

New Perspective on the Development of China's Sports Industry

Tang Chuanfang¹, Liu Chuanxin¹, Tang Jianhua²

1 Sport Department, Wuhan University of Technology, Wuhan, P.R.China, 430063

2 Hubei University of Chinese Medicine, Sport Department, Wuhan, P.R.China, 430000

(E-mail: yuzhongwu89@163.com)

Abstract This paper briefly looked back the economic overview of the sport industry, analyzed the current development situation of China's sport industry by using SWOT theory, and specifically came up with innovative thoughts on the development of China's sports industry: equal emphasis on standardization and hierarchization; clear positioning and optimized integration of internal sports industry; specialized and professionalized product positioning and talent cultivation; the external extensions of the branded and internationalized products and industries; the foundation of popularized and socialized industry consuming basis; increased international competitive strength through standardization and legalization; marketized and diversified market foster as well as the growth of relative subsidiary industries.

Key words Sport industry; SWOT; Innovative thoughts

1 Introduction

With the foundation of market mechanism, China's sport industry has been well-developed and has been taking an increasing important role in national economy. As is pointed out in the Annual Report on Development of China's Sports Industry (2008/2009), the output value of China's sports industry in 2007 is 300 billion RMB, account for 0.7% of GDP^[1]. Compared with developed countries like the U.S., in which the output value of sports industry counts for 1-3% of GDP, the status of China's sports industry is relatively low and still in its primary stage of development, facing both opportunities and challenges. With China's embracement of the WTO, the development of China's sports industry is facing challenges domestically and overseas. The discussion of innovative thoughts on the development of China's sports industry is not only beneficial to the sustainable growth of this industry, but also of high significance in boosting the development of sports and economy.

The importance of sports industry has aroused the attention of the relevant scholars. Currently, the research of the scholars in China mainly focuses on the following three aspects:

(1) The research on the current situation, features and existing problems of the sports industry in China. The scholars, such as Zhang Baoxue, made analysis of the status and function of the sports industry in China from a multi-level perspective, emphasized its importance and proposed that the keys of the policies for the current sports industry in China should be, first of all, set up the financial supporting system for the policies of our country's sports industry, enhance development and operation of the intangible assets in the sports industry in the second place and finally increase the investment, change the management function of the government and speed up the supporting facilities and enactment of relevant laws and regulations.

(2) The research on the development of the sports industry in China under the new circumstance and the corresponding strategies. Scholars, such as Luo Yiping, pointed out that, in the era of globalization, the sports industry in China is facing the challenging of imbalanced industry structure, lack of macro-support and guide from the government and backwardness of the mechanism and legal system. At the same time, globalization has brought certain chances for the development of our country's economical development that is realized by the quick integration of the economical operation rules at home and those abroad, the rapid adjustment of the industry structure and the further opening-up of the sports market in China.

(3) The research on the concrete development principles and strategies. The representatives of the research are Shu Chengli, Zhi Yong etc. They put forward suggestions to improve the innovative capabilities of our country's sports industry from the angle of the strategic analysis of the sports industry, the establishment of the core innovative enterprises, the improvement of perfect innovative mechanism, the broadening of the capital investment and the perfecting of the national innovative policy system.

However, the study of the new development approaches of China's sports industry needs a comprehensive perspective. The thesis adopts SWOT to make a relatively comprehensive analysis of our country's sports industry, hence having important significance to the sustainable development and

the internationalization of China's sports industry as well as the improvement of the development of China's sports industry and economy.

2 Theories of the Sports Industry

The development of China's sports industry brings about the attention of scholars. They discussed the essence of China's sports industry from the economic perspective. Their typical points of view can be classified into the following categories, as shown in Figure 1:

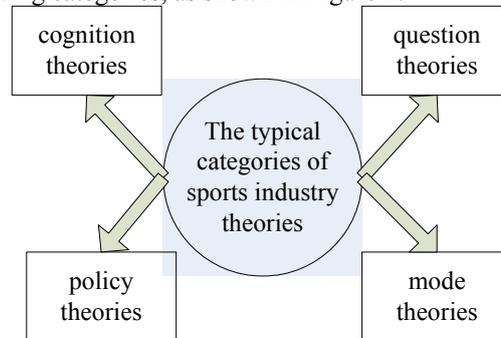


Figure 1 The Typical Categories of Sports Industry Theories

First, “cognition theories”, mainly focus on the essence, status, and function of sports industry, which can be regarded as the cognition of the sports industry and China's sports. “Cognition theories” include the contents of sports industry and the recognition of its exterior extent; the discussion of the status and function of sports industry, thinking that the sports industry will grow fast and its percentage of the GDP will enlarge, the status and function of sports industry will be increasingly significant, the sports industry is not only going to be the source and motivation of the economic growth, but also will be an important method to solve the employment issue. In addition, it can fuel domestic demand and stimulate economic development. In conclusion, the sports industry is of vital importance in promoting the development of national economy and relative supporting industries^[2].

Second, “question theories”, mainly focus on the problems, threats and challenges of China's sports industry. Specifically, scholars make discussions from the perspective of the sports industry itself, considering China's sports industry has problems like outdated mechanism, insufficient finance, unscientific management, lack of talent, irrational industrial structure^[3]. Some scholars discussed China's sports industry from the perspective of exterior extents, believing it withstands the impact of international market, overseas competition, and financial crisis^{[1][4]}.

Third, the “policy theories” are the studies of the China's sports industry policies. By studying the adjustments of the sports industry policies, some scholars said that the policy adjustment should obey the following principles: consistent with the national economy and social development goal; adhere the universal law of industry development; market oriented, learn from other industries, especially the culture industry, strengthen the negotiation and coordination with relative departments^[5].

Fourth, “mode theories”. Many scholars proposed suggestions to the development of China's sports industry, among which the probing of the development mode and mechanism is the most comprehensive and representative one. In light of the sports market changes due to the series of reforms in recent years, Pang Xiaojie and other scholars, through inductive analysis and many discussions, put forward the management mode of China's sports industry, the government gives its roles to market and social sports associations, let the latter manage the sports affairs in an efficient and unified manner with the application of market discipline. “The combination of government allocation, association management, and market regulation is a sports industry management mechanism which abides by the market economy laws, transforming from the administrative management and the operational management to means that integrated law, economy and administrative measures^[6].”

The current studies on China's sports industry show that the important role and status of China's sports industry are acquiring popular recognition and great attention. At the same time, scholars are concerning the problems and challenges facing the China's sports industry, and come up with many coping strategies and directions, which laid the ground work of our further studies. On the other hands, the analysis of the current situation and development of China's sports industry is not comprehensive. The authors made an all-round analysis of China's sports industry by using SWOT methods and in addition, bring forward the innovative thoughts about the development of this industry.

3 SWOT Analysis of Current Development of China's Sports Industry

Sports industry belongs to service industry in its essence and includes competitive sports, public sports, entertaining sports, etc., so the development of sports industry can promote the development of relative supporting industries. Specifically, the STRENGTHS of China's sports industry are:

First, the status of sports industry in national economy is becoming more and more important, and is of vital importance in boosting the GDP growth. The output value of sports industry counts for 1-3% of GDP in western developed countries, where as the percentage in China is only 0.7%, so there is great potential in the development of China's sports industry.

Second, besides the financial benefits of the sports industry, it is highly related and supportive to other industries. A study by an America economist suggests that the relevance rate between sports industry and other industries is high (see table 1).

Table 1 Estimated Relevance Rate Between Sports Industry and Other Industry

Related industry	Tourism	Clothing industry	Transportation and communications industry	Building materials industry	Food industry	Machinery manufacturing
Relevance rate	0.21	0.13	0.12	0.11	0.014	0.008
Strong/weak relation	Strong	Strong	Strong	Strong	Strong	Strong

Source: Quoted in Jiang Ling (2008)^[7]

Third, China's sports industry is entering a fast growing era, the outcome of competitive sports is gorgeous, the public sports has been well-developed, and the entertaining sports is developing rapidly, all of the above are leading sports into popularization, China's sports industry will be well-developed.

Fourth, sports industry is a good way to integrate resources. There are many industries related to sports industry, and the sport events include not only domestic national events, but also international events, they provide an ideal platform for the integration of the resources throughout the world.

Fifth, generally speaking, the sports industry is tertiary industry, it can boost the development of relative industries, at the mean time, it can promote the development of the job creation and relief the stress of employment.

Although there are many strengths in China's sports industry, there are also many WEAKNESSES that cannot be neglected: First, from the perspective of industrial structure, the start of China's sports industry was fall behind and the internal industry structure is irrational. The development of sports noumenon industry is slow, driven by short-term interests, the function of some sports facilities were changed, excessive investment in non sports noumenon industry hampers the development of China's sports industry. From the perspective of industry structure mode, administrative management greatly affects the set-ups of new structures; the unbalanced development among different sports industries, the gap between city and rural areas, between east and west parts of China is substantial, which will in turn threatens the sustainable development of sports industry eventually. Two, the market of China's sports industry is immature, the marketing theories are outdated, the management system hasn't been founded yet, and the labor market, technology market, financial market and other supporting markets are way out of formation. Phenomena like noumenon ambiguity, property rights are mixed up and management chaos still exist, which limit the driving force of sports industry to other industries. The management of China's sports industry is seriously disadvantaged, the administrative management and planned economy inherited from the past leading to consequences like the rights and responsibilities are not clear and management chaos. Talents are short-handed, the awareness of brand is absence and the management of industry finance is unscientific^[3]. In the aspect of export, China's sports products manufacturer counts a large percentage of the overall export companies since the 1990s. According to a survey of 166 sports products manufacturer in 2001, 71.08% of them have export business, 22.29% companies' exports account half of their businesses, 15.06% manufacturers' exports take up to 31%~50% of their total output value, 33.73% companies' exports counts under 33.73% of their businesses, 28.92% companies have no export businesses. Although China is the largest manufacturer of sports products in the world, few them can meet the international quality standards, and much fewer of them can be found in big sports events^[1]. This suggests that China's export production need further development. Last but not least, the legal construction of sports industry is getting behind. The only law we can abide by is Law of the PRC on Physical Culture and Sports, its relative regulations lacks of operability, it also have difficulties in meeting the demands of market development.

China's sports industry is still in its developing stage, inevitably, there will be flaws and shortcomings. But there are many opportunities: first, take a look at the domestic environment, China's economic, political and social stabilization provides the sports industry chances for further development. The government has issued many supportive and guiding policies which is beneficial to its growth. Second, China's economy strategy calls for the expansion of domestic demands. The promotion of sports industry, which is tertiary industry and fundamental industry, is beneficial to the propellant of domestic demand, the enhancement of people's living standards. Sports industry is irreplaceable in expanding the domestic demand. Three, China's embracement of the WTO and the arriving of globalization provides good opportunities for China's sports industry going abroad.

Chances are also challenges, at the time while China's sports industry developing through self-reliance and grasping opportunists, it should be well aware of the THREATS: first is the global financial crisis, which caused great impact on China's sports industry. The fluctuation of the RMB exchange rate affects the exports of China's sports products manufacturers, the growing pace has become slow; sponsors are cut back due to the financial crisis, which will in turn lead to the development and management setbacks to certain events. Overall, the decrease of consuming and invest of the sports due to the financial crisis lead to the insufficient confidence to the sports market and the demand decline of sports products and sports market. Second, globalization also creates great impacts to China's sports industry^[1]. The unbalanced development of China's sports industry, both internal and external, the backwards of legal construction, the irrational industrial structure, the lack of brand awareness and the unscientific management of administrative mechanism result in the unsuccessful integration of China's sports industry to the outside world, which is disadvantageous for the development of China's sports industry. Third, the international competition. With the globalization of sports and markets, China's sports industry facing competition of many foreign sports companies. The absence of brand will place China's sports companies in a disadvantageous position for victories^[8]. After the SWOT analysis of China's sports industry, aim at the shortcomings, grasp opportunities, exploit advantages and face the threats for development is the starting point and foundation for further seeking of the innovative development of sports industry.

4 New Modes and Strategies for the Development of China's Sports Industry

4.1 Equal emphasis on standardization and hierarchization

Sports industry need clear classification and positioning. Sports products manufacturing, events management, sport facilitates, sports related services all of them need clear positioning, self-optimizing, and emphasis standardization and hierarchization on a equally manner. Sports products manufactures can produce and manage in a hierarchy and clear positioning, such as the medium level for public, and the top level for athletes. The management and operational strategies should be made based on categories and hierarchies.

4.2 Specialization and professionalization

Besides the standardization and hierarchization, the sports industry needs to be professionalized, such as produce one kind of product, and make it specialized and top level. Besides the specialization of sports products, the talents also need to be specialized and professionalized. One of the fundamental reasons for the backwards of the management of China's sports industry is the absence of the talents management, the key for the fostering and development of sports industry is the talents. The insufficient management of talents hampers the development sports industry. We are lack of an institution specialized in the cultivation of management talents, so the foster of specialized and professionalized sports talents is urgent and arduous. Management talents are the important human resources in every chain of the sports industry. People who have a very good knowledge of the operation and management are the key to determine the success of the development of sports industry. So the foster of specialized and professionalized talents is greatly emphasized in the innovative thoughts on the development of China's sports industry.

4.3 Branding and internationalization.

The substantial profits brought about by the brand are raising more and more attention. Currently, among the top 10 companies with their output value over 1 billion US dollars, 5 of them are in America, 2 in Japan, Germany, U.K. and Sweden have one respectively. Under the background of globalization, facing the competition of international sports companies, China's sports industry should take the branding strategy and internationalization strategy, promoting famous brands like Lining, Anta and DoubleStar to the international market and boost their influence. At the mean time, the government

should issue a series of supportive policies for the convenience of the sports industry.

National treasures are treasure of the world. In the process of internationalization, we should promote some ethnic sports, such as Wushu, free sparring, Chinese chess to the rest of the world, and enlist them into international competition. We can enhance the international influence and market of advantageous events, such as table tennis, badminton by touring overseas.

4.4 Popularization and socialization

Under the current financial crisis, fuel the domestic demand is an important strategy for the economy development. China's sports industry has a unique advantage in enlarging the domestic demand. China's sports industry should imply the strategy of popularization and socialization, guide and stimulate public consume into the sports market, expand the construction of sports facilities, call for new concepts of fitness, foster the development of entertaining sports, leading the sports consuming in a healthy, happy and fashion style. Fitness and entertainment are the main parts of the market, which involves the consumption of the general public. We can increase the percentage of the of entertaining sports teaching, introduce sports like easy golf, soft tennis, skiing, and wilderness survival into the teaching system, enlarge the storage of skills necessary in sports consuming, cultivate the entertaining sports market and expand the demand for sports. As for the sports consumers, on one hand, we should keep them in this market; on the other hand, we should develop the potential consumers by foster, guide and advertisement. We should attach great emphasis on the potential consumers in rural areas, as 900million the rural population is naturally a great potential market.

4.5 Standardization and legalization

Standardization and legalization are necessary in both branding and internationalization and socialization and popularization of sports industry. Aspects like costs, quality control and technology should be in accordance with the principle of standardization and legalization. Beside, the management, marketing and advertisement are also need to be standardized and legalized. As in order to face the competition of foreign companies, only by standardization and legalization can we well integrate with the international market and provide better services to our customers and realize the branding and internationalization strategy.

Except the standardization, the legalization of China's sports industry needs further development. As China's sports industry is at the preliminary stage of development, the legal construction is afterwards, the regulation on its management is insufficient, which will hamper the integration of China's sports industry to the international market. Therefore, we should process the standardization and legalization at the same time in order to better meet the demand of international markets.

4.6 Marketing and diversification

Due to the administrative management and government regulation, the market of China's sports industry is immature. Under new circumstances, China's sports industry should take the road of marketing and diversification in the prerequisite of structural self-optimization. Aiming at all kinds of shortcomings of administrative management, sports industry should be market-oriented, having clear boundaries between property rights and between rights and responsibilities. We should also start to create a financially supportive system to help the development of China's sports industry so as to get rid of financial allocation mode and accelerate the development of visible and invisible sports recourses in the principle of market orientation. Last but not least, we need to construct and perfect the sports market, enforce the market law and regulations, issue favorable policies and provide good market environment for the development of sports industry.

5 Conclusion

China's sports industry is a sunrise industry and characterized by high financial benefits and efficient resource integration. So, Standing on the self-advantages and good domestic and international environment, we should grasp the opportunities, face the challenges and have a rational understanding, clear positioning and innovative ideas of the sports industry. We should have a clear orientation within the sports industry from typological levels and make optimal integration. The specialization needs to concentrate on the products positioning as well as the training of the special talents. Civil socialization should emphasize the establishment of consuming basis. Through the standardization and legalization, synchronizing with the world should be given enough attention. The diversification and the marketing must concentrate on the development of the markets and the development of the corresponding industries. Besides, the other important new factors should be taken into consideration regarding their influences on sports industry. For example, during the world cup, the newspaper, the broadcasting, the

television, the internet and the so-called fifth media-cell phones were used to their greatest extent. Thus, it is easy to see that the future development of the China's sports industry must draw the support from such approaches as the news media and the internet, etc. Only in this way can the sports industry in China have an ever bright future.

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