

Banking on sports dollars

More events, facilities and related tourism will help China turn the industry into a driver of economic growth

By SUN XIAOCHEN

China's bid to turn sports consumption into a new economic driver requires a shift in focus toward the leisure, entertainment and service sectors, experts say.

More and more around the country, sport is something people actively participate in rather than passively consume on TV.

From sweat-soaked joggers plodding the nation's running trails to the roaring crowds cheering on their basketball heroes at CBA games, sports participation is on the rise.

The healthy living trend is reflected in the rapid growth of China's sports industry, which maintained double-digit added-value growth in 2016, according to the latest figures from the National Bureau of Statistics.

Sports-related businesses in the country generated 647.5 billion yuan (about \$102 billion) in added value in 2016 — 17.8 percent higher than the figure in 2015 — contributing to a total industry scale of 1.9 trillion yuan by the end of 2016, the bureau announced in January.

However, the sports industry's contribution to the country's economic growth remains modest, with untapped potential in the service sector, according to Zhao Yong, deputy director of the General Administration of Sport of China.

"The industry scale of sports-related businesses in our country is still not big enough compared to other sectors or the equivalent industry in Western sporting powers such as the United States," said Zhao.

"The structure of the industry still needs to be diversified to explore more business opportunities in sports-related entertainment, lei-

sure and service sectors for more balanced growth in the future."

The industry's added value accounted for 0.9 percent of GDP in 2016 compared to a 2015 figure of 3 percent in the US, according to analysis conducted by Plunkett Research.

Huang Haiyan, a sports industry professor with Shanghai Sports University, identified the consumption of intangible sporting products and services, such as fitness coaching, ticketing and spending at venues, as the next frontier to close the gap.

"The public demand for sports-related consumption has escalated from only purchasing sports equipment to a wider range of services and experience-based products. However, the supply of these products still lags behind," said Huang.

The manufacture and sales of goods still accounted for the bulk (around 63 percent) of the 1.9 trillion yuan sports market in 2016,

compared to around 36 percent for the service sector. In contrast, the service sector contributed to about 80 percent of the United States' sports industry value in 2014, with the country's big four professional leagues (NFL, MLB, NBA and NHL) generating a combined \$26 billion, according to Plunkett Research.

China is aiming to build a 5 trillion yuan sports industry by 2025, and Huang believes the key to reaching that target will be building more accessible facilities, multi-use sporting centers and sports-related tourism destinations, as well as organizing more amateur events.

"From the marathon craze to the emerging winter sports sensation in the country, it has become obvious the public want to exercise more, not only for fitness but for fun," she said.

China has identified marathon running and winter sports as two pillars of its sporting revolution.

With over 500 long-distance running events staged across the country, the Chinese Athletic Association recently unveiled a plan to host around 1,900 marathons by 2020, attracting 10 million runners annually.

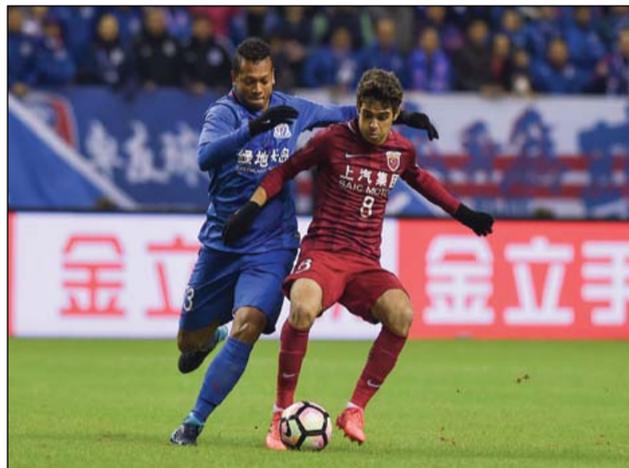
In 2016, the country's winter sports administration and urban planning department announced plans to build 650 skating rinks and 800 ski resorts by 2022, laying the foundation for the winter sports industry to generate a projected 1 trillion yuan in revenue by 2025.

As long as people are taking part in sports activities — be that running a race, skiing at a resort or just watching a game — "sports consumption will become a strong anchor for our country's economic growth sooner or later," said Ma Jilong, the former director of the sports equipment department at the General Administration of Sport of China.



CBA ups its game

The CBA company established by 20 top-tier club shareholders acquired the full marketing and operating rights of the domestic league after the Chinese Basketball Association withdrew its 30 percent stake in the company. Initiated by new CBA president Yao Ming, the restructuring ushered in a more professional era for the league, boasting an extended schedule and greater marketing freedom. PHOTOS PROVIDED TO CHINA DAILY



Soccer spending curbed

Following Super League clubs' \$410 million outlay in the 2016-17 winter transfer window, the Chinese Football Association issued a series of new rules to curb the lavish spending by limiting the number of foreign players that can be fielded and to force clubs to invest extra money in youth development. The measures have curbed investment in foreign players in the current window.



Beijing 2022 boost

The official marketing program of the Beijing 2022 Olympic and Paralympic Winter Games kicked into gear in 2017 after the organizing committee signed five official partners — Bank of China, Air China, Yili Group (dairy products), Anta (sports apparel) and China Unicom. The official emblem for the Games was also launched to support merchandising.



Alibaba's Olympic coup

Chinese e-commerce giant Alibaba signed a January 2017 deal to secure Olympic marketing rights through 2028. Alibaba will provide cloud services and e-commerce platforms for the International Olympic Committee and will be involved in the Olympic Channel as a digital partner.



European invasion

European soccer powerhouses like Barcelona, Real Madrid, Arsenal and Bayern Munich opened training academies or expanded existing facilities in China in a bid to promote their club brands while also cashing in on the country's emerging youth development market.



The great outdoors

Following calls from China's top sports body to develop diversified outdoor and water sports businesses, a series of preferential policies were introduced to kick-start the construction of new facilities and tourist destinations for sports such as hiking, mountaineering, cross-country cycling, canoeing and sailing.