✓					
Attracts extroverts			✓									
Attracts goal-orientated customers				✓								
Attracts home-schoolers											✓	
Attracts Jewish		✓										
Attracts parents and kids		✓										
Majority of climbers in early 20s							✓					

As shown above the demographics of the customers that are attracted to climbing varies. However, there is less diversity when it comes to the race of the customers overall, as stated by respondents R1, R6, R9, and R12. It was not clear why this is the case, but the respondents that did state that the industry needed to diversify the customer base. Due to the industry being a socially based industry, the lack of diversity can restrict the customer base. Respondent R1 stated that even though this lack of diversity exists, it exists in different ratios in different regions. An aspect that might affect the customer base is the economic class that the climbing industry targets. Respondents R1, R5, R9, R10, R11, and R12 stated that the climbing gym industry requires customers of a certain income level. The required income level would be between the lower middle class and the wealthy. As the climbing gym is a luxury for people, it requires customers that have disposable income.

Respondents highlighted some customer trends in the interviews. Firstly, the majority of customers climb easier routes thus necessitating a bell curve of route difficulty. Secondly, the peak times for customers was between 4pm and 9pm which indicates that the climbing gym is an after-work activity. Thirdly, different customers have different frequency of attendance to the climbing gym. Lastly, about 10% of first-time customers return, but new customers and social climbers are more profitable than the strong competitive climbers.

c. Finding 2.3: Customer Derived Value

Return customers are attracted to the climbing gyms for a variety of reasons. The reasons given by the respondents have been grouped into attractors that the sport inherently has in it and then the attractors that climbing gyms provide to the customer.

Customer Derived Value from the Sport

The sport inherently has values that attract customers to it. Almost all the respondents, except for two, stated that the social aspect of climbing was the main attraction for customers. The term ‘community’ was used frequently describing what customers perceive as the main value in the climbing gym industry. The fact that it combines this social aspect with a fitness component provides additional value to the customer. Other aspects noted were that it is an alternative form of fitness for people looking for something different. As was previously stated the sport attracts people looking for, or people that already have, an alternative lifestyle. Having a community that shares these values can be an attractor for some people.

Respondents R2, R7, and R8 said that it provides people with an individual sense of achievement. There are people that enjoy the sport and utilise it for weight loss purposes. In this regard, it is an alternative to “gyming”. Climbing also has an outdoor component which appeals to some customers. It is also a sport that some disabled people can partake in. Respondent R4 stated that there were reports claiming additional brain development brought about by participation in the sport. The final aspect is that the sport of climbing continually challenges the climber physically with continuously changing routes, and mentally with problem solving.

Customer Derived Value from Climbing Gyms

In addition to the sport, climbing gyms offer value to the customer in various other ways. Respondents R1 and R2 stated that the routes in climbing gyms are able to be set up in such a way that sets the customer up for success. This success means that customers will achieve more on the climbing gyms routes than when climbing outdoors as well as gaining a feeling of instant gratification. This is because climbers would need to travel further and usually have to walk to climb outdoors. Respondents R4, also stated that the bouldering discipline has gained more traction due to instant gratification being sought after. The instant gratification can be found in customers succeeding at the sport and/or uploading pictures to social media. Social media also presents another valuable aspect of climbing that adds to the ‘cool factor’ that the sport can have. However, as respondents R11 and R12 stated perceptions of the climbing industry differ across regions. The community aspect of climbing gyms is still important, as respondent R11 said climbing gyms add value by creating an atmosphere of being accepting of different people. The employees add to this value by greeting customers by name and making them feel welcome. Another way to add value is to invest time and money back into the community as climbing gyms can use the sport and facility to help under-privileged people.

The activity of climbing in a climbing gym has additional advantages when it is compared to other fitness activities. It provides better value for money as respondent R1 stated that this sport is an “alternative form of fitness, think about it in those terms. So, providing better value for money, in terms of various alternative forms of fitness is how I see my customers from the commercial side of things”. Another way of looking at it is the way respondent R5 stated, that it combines both entertainment and a fitness activity. As respondent R5 said, “you know, people get bored just running on a treadmill … climbing is different, you're getting fit and you having a good time”. An added value that climbing gyms have is their ability to host events. Respondent R3 summed it up when saying, “And I know it's an entertainment-based game as well, because people want to be entertained when they're there. So hosting events, new events, different events that people can join or do on the weekend would help as well”. Therefore, the climbing gym industry has the upper hand on fitness-based activities because it provides a fitness-based activity that is fun for customers which keeps them more engaged than with some other fitness activities. On a cost basis, climbing gyms usually offer better value with their monthly memberships contracts as opposed to other gyms where customers are required to commit to longer- term contracts.

The customer may only be able to see more value when they have the knowledge of the intricacies involved. For instance, respondent R3 stated that beginner climbers’ value friendly employees and events more than other aspects but as they learn more of the intricacies of the sport and become more advanced climbers, they begin to value the quality of the routes more. As this takes place, there is a higher chance of creating loyal customers. Therefore, providing coaching can be seen as adding value to customers wanting to improve their technique as well as adding value to the customers that do not want to climb alone. Respondent R8 had the idea to include coaching as part of the membership as the value it creates to the customer is evident and the value it will create for the business is a loyal and engaged customer. As respondent R2 stated when customers see improvement in their abilities, there is a higher likelihood of them returning.

Peripherals

The peripherals of climbing gyms have been briefly touched on before but they are the additional services that climbing gyms offer to attract additional market. The peripherals have been stated to be an additional value to customers. Respondents R2, R5, R6, R8, R9, R10, and R12 said that peripheral activities are essential to climbing gyms. There are various reasons why peripherals add value to the customer. As respondent R2 stated even if customers don’t use the peripherals, they will join the climbing gym because they are there, therefore, there is a perceived value to peripherals that customers might not utilise. Having peripherals engages additional market that previously would not have been engaged. For example, if the climbing gym has a yoga studio it allows yoga customers to possibly become climbing customers. Respondent R7 stated that this might not be the case with all peripherals as customers of the peripherals might not be interested in climbing.

On the other hand, respondent R7 stated that having peripherals can engage customers for longer. For example, respondent R7 said, “Food and drink, because people get hungry and if there's nothing there, then […] they're going to leave the gym early. Whereas if there are places, […] you can actually buy your snack in between or get a cup of coffee and then stay longer”. The additional sales of peripheral items can significantly add to the success of a climbing gym.

Gear Sales

It is considered appropriate to discuss the findings that relate to gear sales as this could form a significant part of business revenue and is an additional value to customers looking for climbing related gear and accessories to aid their climbing experience. Climbing gear and accessories are not generally sold in most retail shops. There were indications from respondents that the turnover time for gear stock was long. This could indicate that gear sales form part of an additional revenue for some climbing gyms. However, respondents R4 and R8 stated the gear sales can be manipulated by businesses that have larger industry influence and capital. Gear sales as an additional peripheral to the climbing gyms improve value to the business by providing easy access for customers that would like to try on and buy climbing gear.

5.3.3 Research Question 3:

What are the competitive advantages the industry has and should build upon?

Respondents were requested to provide insight, from their experience, as to what competitive edge the climbing gyms industry has over other competing industries. Throughout the interview process, all possible competitive advantages were noted as the respondents mentioned various competitive advantages throughout the interviews.

a. Finding 3.1: Competitors to the Climbing Gym Industry

The first findings were based on what the respondents viewed as competitors to the climbing gyms industry. Their responses are tabulated in Table 7. Respondent R2 stated that the climbing gym industry had no real competitors because it is very different from all other activities. Respondent R5 disagreed with this and stated that all other sports are competitors. Respondent R11 stated that the competitors to the climbing gyms are more nuanced and would be specific to a climbing gym and which market that climbing gym was targeting. For example, a bigger climbing gym, having the same equipment as a regular gym would be competing against conventional gyms. Respondent R11 stated that to compete head on with a fitness competitor requires additional equipment and cost.

Table 7: Respondents competitors to the climbing gyms industry.

	R1	R2	R3	R4	R5	R6	R7	R8	R9	R10	R11	R12
Trail Running	✓	✓										✓
Mountain Biking	✓											✓
Action Sports			✓									
All Other Sports					✓							
Gyming			✓									
Gymnastics							✓					
Hip Hop							✓					
Individual Sports							✓					
Pilates			✓									
Skateboarding							✓					
Swimming							✓					
Yoga			✓									
CrossFit	✓										✓	
Other Adventure Sports												✓
Other Entertainment												✓

b. Finding 3.2: Competitive Advantages

Competitive Advantages of the Sport

The competitive strengths of the sport have been separated from the competitive strengths of the climbing gym in order to determine the inherent strengths that the sport has which the industry can build on.

Respondent R2 stated that the sport is unique in that it is a new age sport apart from the usual mainstream sports. It is also unique in the way a climber needs to combine different skills in a unique manner. Individually the skills are not unique but the manner in which they need to be combined is. For example, the sport requires climbers to problem solve with their bodies, while they are under pressure due to either the fear of failure or the fear of falling. Combining motor skills with problem solving skills, while under pressure provides climbing with a unique advantage over other activities.

Problem solving was noted by respondents R1, R2, R4, R7, R8, and R10 as being a competitive advantage of the sport and the reason why it attracts intellectual people. Climbing is also an individual achievement sport thus there is a limited amount of assistance one can receive from others while climbing. The individual sense of achievement is also potentially never ending because of the ease of setting goals. The routes have numbers relating to the difficulty or grading of a climb (e.g. 16 vs 20), which makes it easy for participants to set goals and see their improvement.

Respondent R7 stated that climbing challenges the climber to overcome one’s instincts, particularly, with regards to the fear of heights. Respondent R2 and R7 went further and stated that climbing teaches climbers to focus under this pressure. Respondent R8 stated that climbing presents the climbers with continuous failure requiring that they overcome it, especially when they challenge themselves to improve in the sport. Life skills such as these are aspects that can aid in character development, as stated by respondents R2 and R7.

Physically the sport has some competitive advantages over other fitness activities. It is a whole-body workout and requires a large range of motion. A participant utilises both gross and fine motor skills while climbing. As respondent R6 stated, “it's great for kids with gross motor skill and fine motor skill problems”. It is also easy on the body meaning that participants can participate in the sport into old age.

Competitive Advantages of Climbing Gyms

Climbing gyms should not stop at the competitive advantages of the sport as the respondents mentioned competitive advantages that climbing gyms have and can acquire. As the indoor sport legitimises and slowly becomes more mainstream, it allows the climbing gym industry to host competitions which could produce even greater awareness.

Being indoors as it is not affected by the weather and in close proximity to where one lives are the two main advantages. This allows climbing gyms to host events that can pull in more customers. The indoor and local aspects mean that the climbing gym has a host of people coming together with something in common. This aspect is what the climbing gym can build a community on. The climbing gym also has control over the atmosphere and route setting aspect which means that the climbing gyms can make the environment as fun and as challenging as necessary for customers, because as respondent R3 stated, “you're selling an experience”.

5.4 Conclusion on Results

Chapter five presented the results of 12 interviews conducted with owner/managers of climbing gyms and industry experts. The results were structured in response to the research questions of chapter 3. The results will be discussed further in chapter 6.

CHAPTER 6: DISCUSSION OF RESULTS

6.1 Introduction

This chapter contains a discussion of the study's results presented in chapter 5. The discussion was compared against the literature that was reviewed in chapter 2, on the factors that affect the climbing gym industry, the value that customers derive from the climbing gym industry and the resources that create a sustainable competitive advantage for the climbing gyms in the industry.

This chapter explains the insights gained through the findings of this study. The findings are set out to answer the research questions of chapter 3.

6.2 Discussion of Results for Research Question 1

Research Question 1: What are the critical factors for a sustainable climbing gym?

The discussion layout for research question 1, that emerged from the data for the factors critical to the climbing gym industry, can be seen in two categories. The first category comprised the external factors that the gyms do not have control over but which need to be kept in mind and continually monitored as they could have a high impact on the business. The second category comprised the internal factors which the business has control over. These internal factors were divided into two broad categories; the factors at the initial start-up of a climbing gym (before creation), and the ongoing factors. This division was done to separate those factors that the business has control over before it was launched and those factors that the business has control over during its operation. For example, when a climbing gym initially starts-up, it could choose the location, but once the business had been launched, it had little control over the location as it would be expensive for the business to relocate.

6.2.1 External Factors

The study revealed external factors that affect the climbing gym industry. These are important for management to consider as they could impact the earning potential of the climbing gym and may affect the customers. As stated by respondents, the climbing gym needs to be sensitive to the customer's needs and proactive in reducing barriers to attendance.

The main external factors derived from the interviews were the economy of the country, the fuel price and market maturity. Others that were mentioned were the weather, regional cultural effects, and the perceptions of climbing as a sport.

The macroeconomic effects of a country play a role in business earnings in general, but individually businesses could have success no matter the state of the economy (Eliud et al., 2015). However, the respondents stated that the climbing gym industry was mostly reliant on the middle class to wealthy customers with disposable income, due to it being a recreational activity and as such would spend less on non-essential items such as climbing, in economic downturns, as their disposable income was reduced. This view of macroeconomic effects on climbing gym the customer base was in line with results from the literature (Kamakura & Du, 2012). However, the conflicting findings within the literature review, that suggested that in economic downturns customers would have more time for recreational activities (Barnes et al., 2016), were consistent with results from the respondents. A possible reason for this conflict could be due to the generalisation of the customer base. On an individual level, customers may value items differently in economic downturns; therefore, there would be customers that value climbing more than other items and there would be customers that value climbing less than other items. Wood (2016) stated that there were climbing participants that viewed climbing as a serious leisure activity, implying that there are participants that do not view climbing like this. To understand this dynamic better research would be required to understand the impact of an economic downturn on the climbing gym industry.

In addition to the country's economy, the fuel price was stated to be a factor affecting customers return rate agreeing with the research of Latinopoulos (2014). Although the fuel price was considered to affect the climbing gyms that were further away from residential areas, the results suggest that these climbing gyms seemed to be more specific "destination locations". Nevertheless, all climbing gyms were considered "destination locations" due to their scarcity throughout the country. For those climbing gyms that were either close for customers or on route to/from work, the impact of a fuel price increase would be minimal.

The market maturity of climbing gym customers was stated to be less developed in South Africa than in other countries. This statement was backed up by other countries, such as America, having higher numbers of climbing gyms (Burgman,

2019) when compared to South Africa (even in per capita terms). The market development difference was partly due to the greater awareness of the sport in other countries and also partially due to the more significant price-to-earning potential in those countries (Worlddata.info, 2019).

The study found that weather affected the climbing gym’s customer attendance (Prettenthaler et al., 2015) as when the weather was not conducive to climbing outdoors, the customers would attend the indoor climbing gym. However, this could differ depending on regional preferences. Regional preferences were the preferences that exist within the population of a region (Kaasa et al., 2014). For example, the population of a particular region might prefer outdoor activities or have a preference to drive shorter distances, while the population of another region may have different preferences. Therefore, if the region does not have nearby outdoor climbing, the preference of that region would be to climb indoors causing the attendance to be less affected by the weather. These regional preferences were stated to be challenges that the climbing gyms faced due to the region in which they operate (Kaasa et al., 2014).

The public perception of climbing as a sport, and by association climbing gyms, was a challenge to the climbing gym industry. Moreover, as Gagnon et al. (2016) suggested, public perception relates to the climbing gyms organisational legitimacy and thus could assist or detract from the perceived value that possible new customers could gain. However, the respondents explicitly stated that the perception of safety (Cohen et al., 2018) was a definite perception that had to be changed. As the awareness of the correct safety situation grows, so would the perceptions be changed.

These external factors that the research revealed need to be considered by climbing gym management continually. These external factors, outside the climbing gym’s control, influenced customer patterns and preferences. However, an idea that came out of the research was that climbing gyms could be proactive and innovative in reacting to these outside influences in order to mitigate some of the effects. For example, if the fuel price increased, the climbing gym could be proactive and invite customers to join a carpool group that the climbing gym had set up. Innovative solutions such as this one, could reduce the customers' barriers to attendance. As these barriers to customers increase climbing gyms would need to provide innovative solutions to its customers.

6.2.2 Internal Factors

The results obtained for research question 1 almost entirely focused on internal factors. This was considered appropriate as these factors were able to be influenced by management.

6.2.2.1 Critical Factors Pre-establishment

Location

As stated by the respondents, the location of a climbing gym was a decision that was critical to the organisation’s ongoing operation, but once the location was selected, it could not be changed thus control over location was absent. There were various factors that would need to be considered to select the optimal location (Temur, 2016). This study sought to discover the various factors that affected the decision of the location of a climbing gym.

The study found that the size of the facility was dependent on the discipline of climbing that the climbing gym wished to host. Some climbing gyms only host the climbing discipline known as bouldering which only requires a facility height of five meters, while the climbing discipline known as sport climbing requires a facility that is at least three stories high. The size of the building would need to be weighed up against the height restrictions that exist in certain areas (Nel, 2016). Finding industrial or business zoned buildings which could be used for climbing, near residential areas was not common (Bertaud & Brueckner, 2005). The reason that the climbing gym would need to be closer to the residential areas was to make it easier for customers to attend the climbing gyms more regularly and also for creating better value for the customer (García-Fernández et al., 2018). However, being closer to the residential areas meant that the climbing gyms would be competing more directly with other activities in the area and generally the price per square meter increased as the location was closer to residential areas (Geltner et al., 2010). Climbing gyms further away drew less attention and thus had a smaller possible market. Nevertheless, climbing gyms that were further away from the residential areas had been aided by technology, specifically, the internet and location-based mobile device maps which had made it easier to locate these climbing gyms.

Facility

The climbing gym facility has three main sections with regards to the climbing. They are the walls, which hold the routes, the mats, that are used to cushion falls, and the grips. Respondents said that the costs of each item relative to the total was approximately a third. The total cost of the climbing gym is still based on the same considerations as above, such as the selected climbing discipline to host and the chosen size of the facility.

6.2.2.2 Critical Factors Post-establishment

The employees and facility were the most prominent factors discussed. These were both factors that could either provide competitive advantage (Nyberg et al., 2014) or cause failure if not managed appropriately.

Employees

One of the factors that was mentioned the most was that employees must be friendly to customers, to the point of knowing their name as they walk into the climbing gym (García-Fernández et al., 2018; Park et al., 2018). This illustrated the customer centeredness that climbing gyms would need to achieve. The interactions of the customers with the employees could have long-lasting effects (Wakefield & Blodgett, 1999), and could determine if customers return or not. Thus, the employees play a key role in the perceived value offering of a climbing gym.

The employees would also need to be knowledgeable and skilled (Dhar, 2015). One of the core knowledge areas stated as a requirement by the respondents was that employees must know the safety requirements (Campbell et al., 2015) of the gym. This safety knowledge should be continuously enforced by all employees. Second to safety was the knowledge of route setting. This was not a requirement of all employees but having skilled route setters who could set quality routes was vital to the climbing gym. Respondents stated that the routes were the main reason for customers attendance, making the route setter one of the most crucial employee's to the value perceived by the customer.

The requirements of employees seemed to go a step further. Respondents required that employees would need to be passionate about the sport of climbing (Asfaw et al., 2015). This could be because they host the customers and as such are a large part of the atmosphere of the climbing gym. As the respondents stated, the atmosphere of the climbing gym was crucial to the customers' perceived value. Further research was required to better understand the elements that affect the atmosphere or “vibe”, as some respondents called it.

Facility factors

The look and feel of a climbing gym was stated as critical, which agreed with previous studies done on the subject (Barber & Scarcelli, 2010; Wakefield & Blodgett, 1999). The cleanliness and maintenance of the climbing gyms were touched on by the respondent’s multiple times. However, when they were mentioned they were always mentioned in the negative. The argument put forward was that there was a minimum standard of cleanliness of a gym that must be maintained for this not to be a deterrent for customers (Wakefield & Blodgett, 1999). Customers would not take issue with cleanliness if this standard were maintained. However, if this perceived minimum standard was breached the value of the customers' experience would be reduced. Sufficient resources should be allocated to maintain the standard of cleanliness of the climbing gym, but no benefit would be gained by adding additional costly resources for little or no customer benefit, in order to make the premises spotless.

Route quality was another noteworthy topic. There was very little literature on the quality of routes; therefore, it was suggested that this was another field for further study to aid climbing gyms in producing more value for their customers. The aspects of route quality that the respondents stated as critical to producing customer value were: how often they were changed, and the varying levels of difficulty.

Route quality was stated as being essential to a climbing gym. In the respondent’s opinion, the resource required for superior route quality was skilled employees. It was suggested that either the employees would need to be trained (Dhar, 2015) (advanced route-setter training is only available overseas) or they would need to have reached an advanced level of climbing to understand the dynamics of the sport in order to create quality routes.

The changing of routes regularly was also considered to be essential for customers. The respondents stated that routes could quickly become “old and stale” for customers; therefore, the routes would need to be changed regularly. However, the respondents also stated that the routes get “worked” by customers (meaning that a customer will try a route that was on the upper level of their ability, multiple times on multiple occasions, sometimes over a month, until it was achieved or interest was lost). Due to customers “working” routes, a balance, between changing routes often and letting routes stay long enough for customers to “work” the route, was needed. There was no suggested measurement for the time intervals of changing routes, which was another area for further research.

Lastly, an essential aspect of a climbing gym’s routes was the difficulty. There are two factors that were stated that would need to be considered in terms of route difficulty; the climbing gym would need to cater for its customer base or target market, and the level of difficulty that they could attain. This was best explained with the use of a generic graph that was designed around insights from the respondents. Figure 3 shows how many customers could attain a particular difficulty level. The horizontal axis shows the route difficulty, which in South Africa’s grading system ranges from 0 to 36. According to the graph the majority of a climbing gym’s customers would climb in the range of 15 to 20; therefore, the majority of the routes that are on the walls should be between 15 and 20 to cater for the majority. This would mean that there would be fewer routes for harder and easier levels of difficulty. The centre of the curve, on the graph, could differ per climbing gym based on their customer base level.

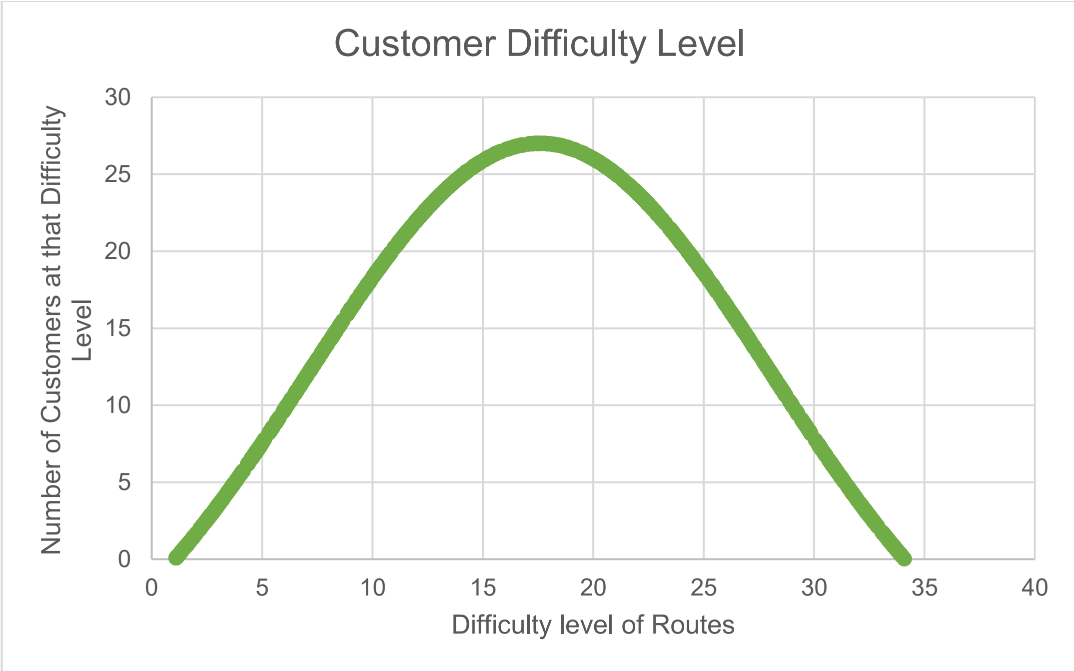

Figure 3: Generic customer difficulty level curve, based on respondents views.

Operational factors

From an operational perspective, the main points that were stated were safety, equipment, customer information and price. The safety factor of climbing gyms was one that was foremost for all owners and managers of gyms. Owners and managers of the gyms that hosted the bouldering discipline did not consider it an influential factor, instead, they focused more on injury prevention.

Nevertheless, safety was an aspect that should be taken seriously for the advancement of the industry (Batuev & Robinson, 2018). Even though severe indoor climbing accidents were rare, accidents did occur -which were usually from human error (Raue et al., 2018). Therefore, during daily operations of a gym, safety would need to be constantly on the mind of those responsible for avoiding an incident that could potentially impact the reputation of all climbing gyms (Gagnon et al., 2016).

The operational requirement of climbing equipment is primarily for checking the safety of the equipment and then for the appearance of the equipment. The reason for making sure that the appearance of the equipment in the facility was acceptable to the customers was that it was part of the aesthetics, the look and the feel of the gym. As one respondent said the equipment could be perfectly safe, but if it had the appearance of being unsafe, it would detract from the customer's experience. This view was in line with the literature of Wakefield & Blodgett (1999) stating that customer perceived value was dependant on the tangible aspects of a business.

Respondents stated that there was very little information available on customers of the climbing gyms, however, through the literature review process, a fair amount of research was found by both academics and journalists (Fletcher, 2008; Gagnon et al., 2016). Another remark was that climbing gyms, at present, do not utilise the information that they have on their customers to its full potential. Further research was required to understand the cause.

When the factor of price was mentioned by the respondents, it was either in the context of being cheaper than regular fitness gyms or that the price would need to be acceptable for customers, compared to other industries. The climbing gym was stated as a competitor to the regular fitness gym, due to the climbing gym having a cheaper membership, however, only a few climbing gyms have facilities that are comparable to regular fitness gyms, thus in most of the climbing gyms, the offerings could be substantially different and therefore the two facilities could not compete on price as a customer perceived value (Mizik & Jacobson, 2003).

A separate issue that was related to price was the memberships. The membership system seemed to be a point of difference between respondents. The two aspects of memberships that all respondents agreed upon were; the need for them and the fact that extended duration memberships were better for the climbing gym. Memberships, in general, allowed the climbing gym to function more effectively and extended duration memberships allowed for better planning. The point of contention was the collection of membership fees, as some respondents stated that debit orders were the best way to handle it, while others said that this created too much bureaucracy and could become a detractor for the customer. There were two innovative views as to what to include in the membership. The first idea was to include rental gear, as it reduced the barrier to entry for beginners and created an environment for better attendance which had been seen in studies as the best method to retain members (San Emeterio et al., 2016). The second idea was to include coaching in the membership, and the reasoning behind this was that initial members often did not have people to climb with, therefore, with better knowledge about injury prevention and improved skills there was a greater likelihood that these customers would return continually.

Expense factors

Ongoing expenses of climbing gyms could be categorised into regular expenses and irregular expenses. The regular expenses were the rental of the facility and the employee’s salaries. The respondents stated that these two expenses were the most substantial ones for the business

The irregular expenses were the maintenance of the climbing gym and the buying of grips. Maintenance and the value that it provides to the business has been discussed earlier. The grips in which the climbing gym invested formed part of the routes of the climbing gym, and therefore, formed part of the value which the routes provided to the customer. This meant that the grips were an integral part of the value that was provided to the customer. Grips were seen in the literature to be essential to the quality of climbing in a climbing gym (Button et al., 2018). However, the literature did not shed light on the ongoing expense that grips were. The respondents stated that grips could end up being one of the most significant ongoing expenses of a climbing gym and that in order to acquire superior quality grips they had to purchase them from overseas. The overseas grips were more expensive, but the climbing gyms were forced to invest in them as it was agreed that the quality was better in appearance and feel and therefore added to the quality of the routes and the aesthetic appeal of the climbing gym as a whole.

Time constraint factors

Time was a constraint in a business that would need to utilised strategically. Time should predominantly be spent on aspects that provide the customer with added value. Respondents stated that the aspects of a climbing gym that take up the most time are route setting and the planning and executing of events. Route setting was an essential aspect of the climbing gym because the route quality was essential to the customer. In the same way that the grips used on a route, provided value to the customer, the actual route setting quality of the routes, also provided value to the customer. The respondents stated that time must be given to setting quality routes; otherwise the value to the customer would be diminished.

Events were seen to be used for attracting new customers; however, they were also used to increase customer engagement and to unify the customers into a community (Özen, 2015; Özen & Vatansever, 2016). The time used to organise events was regarded as time well spent.

Marketing

For events to be more effective they must be marketed appropriately for them to be attractive to new customers. With the stated attraction rate of approximately 10% of new customers, climbing gyms would need to attract many more potential customers to grow their customer base substantially.

There was a general feeling among the industry experts that climbing gyms did not spend enough time and money on advertising. They understood the use of passive social media campaigns, but they expressed a desire to see a broader campaign enticing individuals not linked to existing customers. As the climbing gym was a business, reducing costs was a priority. However, as there was no evidence of the returns of marketing efforts for climbing gyms in South Africa, no data exists on the returns on investment that it could produce; therefore, no conclusion could be drawn as to how climbing gyms should advertise.

There seems to be a lack of general awareness by the public about climbing in South Africa. Almost all respondents suggested that there was a misconception among the South African population about the sport. This misconception usually took the form of fear which was directed at the sport due to a lack of understanding of the safety involved (Campbell et al., 2015; Raue et al., 2018).

Another respondent stated that there is also a lack of awareness for the different disciplines and what they entail, which causes potential customers to be missed because they did not understand the value they could derive. For example, a customer that has a fear of heights can participate in the discipline of bouldering which usually has a height limit of approximately 4 meters. Greater awareness of the different disciplines of climbing could yield more significant customer attraction.

Growth

Worldwide, climbing as a sport has currently seen growth with the increased exposure it has received (Thorpe & Wheaton, 2011; Whitaker et al., 2019). The climbing gym industry was dependent on the growth of the sport for growth within its customer base. However, instead of relying on the passive growth of sport for growing a gym's customer base, respondents made suggestions as to how a climbing gym could generate its customer growth. Innovative strategies, such as these, are what the climbing gym industry requires to generate growth (den Hertog, 2014).

The first suggestion was that climbing gyms should target children and demonstrate the value that the sport of climbing could provide for them (Garst et al., 2016). There were two leading suggestions on how to target this market; firstly, to form collaborations with schools and provide access to the students, and secondly, to create events targeted at children. The reasons for targeting this market were that, if they learnt to value climbing they would then become potential customers, either now or in the future, and they would also create a potential opening for the rest of their family members to join them.

Internal Rivalry

Another idea from the respondents was that the creation of more climbing gyms would lead to greater awareness of the sport. The counter-argument to this was that the more climbing gyms there are within the industry, they would dilute the market, and the current gyms would see reduced earnings (Rothaermel, 2016). However, the climbing gyms within South Africa are spread out geographically (ClimbZA, 2015), meaning that they operate in different markets denoting no industry rivalry. The respondents reinforced this by saying that there was little internal rivalry in the industry at present and that there was still space for more climbing gyms to operate: that as small as the market was, it presently was unsaturated. They did, however, state that there was a territorial nature in the industry and that this had the potential to create unnecessary rivalry.

Differences in Climbing Gyms

The fact that most of the climbing gyms were geographically far apart within South Africa meant that internal competition for the same market was rare. The climbing gyms operated in different contexts (Pavlowich & Kapuscinski, 2017), meaning each climbing gym had challenges that were particular to the context in which it operated.

The respondents from the few climbing gyms that were close geographically, and operated in the same context, stated that there was little internal rivalry because they served different markets. This market segmentation (den Hertog, 2014; Salome & Bottenburg, 2012) was brought about by the differences in offerings from the different gyms. These significant differences were the different disciplines (bouldering vs sport climbing) and the different peripherals that they offered (Hamilton et al., 2017).

The climbing gyms that were specific for sport climbing would usually need to be large in size, in order to offer this discipline. However, larger climbing gyms could offer both disciplines, but due to their large size were usually further away from residential areas. Bouldering specific climbing gyms could be smaller and therefore closer to residential areas which resulted in them being more convenient for customers to visit, but the tradeoff would be a reduced offering in disciplines.

The different peripherals, were the additional offerings provided to attract a different market (Hamilton et al., 2017). These additional offerings could be costly for a gym to incorporate, thus the tradeoff for a gym providing them was that the revenue that they generated should cover the running costs and initial investment to make them a worthwhile addition. The respondents raised supplementary benefits, apart from the additional market attraction, when they stated that some of the peripherals could assist in engaging the customer for longer, and thus lengthen the customers time spent at the climbing gym. San Emeterio et al. (2016) found that customers that had short durations at the gym, predictably, did not renew their memberships, therefore providing activities for the customer that could extend the duration of their time in the climbing gym could produce customers that renew their memberships annually.

Cooperation

The market segmentation and differences between climbing gyms provided the gyms with the opportunity for cooperation. Some of the respondents stated that there was already cooperation between the stakeholders within the industry. For example, the cost of importing grips was being shared by some of the gyms. Cost reducing cooperation within the industry benefited all involved (Müller et al., 2017). There was also a finding from the research that there was a synergy between climbing gyms. Respondents stated that due to the size of the market each climbing gym created its own market. However, as customers moved around the country (due to work, vacation or relocating) they would climb at the climbing gym in the area convenient at that time. In essence the various climbing gyms are not just creating customers for that specific climbing gym, but for the industry as a whole. From this assumption, they stated that the larger climbing gyms had a better ability to create customers because they had higher numbers of new participants attending (due to the space or offerings available). The smaller climbing gyms would then benefit from these customers when they changed location.

Management

Climbing gym management was only mentioned a few times in the interviews, and when it was it was in a negative light. The times when it was mentioned it was related to the climbing gyms that had failed. It could have been due to the respondents generalising because they did not know the specific answer of why those climbing gyms failed. However, two factors were mentioned that could have caused the failure of the climbing gyms.

The first was that there was a lack of interest from the owner/s, which could be because there was no strategy, or any renewing of the original strategy, for the gym going forward. No reasons for this were given, but as Rothaermel (2016) and Thompson et al. (2018) stated, the strategy of an organisation must be continuously maintained for the organisation to succeed.

The second factor mentioned was that the wrong market had been selected. The reasoning behind this statement was that the climbing gyms that had failed did so, because they had tried to be profitable off a market that was firstly small, and secondly did not have sizeable disposable income. These factors produced an unprofitable customer base for these climbing gyms.

As stated by respondents, presently, in South Africa, investors do not see climbing gyms as a profitable investment. Two reasons for this were given by the respondents; firstly, that there was a slow return on investment, if at all, and secondly, that the initial capital required to set up the gym, was substantial. Nevertheless, individuals had established climbing gyms that were profitable. These individuals were stated as being persons who were passionate about the sport and yet who did not necessarily have managerial knowledge or skills in the beginning, but their passion for the sport had been a critical factor in the growth of their climbing gym’s, and therefore the climbing industry as a whole (Wheaton, 2004).

Additional Revenue

Respondents indicated that revenue was supplemented by gear/equipment sales. However, the turnover time for stock was significantly long, therefore requiring significant capital to be used. A factor mentioned by some respondents was the ability of this gear segment to be manipulated by organisations, that had larger industry influence and capital, was possible. Gear sales, as an additional peripheral to the climbing gym, has the ability to improve value to the customer by providing easy access to sizing and buying of the equipment required. As customers acquire gear for climbing it could encourage them to commit to climbing as their primary exercise and/ sport, consequently producing repeat customers for the climbing gyms. Therefore, even though gear sales may not be a significant part of the revenue it could prompt repeat business by having it as a peripheral.

6.3 Discussion of Results for Research Question 2

Research Question 2: What value does the climbing gym industry provide to customers?

6.3.1 Customer Typology

In order to understand the customer's perceived and derived value, information about the customer was required. Respondents put forward aspects of the broad customer base., for which the majority fell in line with previous studies (Fletcher, 2008; Graham & Tshipala, 2017; Lötter, 2012)

The diversity of customers was stated as being highly varied in terms of age and background. Although the majority of climbers was stated as being between the ages of 20 and 40, a study by (Graham & Tshipala, 2017) showed that for the Gauteng region, the majority of climbers were English speaking males, between the ages of 25 and 34.

The type of person drawn to the sport of climbing, that the respondents mentioned, was an alternative person that was looking for something non-mainstream. This person was considered to be a customer that was looking for a "lifestyle" sport. Some of the respondents noted that the majority of climbers became climbers because they enjoyed the lifestyle that came with climbing (Fletcher, 2008). Relating this to Salome and Bottenburg's (2012) study, the majority of customers would fall into the "Exceeders" typology, which is characterised by climbing both indoor and outdoor and valuing the specific subculture.

There was, however, a definitive divide with regards to the diversity of ethnicity of customers. The majority were middle to upper-class white customers. This was a characteristic of the sport as a whole shown by research from Gagnon et al. (2016) conducted in the USA. Gagnon et al. (2016) suggested that the sport had remained the same for the preceding 20 years. Fletcher (2008) gave reason for the majority being young, white, professional, middle-class males, where he suggested that it was due to the safe structure that the professional middle-class constructed, and thus needed an escape. However, the study was grounded in all risk-based sports suggesting that the lack of diversity was not a feature unique to climbing

6.3.2 Customer Trends

There are three general customer trends that are noteworthy for the management of a climbing gym. Firstly, the majority of climbers climbed the easy routes (those that are lower in difficulty). However, this was discussed earlier and was shown to be climbing gym specific due to the different customer bases of the different climbing gyms. Secondly, the most profitable customers were the new/er climbers and social climbers, both of which climbed the easy routes, reinforcing the first factor. Thirdly, the majority of climbers attended a climbing gym after work from 4 p.m.to 9 p.m.

6.3.3 Customer Value

There were many aspects of the perceived value of a customer. The customer's value was broken into two categories. The first comprised of the aspects that would detract from the customer's value and dissuade the customer from returning. The second comprised of the aspects that were valuable enough to the customer to attract and retain them.

6.3.3.1 Location and Facility Value

Location

The location of a climbing gym could add to or detract from the customer experience. When the climbing gym was in an industrial area, it could potentially detract from the customers experience, just as the opposite could be true for a climbing gym situated in a residential area (Geltner et al., 2010). Apart from the area in which it was situated, the ease of getting to the climbing gym could add to the customer's experience (García-Fernández et al., 2018). The two aspects that made a climbing gym convenient for a customer were, the distance they had to travel and the ease of locating it. The former aspect provided customer value by having the climbing gym nearby or on route to work or home. The latter aspect would mostly be for first time or new customers and was made easier by technology and the internet (Sousa & Rocha, 2019).

Facility

The fact that the activity is indoors was of value to the customer because it meant that they were not restricted by the weather and could, therefore, attend when their schedule allowed. This allowed indoor climbing to have an advantage over other outdoor sports.

An aspect that could increase the perceived value of a climbing gym, that was stated by one of the respondents, was the size of the facility in terms of number of routes available to the customer. The more routes that were available, the longer the customer would be enticed to stay in the climbing gym or the more he/she would be enticed to return due to there being too many routes for them to complete in the time they were able to spend at the gym.

The appearance and feel of a climbing gym was stated as critical, which agrees with previous studies done on the subject (Barber & Scarcelli, 2010; Wakefield & Blodgett, 1999). The cleanliness and maintenance of the climbing gyms were touched on by the respondents multiple times. However, when these aspects were mentioned, they were always mentioned in the negative. The value of the climbing experience to the customer could be lost if the climbing gym was not well kept and maintained (Barber & Scarcelli, 2010; Wakefield & Blodgett, 1999). As the respondents' statements showed, lack of maintenance and cleanliness often reduced the return rate of customers. The respondents also shared personal experiences of climbing gyms that they thought were poorly maintained and stated that they would only go to those climbing gyms if there was not another available. The argument put forward was that the cleanliness and maintenance has a minimum bar that must be attained and that value was not gained by having a clean and well-maintained climbing gym, but value was lost by having a climbing gym that was not clean and well maintained. Resources should be utilised to clean and maintain the climbing gym, but after a certain point additional resources would be wasted for no additional gain in value.

As stated in the literature, quality plays a significant role in how customers perceive value (García-Fernández et al., 2018; Kumar & Reinartz, 2016). Having equipment that does not look appealing could significantly reduce the customer's perceived value. The respondents added to this by saying that new customers, when given equipment to rent that was unappealing or appeared unsafe in any way, could be turned away from the sport. In terms of the quality-value-loyalty chain (Park et al., 2018), having degraded equipment that was provided to a new customer could reduce the chances of that customer becoming a loyal customer.

Routes

Route quality and the regular changing of routes were stated by respondents as being the most essential influences on customers returning. As the routes are the main factor that differentiates the climbing gym industry from other industries it was considered appropriate for this factor to be valuable to customers. Thus, offering customers a renewable source of routes was a competitive advantage the climbing gym had over other industries.

The changing of routes was, therefore, considered to be an essential factor for the customer's perceived value. The respondents stated that routes could quickly become old and stale for customers. Results from the interviews showed that a lack of changing the routes and the facility as a whole could turn customers away. They stated that over time, if the routes were not changed regularly, customers would become bored and prefer to do other activities. Providing the customer with something new also meant changing the appearance of the facility from time to time. From a customer value point of view, if the climbing gym were continually upgrading the routes and the facility, it would show the customer that the fee they were paying was being reinvested for their benefit (Rothaermel, 2016) creating greater perceived value.

Another factor that customers derived value from was being able to “work” the routes (as noted earlier, this is when a customer will try a route that was on the upper level of their ability multiple times on multiple occasions, sometimes over a month, until it was achieved or interest was lost) as this gave them satisfaction from overcoming the challenge (Gallotta et al., 2015). Due to the fact that customers derived value from “working” a route, the changing of routes needed to be in a manner that allowed for a customer to have adequate time to work the route while also generating new routes for the customers in general.

Having routes of different difficulties was essential tin order to provide the customer with value. Having enough routes so that the majority of climbers were able to continuously climb and not have to wait was another aspect of not detracting from the customers perceived value. One respondent stated that climbing gyms should avoid crowding because the climbers then have to wait to climb which could make them irritable. The number of routes should follow the reasoning set out in section 6.2.2.1 Critical Factors Pre-establishment.

Another reason that climbing gyms should have enough routes is to ensure the customers to not wait. It has been noted by the respondents that most customers attend the gym after work, the peak time between 4 p.m.and 9 p.m. Thus, the climbing gym needed to have enough routes for the number of customers that they expected to have during the peak hours. This showed that the customers needed to fit climbing into their schedules and thus did not have time to wait to climb. From this point of view customers seek an instant gratification which had been observed by the respondents.

Price

Customers perceived price value based on their specific use of the climbing gym. For example, one segment of customers could be utilising the climbing gym as a form of exercise only, which meant that the price would need to be relative to other fitness activities. Therefore, the price charged, needed to be related to the market segment that the climbing gym was targeting. Nevertheless, price was a complicated topic (Friedman, 2017). The respondents stated that the memberships could be a detractor as well, but this was more from a commitment and bureaucracy viewpoint. There may be a need to input additional value into a membership in order for customers to value it enough to join.

When the price was mentioned by the respondents, it was either in the context of being cheaper than regular fitness gyms or that the price needed to be acceptable for customers against other industries (Mizik & Jacobson, 2003). The climbing gym was stated to be a competitor to the regular fitness gym, which had a cheaper membership. However, only a few climbing gyms had the facilities that are comparable to regular fitness gyms. Thus, the offerings of the climbing gyms that were not competing against regular fitness gyms are substantially different and therefore the two facilities could not compete on price as customer perceived value of the offering was different (Mizik & Jacobson, 2003).

Respondents stated or the first time climber, the cost of climbing equipment could seem immense and could become a detractor for them. However, with the possibility for gear rental, and if gear rental was included in the membership, the cost to the customer could be mitigated.

Equipment Sales

The sale of equipment could provide additional value to customers looking for accessories to aid their climbing experience. Usually as climbers gain experience, they would begin to want their won equipment. By providing it for them, either for rental or for purchase, the climbing gym could create value with either price or expertise. Providing gear to customers had the additional benefit of possibly creating a customer that was committed to the sport and the climbing gym.

Peripherals

Other peripherals that the climbing gym had, could create value for the customer. Peripherals are other services or offerings that the climbing gym incorporated in order to attract additional market (Hamilton et al., 2017). As one respondent stated, customers enjoyed seeing additional offerings and would join because they were available, even if in the end they never used them. This showed the perceived value that peripherals could bring to a climbing gym, and that could attract customers that initially thought they may like them but never used them.

6.3.3.2 Experience Value

Social

Respondents stated that the social aspect of the climbing gym was one of this biggest draw cards that climbing had. This was also found in the study of Kulczycki and Hinch (2014) that found social interaction was an important feature of the activity for participants. Respondents stated that the sport attracted participants that were looking for an alternative lifestyle. Wheaton (2004) suggested the same, and Fletcher (2008) gave the reason that participants are looking for an escape of their structured lives.

The combination of fitness, shared values, and social interactions (Heinonen, Jaakkola, & Neganova, 2018) gave rise to co-created value (Grönroos, 2017; Lemon & Verhoef, 2016). This was not value that the climbing gym could produce, however it could facilitate it well. As was stated in Kulczycki and Hinch's (2014) paper that the social climate was aided by the atmosphere in the climbing gym, and the atmosphere starts with the climbing gyms philosophy. Thus, the climbing gym could create an environment that was conducive to this social value or it could choose not to. Respondents stated that the social aspects made the fitness aspect fun.

Employees

The influence that employees have on customers return rate was stated to be significant because employees are a direct influence on the customers (Grönroos, 2017). The effect that poor service can have on customer can be far-reaching (García-Fernández et al., 2018). One of the factors that was mentioned the most was that employees must be friendly to customers, to the point of knowing their name as they walk into the climbing gym (García-Fernández et al., 2018; Park et al., 2018). This insight is can allude to the statement above from Kulczycki and Hinch's (2014) paper, showing that the start of creating an atmosphere that is conducive to social interaction begins with the employees and their interactions with the customers.

There has been much said about the value that employees add to the customers perceived value such as Park et al. (2018) that suggested that the professional competencies, service efficiency, and the performance of staff effect the customers perceived value and thus the return rates. Employees have the ability to create a competitive advantage for the organisation (Nyberg et al., 2014). Thus, employees are invaluable to the organisation.

Coaching

Respondents stated that coaching is needed for new customers. They said that customers in the beginning usually do not know people to climb with and thus having a coach is an entry to the community. They also derive value from gain knowledge and skills for climbing.

6.3.3.3 The Activity Value

The customer value in the activity of climbing lies in two areas, namely the physical value and the psychological value.

Psychological

In the psychological area climbing offers the customer various benefits. It provides an escape from the structures of daily life (Fletcher, 2008). It reduces anxiety and improves moods (Gallotta et al., 2015). It can have positive effects on depression (Dorscht et al., 2019; Kleinstäuber et al., 2017; Luttenberger et al., 2015). It can produce better perceptions of one’s physical capabilities and improved visual memory and motor expertise (Whitaker et al., 2019). Lastly, it can have positive effects on the problem solving skill set of participants (Özen, 2015; Özen & Vatansever, 2016).

The respondents repeated the above but added aspects of achievements, setting goals and that it is and individual sport. The sport is social in nature but the achievements of the sport are individual. This provides value to the customers in the form of achieving goals that they have set. The sport allows for goals to be set easily using the grades of the different difficulty levels. The individual aspects also provide value in terms of time as one can come and go as they please without needed to rely on other people. Busy customers may find this more attractive than a team sport yet they also receive a sense of community from climbing unlike other individual sports like swimming or road running alone.

Respondents suggested climbing had the added value of challenging participants on a personal level. The main area that people have to overcome in climbing is the fear of heights. This fear needs to be overcome to progress in climbing. Customers can derive value from this due to it being a sport that is a continual personal challenge.

Physical

The sport of climbing offers physical value to customers in the form of weight loss, being an alternative form of fitness, problem solving, and bettering motor skills (Whitaker et al., 2019).

Respondents stated that they had seen many customers that had lost weight due to participating in the sport. They said that his is not normally a primary value derived from the sport, as customers usually join because it is a fun activity which provides fitness as a by-product. They also stated that a lot of customers joined initially looking for an alternative form of fitness because they were bored with the regular fitness gyms are the sports that took a toll on their bodies, finding climbing to be sport that is easy on the body.

Problem solving is both a psychological benefit and a physical benefit. This is because the sport allows the participant to problem solve with their body helping them to understand the capabilities of their bodies (Whitaker et al., 2019) which improve motor skills.

6.4 Discussion of Results for Research Question 3

Research Question 3: What are the competitive advantages the industry has and should build upon?

Competitors

As one respondent stated the competitors of a climbing gym are specific to that climbing gym based on its offering and its location. Although respondents named a few competitors to the climbing gym industry, due to the different location of the climbing gyms over the country and the different markets that each one serves, the competitors would be different for each climbing gym.

6.4.1 Competitive Advantage

The climbing gym needs to attract more customers to increase its market share. To do this it needs to be viewed as better value. In other words, the perceived value of a climbing gym must be greater than its competitors (Thompson et al., 2018). Therefore, the competitive advantages of a climbing gym are based on what the customer values. By this logic the sport has unique advantages and the climbing gym has unique advantages which combine to produce a competitive advantage.

Sports Advantages

The respondents stated a number of advantages that the sport of climbing has over other sports; it is a new age sport, it requires problem solving skills, it is individual in nature, it has significant social aspects, it requires challenging oneself to achieve, it uses the entire body, it improves motor skills, it is easy on the body and one is able to set goals easily.

The fact that it is a new age sport is an advantage as it draws customers that are inquisitive or that do not want to participate in a main stream sport. As the sport continues to grow, this advantage may fall away.

The problem-solving aspect is unique to climbing in that it requires the participant to think of new and innovative ways to use their body in order to move up the wall. Other sports that require this mental exercise are usually not as physical.

Comparing climbing to team sports, the individual nature could be an advantage for the participant that is looking for a sport that rewards individual achievements.

The social aspect of climbing has been discussed at length. When comparing it to other sports it offers participants, of different skill levels, the advantage of participating side by side.

The sport often requires participants to overcome a mental block, such as the fear of heights, for one to see improvement. Challenging one's internal constraints is unique to risk sports but indoor climbing removes the risk, allowing participants to safely challenge their fears.

Climbing is a unique sport in that it utilises the entire body in a way that allows minimal impact on the joints, while conditioning the body in new motor skills.

Lastly, climbing has the advantage of personal goals being easy to set. For a participant to challenge themselves they could select a grade of difficulty they would like to attain and strive towards it through training and moving up as they became stronger.

Climbing Gyms Advantages

Climbing gyms have a number of advantages over other sports or activities. Firstly, the activity is indoors which means that customers could climb all year around. Secondly, due to the activity being indoors this allows one to better control the safety aspect of climbing. Thirdly, due to gyms being able to change routes regularly, continued, fresh interest is maintained for customers. Fourthly, climbing gyms have the ability to create a “vibe” or positive social atmosphere to attract young climbers. Lastly, climbing gyms are cheaper than some other indoor activities.

Combining all these aspects creates the climbing gyms competitive advantage. In essence the climbing gym offers a positive, social experience to the customer.

CHAPTER 7:CONCLUSION AND RECOMMENDATIONS

7.1 Introduction

This chapter showcases the main findings of the research and provides recommendations for future research in the climbing gym industry.

7.2 Research Background and Objectives

The requirement for strategic climbing gym management is recent but as the sport of climbing gains more traction as is the current trend (Burgman, 2019; Kuelthau, 2018) the need for informed, strategic management will increase. The need is most prominently shown by the two climbing gyms that have recently (within the last two years) closed down. They were not able to generate enough revenue from customers coming to climb to cover its expenses (Kalane, 2015).

For a climbing gym to operate successfully management needs information to guide the organisation. Therefore, this research investigated the factors that affect climbing gyms in the climbing gym industry, the different aspects of the customers perceived value, and the resources that are required to provide the climbing gyms with sustainable competitive advantage.

7.3 Main Findings

The main findings of this research are critical factors that climbing gyms need to consider in their operations and the resources that offer climbing gyms its competitive advantage.

7.3.1 Finding 1:

The research study found that climbing gyms operate in a multifaceted environment, with many external factors that need to be considered by a climbing gym's management.

The first factor is the barriers to attendance for customers. Management should try keep in mind what the customers barriers to attendance are. The customers could be affected by an external factor that produces increased barriers for attendance. An example would be a fuel price increase. The weather is a factor that was found to affect a climbing gym on a daily basis rather than strategically.

Recommendation:

The factors external to a climbing gym are outside of its control, but a climbing gym can be proactive and produce an outcome that is beneficial for the climbing gym. In terms of customers increased barriers for attendance the climbing gym can be creative and innovative in reducing the barriers allowing for customers to attend.

The weather can affect how many customers attend on a specific day. Taking account of this allows for better operational planning.

7.3.2 Finding 2:

The study found that there were factors that should be taken into account before the establishment of a climbing gym. Two main areas of factors need to be considered in the pre-establishment of a climbing gym. The first is the location factors of the climbing gym which are the discipline of climbing that is to be hosted, the size of the facility required, the area that is best suited for the climbing gym and its market, and the required price of the facility. The second is factors that need to be taken into account for the facility which are the walls to be used, the mats to be used, and the grips to be used.

Recommendation:

The recommendation for deciding on a location is to weight up the variables that have been identified, possibly using a mathematical model to decide the best location for the climbing gym. The decisions required for the facility are based on budget and thus are climbing gym specific.

7.3.3 Finding 3:

The study found that there were factors that should be taken into account after the establishment of a climbing gym. Employees were a critical factor to the climbing gym and needed to be considered. When hiring, management of climbing gyms should look for the following attributes in potential employees; people skills, climbing knowledge for the various roles, and passion for the sport. Factors about the facility that are needed to be considered were; the look and feel, the cleanliness and maintenance, the route quality, how often routes were changed, and the difficulty of the routes. Operational factors that needed to be taken into account were safety, well maintained equipment, customer information, price, membership, salaries, rent, maintenance, and grips. The utilisation of time efficiently was crucial to the business. Factors that required significant time were route setting and the organising of events. Selecting the correct target market for a climbing gym was an essential part of the strategy. As more climbing gyms enter the market a strategy that differentiates one climbing gym from another, would be crucial. The climbing gym must consider whether or not to include additional peripheral services to attract additional customers. Cooperation between some of the climbing gyms has reduced costs.

Recommendation:

Climbing gyms should consider more active marketing in order to achieve awareness of a broader audience. Climbing gyms should find innovative solutions to expanding their customer base and growing awareness, such as through schools. Additional peripherals attract additional customers but the added benefit must be weighed against the cost on a per climbing gym basis. Cooperation will assist climbing gyms to reduce costs and thus should be investigated by them.

7.3.4 Finding 4:

The study found that there were aspects of the climbing gym that have value for the customer. The first is the location which adds value if it is close and easy to get to. The second is the facility adds value by being an indoor facility, having a good look and feel, being well maintained, and having well kept equipment. The routes of a climbing gym add value to customers by being renewed to keep a “fresh” appeal, having high quality standards, and having the correct number of routes in varying difficulty. Including additional services into the membership can add value to the customers experience. Additional peripherals can also add value for the customer.

Recommendation:

It is recommended that climbing gyms utilise these findings to add value to the customer’s experience, although the location was redundant for already established climbing gyms. The customer’s experience was made up of many interactions, therefore the climbing gyms should leverage each interaction to add value so that customer retention could be maximised.

7.3.5 Finding 5:

The study found that there were two areas of aspects of the experience that have value for the customer. The first is the social value. Customers value the interaction that they receive at a climbing gym. The findings showed that this social value required the correct atmosphere. The second is the employee value. The employees can create the environment suitable for social interactions. The also can provide advise and aid customers meaning they have the potential to deliver high quality service at every interaction.

Recommendation:

It is recommended that climbing gyms utilise these findings to add value to the customers experience by creating an atmosphere of acceptance where customers feel welcome and providing them with high quality service at every interaction.

7.3.6 Finding 6:

The study found that there were two areas of aspects of the experience that have value for the customer. The first is the psychological aspects namely reduced anxiety, improved moods, and better perception of physical capabilities from and improved problem-solving skill set. It also allows customers to easily set goals and provide and individual sense of achievement. The second area is the physical aspects that add value to the customer. Climbing offers value to customers looking for weight loss, a fun activity, or a sport that easy on one’s body.

Recommendation:

It is recommended that climbing gyms utilise these findings to add value to the customers experience even though this value is inherently in the sport, the benefits can be emphasized to create better awareness of them.

7.3.7 Finding 6:

The study found that the competitive advantages of climbing gyms is that it is a new age sport, has problem solving characteristics, individual sport, high number of social interactions, psychologically challenging, uses the entire body, is easy to set goals, is indoors, is able to change the routes, and can be cheaper than other sports.

Recommendation:

The recommendation for climbing gym management is to build on these competitive advantages by planning a strategy around these competencies of climbing gyms.

7.4 Limitations of this study

The following limitations are noted for the research:

- A purposive sampling method was utilised which could have created a bias within the results. Although measures were taken to mitigate this if not eliminate it.

- Some interviews were conducted telephonically due to geographical location differences. Therefore, only auditory inferences could be made instead of audio and visual

- The study is bound to South Africa as that is the context in which the study took place. Results may be different in an alternative context.

7.5 Recommendations for future research

The results of this study are based on a relatively small sample although it is representative of the majority of the industry. Future research can build on these findings. Future research recommendations are:

- A location-based study on the variables that need to be considered before the location of a climbing gym was selected.

- A better understanding of the elements that affect the atmosphere or “vibe”of climbing gyms.

- The aspects of route quality to aid climbing gyms in producing more value for their customers.

- Suggested measurement for the required time intervals for changing climbing routes.

- A study utilising the information that climbing gyms have on their customers in order to understand the needs of their customers more fully.

7.6 Concluding Remarks

The aim of this study was to understand the perceived key factors influencing the organisation's success and understand how the organisation's VRIN resources are aligned to leverage the key factors.

This study achieved its aim by identifying factors that contribute to the success of climbing gym organisations. It must be noted that this study in not exhaustive, however strong evidence was derived from the results.

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APPENDIX 1: INVITATION LETTER

APPENDIX 2: CONSENT FORM

I am currently a student at the University of Pretoria's Gordon Institute of Business Science and completing my research in partial fulfilment of an MBA.

I am conducting research on strategic resources, and am trying to find out more about the strategic resources in the indoor climbing industry. Our interview is expected to last about an hour, and will help us understand the competitive advantages of the indoor climbing industry.

Your participation is voluntary and you can withdraw at any time without penalty. It can be confidential, and all data can be treated confidentially, and reported anonymously

All data will be reported without identifiers. Your participation is kept confidential and only aggregated data will be reported. All data captured will be kept confidential. If you have any concerns, please contact my supervisor or me. Our details are provided below.

Warrick Black	Thembekile Ntshakala
Email: warrickblack@hotmail.com	Email: thembie.ntshakala@gmail.com
Phone : 072 755 2270	Phone:

Signature of participant: ________________________________

Date: ________________

Signature of researcher: ________________________________

Date: ________________

APPENDIX 3: INTERVIEW GUIDE

The following interview questions are to be semi-structured, which will allow for key relevant areas to be covered while still remaining flexible to ask additional questions for deeper insights. Eleven draft interview questions are shown below and were created based on literature with the questions being bound to the climbing gym industry. The eleven formulated questions are split into general unspecific industry questions and climbing gym industry-specific questions as follows:

Critical Factors

1. What factors are currently affecting the climbing gym industry?
2. How much rivalry is there within the industry?
3. What resources are critical to a climbing gym?
4. What are the aspects of climbing gyms that require the most resources?
5. What are the aspects of climbing gyms that require the most money?
6. Which aspects of climbing gyms, that if you stopped or reduced, would have the greatest impact on the organisation's profit?
7. How does the location of a climbing gym affect its competitive nature?

Customer Value

8. What kinds of customers do climbing gym's attract?
9. What do customers perceive as quality service in the climbing gym industry?
10. What are the success factors for climbing gyms?

Competitive Advantage

11. What are potential rivals to the climbing gym industry?
12. What advantages does the climbing gym industry have over another sporting/recreational industries?

APPENDIX 4: ETHICAL CLEARANCE LETTER

Gordon Institute of Business Science
University of Pretoria

14 August 2019

Warrick Black

Dear Warrick

Please be advised that your application for Ethical Clearance has been approved.

You are therefore allowed to continue collecting your data.

Please note that approval is granted based on the methodology and research instruments provided in the application. If there is any deviation change or addition to the research method or tools, a supplementary application for approval must be obtained

We wish you everything of the best for the rest of the project.

Kind Regards

GIBS MBA Research Ethical Clearance Committee

Gordon Institute of Business Science
Reg. No. 99/19816/08

26 Melville Road, Illovo, Johannesburg
PO Box 787602, Sandton, 2146, South Africa

telephone (+27) 11 771 4000
fax (+27) 11 771 4177

website gibs.co.za
University of Pretoria

APPENDIX 5: CERTIFICATION OF ADDITIONAL SUPPORT

(Additional support retained or not - to be **completed by all students)**

Please note that failure to comply and report on this honestly will result in disciplinary action

I hereby certify that (please indicate which statement applies):

- ***I DID NOT RECEIVE*** *any additional/outside assistance (i.e. statistical, transcriptional, and/or editorial services) on my research report:* ……………………………………………………………………………………….
- ***I RECEIVED*** *additional/outside assistance (i.e. statistical, transcriptional, and/or editorial services) on my research report* ……………………………………………………………………………………………

If any additional services were retained– ***please indicate below which:***

☐ ***Statistician***

☐ ***Transcriber***

☐ ***Editor***

☐ ***Other (please specify) ……………………***

Please provide the name(s) and contact details of all retained:

NAME: ……………………………………………………………………………………...

EMAIL ADDRESS: ……………………………………………………………………….

CONTACT NUMBER: ……………………………………………………………………

TYPE OF SERVICE: ……………………………………………………………………..

NAME: ……………………………………………………………………………………...

EMAIL ADDRESS: ……………………………………………………………………….

CONTACT NUMBER: ……………………………………………………………………

TYPE OF SERVICE: ……………………………………………………………………

NAME: ……………………………………………………………………………………...

EMAIL ADDRESS: ……………………………………………………………………….

CONTACT NUMBER: ………………………………………………………………………

TYPE OF SERVICE: ……………………………………………………………………….

I hereby declare that all *statistical write-ups and thematic interpretations of the results for* **my study were completed by myself without outside assistance**

NAME OF STUDENT:
…………………………………………………………………………………………….

SIGNATURE:
…………………………………………………………………………………………….

STUDENT NUMBER:

…………………………………………………………………………………… ………

STUDENT EMAIL ADDRESS:

……………………………………………………………………………………

Gordon Institute of Business Science
University of Pretoria

UNIVERSITEIT VAN PRETORIA
UNIVERSITY OF PRETORIA
YUNIBESITHI YA PRETORIA
Denkleiers • Leading Minds • Dikgopolo tša Dihlalefi

APPENDIX 6: COPYRIGHT DECLARATION FORM

Student details			
Surname:	Black	Initials:	W.S.
Student number:	29353956		
Email:	29353956@mygibs.co.za		
Phone:	+27 72 755 2270		

Qualification details			
Degree:	MBA	Year completed:	2019
Title of research:	GIBS		
Supervisor:	Thembekile Elsie Ntshakala		
Supervisor email:	thembie.ntshakala@gmail.com		

Access

A. x	My research is not confidential and may be made available in the GIBS Information Centre and on UPSpace.

I give permission to display my email address on the UPSpace website

Yes	X	No	

B.

	My research is confidential and may NOT be made available in the GIBS Information Centre nor on UPSpace.

Please indicate embargo period requested

Two years		Please attach a letter of motivation to substantiate your request. Without a letter embargo will not be granted.
Permanent		Permission from the Vice-Principal: Research and Postgraduate Studies at UP is required for permanent embargo. Please attach a copy permission letter. Without a letter permanent embargo will not be granted.

Copyright declaration

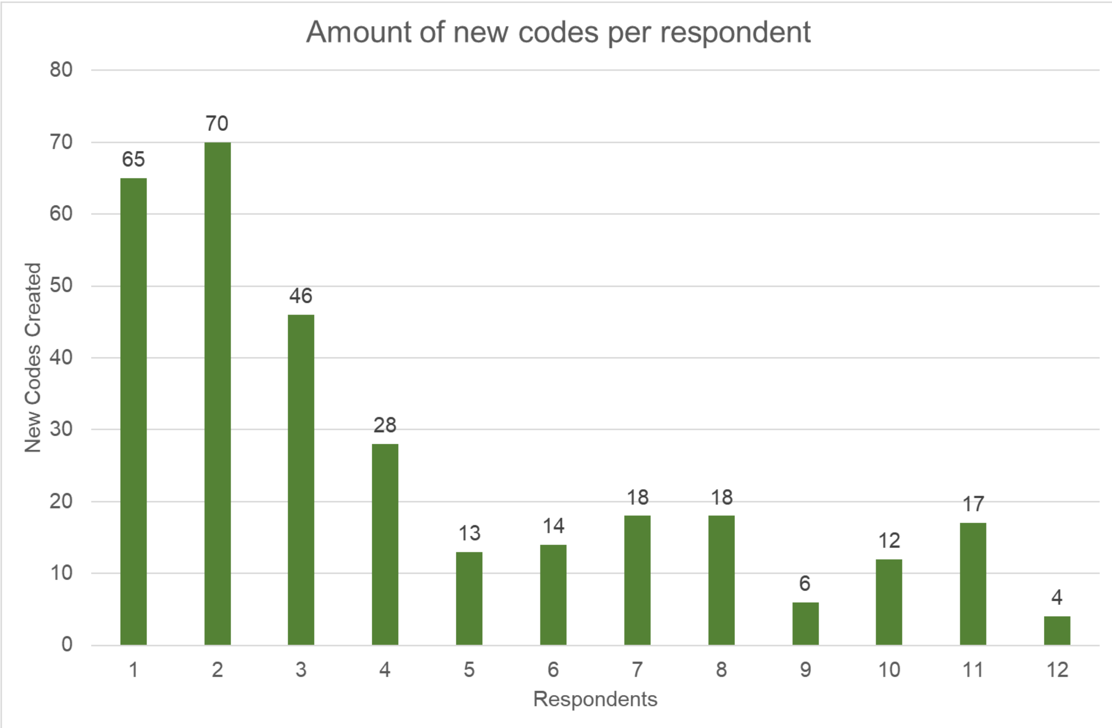
I hereby declare that I have not used unethical research practices nor gained material dishonesty in this electronic version of my research submitted. Where appropriate, written permission statement(s) were obtained from the owner(s) of third-party copyrighted matter included in my research, allowing distribution as specified below.

I hereby assign, transfer and make over to the University of Pretoria my rights of copyright in the submitted work to the extent that it has not already been affected in terms of the contract I entered into at registration. I understand that all rights with regard to the intellectual property of my research, vest in the University who has the right to reproduce, distribute and/or publish the work in any manner it may deem fit.

.

Signature:	Date:
Supervisor signature:	Date:

APPENDIX 7: NEW CODE GENERATION TREND



APPENDIX 8: CODE BOOK

Code	Code Group 1	Code Group 2
1 - aspects/factors very entangled	1-1 Critical Factors	
Employees, facility, coaching, events, peripherals	1-1 Critical Factors	
EM-Employee more important than holds/grips	1-1 Critical Factors	1-1-1 Employees
EM-Employees - critical	1-1 Critical Factors	1-1-1 Employees
EM-Employees - social skills	1-1 Critical Factors	1-1-1 Employees
EM-Employees set the atmosphere	1-1 Critical Factors	1-1-1 Employees
EM-Employees should have a willingness to learn	1-1 Critical Factors	1-1-1 Employees
EM-Employees/Owners are part of the experience	1-1 Critical Factors	1-1-1 Employees
EM-Friendly employees	1-1 Critical Factors	1-1-1 Employees
EM-Keep customer trust high	1-1 Critical Factors	1-1-1 Employees
EM-Knowledgeable staff/employees	1-1 Critical Factors	1-1-1 Employees
EM-Limited availability of qualified staff/employees	1-1 Critical Factors	1-1-1 Employees
EM-Make customer feel important	1-1 Critical Factors	1-1-1 Employees
EM-Need "go getter" employees	1-1 Critical Factors	1-1-1 Employees
EM-Need passionate employees -Critical	1-1 Critical Factors	1-1-1 Employees
EM-Organisation culture important	1-1 Critical Factors	1-1-1 Employees
EM-Route setters need to be paid well	1-1 Critical Factors	1-1-1 Employees
EM-Some cultures hard to scale	1-1 Critical Factors	1-1-1 Employees
EM-Trust employees to make right decision	1-1 Critical Factors	1-1-1 Employees

Code	Code Group 1	Code Group 3	Code Group 4	Code Group 5	Code Group 6
Facility-Routes-Bell curve of routes for customers	1-1 Critical Factors	1-1-2 Facility	1-1-2-1-Routes		
Facility-Routes-Good route setter important	1-1 Critical Factors	1-1-2 Facility	1-1-2-1-Routes		
Facility-Routes-Route quality - holds/grips and colours etc - critical	1-1 Critical Factors	1-1-2 Facility	1-1-2-1-Routes		
Facility-Routes-Route setting critical	1-1 Critical Factors	1-1-2 Facility	1-1-2-1-Routes		
Facility-Routes-Routes changed often	1-1 Critical Factors	1-1-2 Facility	1-1-2-1-Routes		
Facility-Routes-Routes get boring over time	1-1 Critical Factors	1-1-2 Facility	1-1-2-1-Routes		
Facility-Routes-Time balanced route changing	1-1 Critical Factors	1-1-2 Facility	1-1-2-1-Routes		
Facility-Money	1-1 Critical Factors			1-1-2 Facility	
Facility-New-Keep it fresh	1-1 Critical Factors	1-1-2 Facility		1-1-2-2-New	
Facility-New-Older climbing gyms not attractive	1-1 Critical Factors	1-1-2 Facility		1-1-2-2-New	
Facility-New-Seeing new things aids return customers	1-1 Critical Factors	1-1-2 Facility		1-1-2-2-New	
Facility-Maint-Cleanliness of gym	1-1 Critical Factors	1-1-2 Facility			1-1-2-3-Maint
Facility-Maint-Hardware for safety	1-1 Critical Factors	1-1-2 Facility			1-1-2-3-Maint
Facility-Maint-Inviting look	1-1 Critical Factors	1-1-2 Facility			1-1-2-3-Maint
Facility-Maint-Mats	1-1 Critical Factors	1-1-2 Facility			1-1-2-3-Maint
Facility-Maint-Well-kept/maintained - critical	1-1 Critical Factors	1-1-2 Facility			1-1-2-3-Maint

Code	Code Group 1	Code Group 3	Code Group 7
Facility-Grips-Currently best holds from overseas	1-1 Critical Factors	1-1-2 Facility	1-1-2-4-Grips
Facility-Grips-Holds/grips are important	1-1 Critical Factors	1-1-2 Facility	1-1-2-4-Grips
Facility-Grips-Holds/grips most expensive	1-1 Critical Factors	1-1-2 Facility	1-1-2-4-Grips
Facility-Grips-Industry lags/behind overseas	1-1 Critical Factors	1-1-2 Facility	1-1-2-4-Grips
Facility-Grips-Limited availability of holds/grips and equipment	1-1 Critical Factors	1-1-2 Facility	1-1-2-4-Grips
Facility-Grips-Low holds/grips purchasing power form overseas	1-1 Critical Factors	1-1-2 Facility	1-1-2-4-Grips
Facility-Grips-Require hardware e.g. holds/grips	1-1 Critical Factors	1-1-2 Facility	1-1-2-4-Grips
Facility-Money	1-1 Critical Factors	1-1-2 Facility	

Code	Code Group 1	Code Group 8	Code Group 9	Code Group 10
Cool factor -made up of aspects	1-1 Critical Factors	1-1-3 Operational		
Operational-Price-Membership critical for operational expenses	1-1 Critical Factors	1-1-3 Operational		
Operational-Price-Pricing/price important	1-1 Critical Factors	1-1-3 Operational		
Operational-Price-You want engagement over memberships	1-1 Critical Factors	1-1-3 Operational		
Operational-Success is feet through the door	1-1 Critical Factors	1-1-3 Operational		
Operational-Vibe/Atmosphere critical	1-1 Critical Factors	1-1-3 Operational		
Operational-Safe-Employees must know safety	1-1 Critical Factors	1-1-3 Operational	1-1-3-1-Safe	
Operational-Safe-Perception challenge is acquiring new customers	1-1 Critical Factors	1-1-3 Operational	1-1-3-1-Safe	
Operational-Safe-Perceived as risky/unsafe sport	1-1 Critical Factors	1-1-3 Operational	1-1-3-1-Safe	
Operational-Safe-Safety	1-1 Critical Factors	1-1-3 Operational	1-1-3-1-Safe	
Operational-Safe-Safety procedures	1-1 Critical Factors	1-1-3 Operational	1-1-3-1-Safe	
Operational-Safe-Sport misperception challenge	1-1 Critical Factors	1-1-3 Operational	1-1-3-1-Safe	
Operational-Data/Information analytics undervalued	1-1 Critical Factors	1-1-3 Operational		1-1-3-2-Data
Operational-Data-customer data & information	1-1 Critical Factors	1-1-3 Operational		1-1-3-2-Data

Code	Code Group 1	Code Group 11	Code Group 12	Code Group 13
Marketing-Advert-Clever events	1-1 Critical Factors	1-1-4 Marketing	1-1-4-1-Advert	
Marketing-Advert-Clever marketing	1-1 Critical Factors	1-1-4 Marketing	1-1-4-1-Advert	
Marketing-Advert-customer created marketing	1-1 Critical Factors	1-1-4 Marketing	1-1-4-1-Advert	
Marketing-Advert-Lack of marketing = high impact	1-1 Critical Factors	1-1-4 Marketing	1-1-4-1-Advert	
Marketing-Advert-Marketing is important	1-1 Critical Factors	1-1-4 Marketing	1-1-4-1-Advert	
Marketing-Advert-Marketing should be increased	1-1 Critical Factors	1-1-4 Marketing	1-1-4-1-Advert	
Marketing-Advert-Passive marketing as popularity grows	1-1 Critical Factors	1-1-4 Marketing	1-1-4-1-Advert	
Marketing-Aware-General awareness not discipline specific	1-1 Critical Factors	1-1-4 Marketing		1-1-4-3-Aware
Marketing-Aware-Lack of awareness	1-1 Critical Factors	1-1-4 Marketing		1-1-4-3-Aware

Code	Code Group 1	Code Group 14
1-More gyms increase popularity/awareness	1-1 Critical Factors	1-1-5 Climbing Gym Growth
1-Stakeholders need to collaborate/work together to grow the sport	1-1 Critical Factors	1-1-5 Climbing Gym Growth
2-Awareness is increasing	1-1 Critical Factors	1-1-5 Climbing Gym Growth
2-Climbing growing globally	1-1 Critical Factors	1-1-5 Climbing Gym Growth
2-Climbing gyms dependant on sport growth	1-1 Critical Factors	1-1-5 Climbing Gym Growth
2-Climbing interest growing	1-1 Critical Factors	1-1-5 Climbing Gym Growth
2-Youth market growing	1-1 Critical Factors	1-1-5 Climbing Gym Growth
3-Climbing in schools doesn't lead to growth	1-1 Critical Factors	1-1-5 Climbing Gym Growth
3-Getting into schools will grow the sport/market	1-1 Critical Factors	1-1-5 Climbing Gym Growth
3-Movies helped sport exposure	1-1 Critical Factors	1-1-5 Climbing Gym Growth
3-Need to make youth aware of sport	1-1 Critical Factors	1-1-5 Climbing Gym Growth
3-Olympics helped sport exposure	1-1 Critical Factors	1-1-5 Climbing Gym Growth
Climbing growth after being on TV series	1-1 Critical Factors	1-1-5 Climbing Gym Growth
possibility for more gyms	1-1 Critical Factors	1-1-5 Climbing Gym Growth

Code	Code Group 1	Code Group 15	Code Group 16	Code Group 17	Code Group 18
Competitive location is nuanced	1-1 Critical Factors	1-1-6 Location	1-1-6-1-Market		
Location affects internal industry rivalry	1-1 Critical Factors	1-1-6 Location	1-1-6-1-Market		
Location-Market-location dependant on feeder area	1-1 Critical Factors	1-1-6 Location	1-1-6-1-Market		
Location-Market-location easy quick to get to	1-1 Critical Factors	1-1-6 Location	1-1-6-1-Market		
Location-Market-Location for active and fit market	1-1 Critical Factors	1-1-6 Location	1-1-6-1-Market		
Location-Market-Location for middle class	1-1 Critical Factors	1-1-6 Location	1-1-6-1-Market		
Location-Market-Location important - affluent areas	1-1 Critical Factors	1-1-6 Location	1-1-6-1-Market		
Location-Market-Location needs feeder area for newbies	1-1 Critical Factors	1-1-6 Location	1-1-6-1-Market		
Location-Market-Location tied to Woolworths	1-1 Critical Factors	1-1-6 Location	1-1-6-1-Market		
region culture affects gyms location	1-1 Critical Factors	1-1-6 Location	1-1-6-1-Market		
Location-Size- size (for route variety)	1-1 Critical Factors	1-1-6 Location		1-1-6-2-Size	
Location-Size-Location important - Building size	1-1 Critical Factors	1-1-6 Location		1-1-6-2-Size	
Location-Price-Location easier industrial area	1-1 Critical Factors	1-1-6 Location			1-1-6-3-Price

Code	Code Group 1	Code Group 15	Code Group 19	Code Group 20
Location-Destination-Customers willing to travel for quality	1-1 Critical Factors	1-1-6 Location	1-1-6-4-Destination	
Location-Destination-destination location willing to travel	1-1 Critical Factors	1-1-6 Location	1-1-6-4-Destination	
Location-Destination-Internet reduces location dominance	1-1 Critical Factors	1-1-6 Location	1-1-6-4-Destination	
Location-Bus Mod-business model section for area/market	1-1 Critical Factors	1-1-6 Location		1-1-6-5-Business Model
Location-Bus Mod-location affects business model selection	1-1 Critical Factors	1-1-6 Location		1-1-6-5-Business Model

Code	Code Group 1	Code Group 21	Code Group 22
Management - Good management critical	1-1 Critical Factors	1-1-7 Management	
Management - Hard to run gyms across regions	1-1 Critical Factors	1-1-7 Management	
Management - how you manage the different groups of customers important	1-1 Critical Factors	1-1-7 Management	
Management strategy and vision	1-1 Critical Factors	1-1-7 Management	
Management-Lacked a basic business plan	1-1 Critical Factors	1-1-7 Management	
Management-Poor market selection	1-1 Critical Factors	1-1-7 Management	
Barrier to entry - High initial Capital	1-1 Critical Factors	1-1-7 Management	1-1-7-1-Entry Investors & Owners
Currently gyms are owned by passionate people	1-1 Critical Factors	1-1-7 Management	1-1-7-1-Entry Investors & Owners
Finances are a limiting factor	1-1 Critical Factors	1-1-7 Management	1-1-7-1-Entry Investors & Owners
Initial start-up cost is high	1-1 Critical Factors	1-1-7 Management	1-1-7-1-Entry Investors & Owners
Initial years low profits	1-1 Critical Factors	1-1-7 Management	1-1-7-1-Entry Investors & Owners
Management-Passionate manager/owner	1-1 Critical Factors	1-1-7 Management	1-1-7-1-Entry Investors & Owners
Reinvesting back into the business	1-1 Critical Factors	1-1-7 Management	1-1-7-1-Entry Investors & Owners
Slow returns on investment	1-1 Critical Factors	1-1-7 Management	1-1-7-1-Entry Investors & Owners
Some gyms barely cover expenses	1-1 Critical Factors	1-1-7 Management	1-1-7-1-Entry Investors & Owners

Code	Code Group 1	Code Group 23	Code Group 24	Code Group 25	Code Group 26
Innovate - Utilise schools for customers	1-1 Critical Factors	1-1-8 Innovation			
Innovation - looking for opportunities	1-1 Critical Factors	1-1-8 Innovation			
lack of innovation	1-1 Critical Factors	1-1-8 Innovation			
1 - Climbing a luxury for people					1-2 External Factors
1 - Economy can have negative impact					1-2 External Factors
1 - Economy has minimal affect					1-2 External Factors
2 - Fuel price impact if gym is far					1-2 External Factors
3-South Africa lags in market maturity					1-2 External Factors
Industry is small				1-3 Internal Factors	1-3-1- Internal Rivalry
Rivalry-don't need internal competitiveness				1-3 Internal Factors	1-3-1- Internal Rivalry
Rivalry-Little internal industry rivalry				1-3 Internal Factors	1-3-1- Internal Rivalry
Rivalry-Small number of gyms aids current gym success				1-3 Internal Factors	1-3-1- Internal Rivalry
Rivalry-Sport small thus market is small				1-3 Internal Factors	1-3-1- Internal Rivalry
Rivalry-There is internal industry rivalry				1-3 Internal Factors	1-3-1- Internal Rivalry
Rivalry-under served market				1-3 Internal Factors	1-3-1- Internal Rivalry
Territorial-Internal industry territorial				1-3 Internal Factors	1-3-1- Internal Rivalry
Territorial-There can be monopolism with money				1-3 Internal Factors	1-3-1- Internal Rivalry

Code	Code Group 25	Code Group 27	Code Group 28
All in one climbing gym	1-3 Internal Factors	1-3-2 Differences	
Bigger gyms are better	1-3 Internal Factors	1-3-2 Differences	
Bigger gyms have increased the awareness	1-3 Internal Factors	1-3-2 Differences	
Diff - Bouldering for advanced climbers	1-3 Internal Factors	1-3-2 Differences	
Diff - Bouldering gym location easier	1-3 Internal Factors	1-3-2 Differences	
Diff - Bouldering more social than sport climbing	1-3 Internal Factors	1-3-2 Differences	
Diff - Bouldering provides social interaction time	1-3 Internal Factors	1-3-2 Differences	
Diff - Bouldering very social	1-3 Internal Factors	1-3-2 Differences	
Diff-Early-Industry needs base of climbers before going niche	1-3 Internal Factors	1-3-2 Differences	
Diff-Early-Might be too early for niche gyms	1-3 Internal Factors	1-3-2 Differences	
Diff-Market-Return customers (veterans more profitable than beginners)	1-3 Internal Factors	1-3-2 Differences	
Diff-Markets-Different business model gyms	1-3 Internal Factors	1-3-2 Differences	
Diff-Markets-Gym revenue stream diversification	1-3 Internal Factors	1-3-2 Differences	
Diff-Markets-Gyms serve different markets	1-3 Internal Factors	1-3-2 Differences	
Diff-Markets-High end gyms	1-3 Internal Factors	1-3-2 Differences	
Diff-Markets-Low end gyms	1-3 Internal Factors	1-3-2 Differences	
Diff-Market-Smaller gyms loyal customers	1-3 Internal Factors	1-3-2 Differences	
Diff--Resources/Critical areas different per gym	1-3 Internal Factors	1-3-2 Differences	
Cooperation - Internal industry cooperation	1-3 Internal Factors		1-3-3 Cooperation
Cooperation - Synergy between gyms	1-3 Internal Factors		1-3-3 Cooperation
Lack of support from governing body	1-3 Internal Factors		1-3-3 Cooperation

Code	Code Group 25	Code Group 29	Code Group 30
Cost-Facility-Big overhead maintenance	1-3 Internal Factors	1-3-5 Costs	
Cost-Facility-Climbing holds/grips	1-3 Internal Factors	1-3-5 Costs	
Cost-Facility-Holds/grips are ongoing expense	1-3 Internal Factors	1-3-5 Costs	
Cost-Facility-Rent	1-3 Internal Factors	1-3-5 Costs	
Cost-Facility-Replenish new equipment	1-3 Internal Factors	1-3-5 Costs	
Cost-Facility-Time and money into holds/grips	1-3 Internal Factors	1-3-5 Costs	
Cost-Facility-Walls holds/grips mats expensive	1-3 Internal Factors	1-3-5 Costs	
Cost-Staff-Big overhead employees/staff	1-3 Internal Factors	1-3-5 Costs	
Cost-Staff-Kids parties low margins	1-3 Internal Factors	1-3-5 Costs	
Cost-Staff-Training staff	1-3 Internal Factors	1-3-5 Costs	
Cost-Time-Events require time & energy	1-3 Internal Factors		1-3-6 Time Cost
Cost-Time-Maintenance requires time	1-3 Internal Factors		1-3-6 Time Cost
Cost-Time-quality route setting requires time	1-3 Internal Factors		1-3-6 Time Cost
Cost-Time-Route setting needs time	1-3 Internal Factors		1-3-6 Time Cost

Code	Code Group 31	Code Group 32	Code Group 33	Code Group 34	Code Group 35	Code Group 36
Detractor-Economic-Climbing is an expensive sport	2-1 Detractors	2-1-1-Economic				
Detractor-Economic-Customers' start-up costs high against competitors	2-1 Detractors	2-1-1-Economic				
Detractor-Equipment quality	2-1 Detractors		2-1-2-Equipment			
Detractor-Equipment-Rental gear important for new climbers	2-1 Detractors		2-1-2-Equipment			
Detractor-Facility-Bad facility and bad atmosphere	2-1 Detractors			2-1-3-Facility		
Detractor-Facility-Bad maintenance is big deterrent	2-1 Detractors			2-1-3-Facility		
Detractor-Facility-Facility gets boring over time	2-1 Detractors			2-1-3-Facility		
Detractor-Facility-Gyms close down due to lack of work on them	2-1 Detractors			2-1-3-Facility		
Detractor-Facility-Must not be crowded	2-1 Detractors			2-1-3-Facility		
Detractor-Facility-Same routes big deterrent	2-1 Detractors			2-1-3-Facility		
Detractor-Processes-Monthly membership can be negative for customers	2-1 Detractors				2-1-4-Processes	
Detractor-Staff-Bad customer service	2-1 Detractors					2-1-5-Staff
Detractor-Staff-Bad employee	2-1 Detractors					2-1-5-Staff

Code	Code Group 37	Code Group 38
10% of new customers return	2-2 Customer Trends	
Attendance-Customers attend at different frequency	2-2 Customer Trends	
Attendance-On peak times - 4PM to 9PM	2-2 Customer Trends	
Beginner climbers more profitable than strong climbers	2-2 Customer Trends	
Build youth market for sustained customer base	2-2 Customer Trends	
Demographics-Customer demographic dependant on gyms target market	2-2 Customer Trends	
Demographics-Customer ethnicity differs per region	2-2 Customer Trends	
Demographics-High customer variety	2-2 Customer Trends	
Demographics-More diverse ethnicity required	2-2 Customer Trends	
Economic-middle to upper class customers	2-2 Customer Trends	
Economic-Requires certain income level	2-2 Customer Trends	
Economic-Disposable income	2-2 Customer Trends	
Ethnicity restricts customer base	2-2 Customer Trends	
Image conscious aspect	2-2 Customer Trends	
Level-Majority of customers climb easy	2-2 Customer Trends	
New climbers and social climbers more profitable than strong climbers	2-2 Customer Trends	

Code	Code Group 37	Code Group 38
Age-attracts all ages	2-2 Customer Trends	2-2-1-Customers Attracted
Age-Attracts old adventure veterans	2-2 Customer Trends	2-2-1-Customers Attracted
Age-majority of climbers in early 20s	2-2 Customer Trends	2-2-1-Customers Attracted
Age-most customers 20s to 40s	2-2 Customer Trends	2-2-1-Customers Attracted
Attracts a modest type	2-2 Customer Trends	2-2-1-Customers Attracted
attracts disabled	2-2 Customer Trends	2-2-1-Customers Attracted
Attracts home-schoolers	2-2 Customer Trends	2-2-1-Customers Attracted
attracts intelligent people	2-2 Customer Trends	2-2-1-Customers Attracted
attracts lifestyle enthusiasts	2-2 Customer Trends	2-2-1-Customers Attracted
Attracts non mainstream	2-2 Customer Trends	2-2-1-Customers Attracted
Attracts not usual athletic	2-2 Customer Trends	2-2-1-Customers Attracted
Attracts parents and kids	2-2 Customer Trends	2-2-1-Customers Attracted
Attracts active people	2-2 Customer Trends	2-2-1-Customers Attracted
Attracts loners	2-2 Customer Trends	2-2-1-Customers Attracted
Goal orientated customers	2-2 Customer Trends	2-2-1-Customers Attracted
Job-attracts IT & engineers	2-2 Customer Trends	2-2-1-Customers Attracted
Race-Attracts Jewish	2-2 Customer Trends	2-2-1-Customers Attracted
Race-predominantly white customers	2-2 Customer Trends	2-2-1-Customers Attracted
Type-Attracts - adventurous type	2-2 Customer Trends	2-2-1-Customers Attracted
Type-attracts alternative type	2-2 Customer Trends	2-2-1-Customers Attracted
Type-attracts extroverts	2-2 Customer Trends	2-2-1-Customers Attracted

Code	Code Group 39	Code Group 40
Aids brain development	2-3 Customer Derived Value	2-3-1-Customer Derived Value from the Sport
alternative and different	2-3 Customer Derived Value	2-3-1-Customer Derived Value from the Sport
Alternative forms of fitness	2-3 Customer Derived Value	2-3-1-Customer Derived Value from the Sport
Alternative sport for disabled	2-3 Customer Derived Value	2-3-1-Customer Derived Value from the Sport
Attracts for weight loss	2-3 Customer Derived Value	2-3-1-Customer Derived Value from the Sport
Climbing alternative to gyming	2-3 Customer Derived Value	2-3-1-Customer Derived Value from the Sport
continual challenge is attractive	2-3 Customer Derived Value	2-3-1-Customer Derived Value from the Sport
individual sense of achievement	2-3 Customer Derived Value	2-3-1-Customer Derived Value from the Sport
Lifestyle activity	2-3 Customer Derived Value	2-3-1-Customer Derived Value from the Sport
Outdoor aspect attractive	2-3 Customer Derived Value	2-3-1-Customer Derived Value from the Sport
social and fitness combined attractive	2-3 Customer Derived Value	2-3-1-Customer Derived Value from the Sport
Social aspect is attractive	2-3 Customer Derived Value	2-3-1-Customer Derived Value from the Sport

Code	Code Group 39	Code Group 41
Activity-Better value for money fitness form	2-3 Customer Derived Value	2-3-2-Customer Derived Value from Gyms
Activity-Customers are more engaged than in other competitors	2-3 Customer Derived Value	2-3-2-Customer Derived Value from Gyms
Activity-Entertainment aspect attractive	2-3 Customer Derived Value	2-3-2-Customer Derived Value from Gyms
Activity-Entertainment events	2-3 Customer Derived Value	2-3-2-Customer Derived Value from Gyms
Activity-Fun entertainment fitness critical	2-3 Customer Derived Value	2-3-2-Customer Derived Value from Gyms
Beginner customer - friendly employees and events critical	2-3 Customer Derived Value	2-3-2-Customer Derived Value from Gyms
Coaching - a way to not climb by yourself	2-3 Customer Derived Value	2-3-2-Customer Derived Value from Gyms
coaching allows to better capture customers	2-3 Customer Derived Value	2-3-2-Customer Derived Value from Gyms
coaching as part of membership	2-3 Customer Derived Value	2-3-2-Customer Derived Value from Gyms
Coaching to speed improvement	2-3 Customer Derived Value	2-3-2-Customer Derived Value from Gyms
Coaching-Seeing improvement means repeat business	2-3 Customer Derived Value	2-3-2-Customer Derived Value from Gyms
Customer - listen to customer feedback	2-3 Customer Derived Value	2-3-2-Customer Derived Value from Gyms
Customers like scheduled coaching	2-3 Customer Derived Value	2-3-2-Customer Derived Value from Gyms
customers' start-up costs low against competitors	2-3 Customer Derived Value	2-3-2-Customer Derived Value from Gyms
Events don't help that much	2-3 Customer Derived Value	2-3-2-Customer Derived Value from Gyms
Greet them by name	2-3 Customer Derived Value	2-3-2-Customer Derived Value from Gyms
gyms can uplift the community	2-3 Customer Derived Value	2-3-2-Customer Derived Value from Gyms
Make them feel welcome	2-3 Customer Derived Value	2-3-2-Customer Derived Value from Gyms
Memberships on monthly basis better	2-3 Customer Derived Value	2-3-2-Customer Derived Value from Gyms
Mental-Atmosphere is accepting of different people	2-3 Customer Derived Value	2-3-2-Customer Derived Value from Gyms
Mental-Attracts for instant gratification	2-3 Customer Derived Value	2-3-2-Customer Derived Value from Gyms
Mental-customers like feel good routes	2-3 Customer Derived Value	2-3-2-Customer Derived Value from Gyms
Mental-Perception differ per region	2-3 Customer Derived Value	2-3-2-Customer Derived Value from Gyms
To keep customers returning you need to educate them	2-3 Customer Derived Value	2-3-2-Customer Derived Value from Gyms
Value of its culture/perception	2-3 Customer Derived Value	2-3-2-Customer Derived Value from Gyms
Veteran customers - Routes and friendly employees critical	2-3 Customer Derived Value	2-3-2-Customer Derived Value from Gyms

Code	Code Group 39	Code Group 42	Code Group 43
additional food and beverage good	2-3 Customer Derived Value	2-3-3-Perripherals	
Food and drink can hold customers longer	2-3 Customer Derived Value	2-3-3-Perripherals	
More peripheral adds to success	2-3 Customer Derived Value	2-3-3-Perripherals	
Observed value over used value	2-3 Customer Derived Value	2-3-3-Perripherals	
Peripheral activities are important	2-3 Customer Derived Value	2-3-3-Perripherals	
Peripherals engage additional market	2-3 Customer Derived Value	2-3-3-Perripherals	
Some peripherals might not help climbing sales	2-3 Customer Derived Value	2-3-3-Perripherals	
Gear sales susceptible to economy	2-3 Customer Derived Value		2-3-4-Gear Sales
Gear sales susceptible to rand exchange	2-3 Customer Derived Value		2-3-4-Gear Sales
Gear Store impacts cash flow	2-3 Customer Derived Value		2-3-4-Gear Sales
Monopolising with the gear industry	2-3 Customer Derived Value		2-3-4-Gear Sales
Problems getting gear stock	2-3 Customer Derived Value		2-3-4-Gear Sales
Turnover time long for gear stock	2-3 Customer Derived Value		2-3-4-Gear Sales

Code	Code Group 44
Competing against fitness competitors requires additional equipment	3-1 Competitors
Competition dependant on gym specific positioning	3-1 Competitors
Competitor - action sports	3-1 Competitors
competitor - all other sports	3-1 Competitors
Competitor - gyming	3-1 Competitors
Competitor - gymnastics	3-1 Competitors
Competitor - hip hop	3-1 Competitors
Competitor - individual sports	3-1 Competitors
Competitor - Pilates	3-1 Competitors
Competitor - skateboarding	3-1 Competitors
Competitor - Swimming	3-1 Competitors
Competitor - yoga	3-1 Competitors
Competitor Mountain Biking	3-1 Competitors
Competitor trail running	3-1 Competitors
Crossfit fad mostly gone	3-1 Competitors
No real competitors	3-1 Competitors

Code	Code Group 44	Code Group 45
Competitive Strength-1-Climbing unique sport	3-1 Competitors	3-3-1-Competitive Strengths of the Sport
Competitive Strength-1-New age sport	3-1 Competitors	3-3-1-Competitive Strengths of the Sport
Competitive Strength-1-Problem solving under pressure	3-1 Competitors	3-3-1-Competitive Strengths of the Sport
Competitive Strength-2-Easy to see improvement	3-1 Competitors	3-3-1-Competitive Strengths of the Sport
Competitive Strength-2-Easy to set goals on grades	3-1 Competitors	3-3-1-Competitive Strengths of the Sport
Competitive Strength-2-Individual Sport	3-1 Competitors	3-3-1-Competitive Strengths of the Sport
Competitive Strength-2-Individually solve problems	3-1 Competitors	3-3-1-Competitive Strengths of the Sport
Competitive Strength-2-Problem solving in nature	3-1 Competitors	3-3-1-Competitive Strengths of the Sport
Competitive Strength-2-technique/problem solving	3-1 Competitors	3-3-1-Competitive Strengths of the Sport
Competitive Strength-3-Challenge of overcoming natural instinct	3-1 Competitors	3-3-1-Competitive Strengths of the Sport
Competitive Strength-3-Psychology of failure	3-1 Competitors	3-3-1-Competitive Strengths of the Sport
Competitive Strength-3-Teaches focus under pressure	3-1 Competitors	3-3-1-Competitive Strengths of the Sport
Competitive Strength-3-Teaches life skills	3-1 Competitors	3-3-1-Competitive Strengths of the Sport
Competitive Strength-4-Easy on your body	3-1 Competitors	3-3-1-Competitive Strengths of the Sport
Competitive Strength-4-Gross and fine motor skills	3-1 Competitors	3-3-1-Competitive Strengths of the Sport
Competitive Strength-4-Range of movement	3-1 Competitors	3-3-1-Competitive Strengths of the Sport
Competitive Strength-4-Whole/full body exercise	3-1 Competitors	3-3-1-Competitive Strengths of the Sport

Code	Code Group 44	Code Group 45	Code Group 46
Competitive Strength- Climbing has longevity	3-1 Competitors	3-3-1-Competitive Strengths of the Sport	3-3-2-Competitive Strengths of Climbing Gyms
events that include people	3-1 Competitors		3-3-2-Competitive Strengths of Climbing Gyms
having fun entertainment industry	3-1 Competitors		3-3-2-Competitive Strengths of Climbing Gyms
Indoor sport has legitamised becoming more mainstream	3-1 Competitors		3-3-2-Competitive Strengths of Climbing Gyms
Indoors - weather doesn't affect	3-1 Competitors		3-3-2-Competitive Strengths of Climbing Gyms
Selling an experience	3-1 Competitors		3-3-2-Competitive Strengths of Climbing Gyms