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Sport Industry and COVID-19 Pandemic

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Sommario

INTRODUCTION

Sport has always covered an important role in my life being fundamental for my integrity, for my education and, last but not least, for all the people I met in my sportive path. I have been playing tennis since I was extremely young, the attitude involved in an individual sport like this surely influenced my way of living and way of thinking.

Nowadays the situation has radically changed. COVID-19 has presented much complexity and uncertainty for industries across the globe and its side effects have reached many different sectors, including sport and leisure organizations. The disease has been classed as a global pandemic with significant negative consequences for society, the economy and for the practice of sport and recreation. As an athlete, I have experienced all those changes that have occurred in athletes' life, starting from practicing the physical training at home up to the impossibility of training on the court, aspect that changed with time for what concerns tennis. Moreover, many events have been cancelled or postponed and obviously the sport industry has suffered. The cancellation of large sport events, such as UEFA EURO 2020, the Olympic/Paralympic Games and many small community recreation sports, has had both economic and social implications.

Honestly, I have always seen sport only from its practical side and I was not really concerned about its managerial and governance aspects. However, my three years of economic studies increased my interest in these fields more and more until I thought to merge my experience as an athlete, as a student and as a curious person willing to explore and analyse the sport industry and apply the results to the current situation.

So, starting from definition of sport and how it has changed through the time, I will provide a critical description of the sport industry in general through a theoretical study based on the Porter's Segmentation Model. In particular, a description of the Porter's model will be followed by its application by Brenda G. Pitts, Lawrence W. Fielding and Lory K. Miller who, in 1994, developed **"The Sport Industry Segmentation Model"**.

After this theoretical study, it revealed to be useful to further apply sort of segmentation to better understand how each aspect of the global sports industry contributes to create value. Regarding this aspect, using a study developed by Global Sports Industry Insights, an economic analysis of the global sport industry before the pandemic has been produced. It has resulted to be really helpful in well understanding the enormous variety of revenue generation possibilities in the sport industry and how each one contributes to the total revenues gained.

Going on with the fourth chapter of my work, I searched some in-depth information and data about the economic losses of the sport industry brought by the pandemic. For this purpose I used a report published by the European Commission on the November 25. 2020 called "**Mapping study on measuring the economic impact of Covid-19 on the sport sector in the EU**" that highlights the changes brought by COVID-19 through an analysis done by collecting data by each country. For what concerns the damages regarding American sport industry, Global Sports Industry insights again offered data regarding this topic that I further completed with information about losses that affected four of the most important leagues in America.

In the last chapter of my thesis, thanks to the book "Sport and the Pandemic" I have analysed how world sport organizations have faced changes and challenges brought by the spread of COVID-19. In particular, I have chosen to analyse Koreans' Baseball and Football Associations for what concerns the security issue, the Chinese Super League regarding the crisis management and the Australians' sport organizations use of the social media during the pandemic to keep their fans involved.

CHAPTER 1

CLOSE LOOK AT THE SPORT TODAY: DEFINITION, ROLE AND REASONS OF ITS SUCCESS

DEFINITION OF SPORT TODAY

Sport tells us about who we are, and who we want to be. It is about myth, about legendary physical power, determination, stamina, and teamwork. Whether and how the mythic importance of sport can survive labour disputes and commercialization is one of the great questions for sports enthusiasts today. But there is no doubt that sport can and will survive as an important, even essential, part of many people's lives. Sport brings cultures and nations together and creates a shared language whose main word is passion. It contributes to highlight our aspirations and values, our ways of interacting with one another, and our appreciation of competition, achievement, and adventure.

Starting from the dictionary definition of sport, "a game, competition, or activity needing physical effort and skill that is played or done according to rules, for enjoyment and or as a job" citing the Cambridge Dictionary, we can think to which characteristics define a physical activity as a proper sport. Sport is generally recognised as an activity which is based on physical athleticism or physical dexterity, with the largest major competitions such as the Olympic Games admitting only sports meeting this definition. Other organisations such as the Council of Europe and GAISF has strongly contributed in trying to better define the main features that an activity must have to be defined as a sport.

The Council of Europe states that a sport "*means all forms of physical activity which, through casual or organised participation, aim at expressing or improving physical fitness and mental well-being, forming social relationships or obtaining results in competition at all levels*". By using this definition, it precludes the possibility to some activities that does not include a physical effort to be considered as sport.

However, the GAISF (Global Association of International Sports Federations) recognizes five different categories of sports: **primarily physica**l, for example football, rugby or athletics; **primarily mind**, such as chess or go; **primarily motorized**, like Formula 1 and all other motorsports; **primarily coordination,** referring to billiard, and **primarily animal-supported** talking about equestrianism.

ROLE OF SPORT IN THE SOCIETY AND REASONS OF ITS SUCCESS

While trying to take a closer look to what sport means for people today, it is evident that the bond tightened between people's life and sport has become stronger and stronger. It is about how sports and the rest of life fit together, and how sports reflect our ideas about patriotism, achievement, community, competition, fairness, and equality. The best and the worst aspects of a society can be seen on the sports field. The continuing increasing attention that people devote to sports has made fields and tracks places where the most important contemporary issues such as cheating, drug use, violence, celebrity, sexual harassment, and the use of technology are played out and sometimes worked out. There have been cultures in which sport was not valued, but they are few. In most places and times along the long course of the history, from ancient Greece to Nazi Germany, sport has expressed people's beliefs and served many purposes: ritualistic and religious expressions were common, military bravery, nationalism, community building, character formation, and, of course, money making. Sport affects many aspects of our lives, from how we resolve conflicts to how we think about the human body and about our identities as male or female.

Originally written in polish by the Professor Wojciech Liponski and then translated in English in 2003 after having received the support of UNESCO's Unit of Education, the "World Sport Encyclopedia" offers three ways of thinking about the connection between sport and society. First, the way sports are organized and played can be seen as a reflection of other institutions in a particular society.

From this perspective, the composition of an American football team reflects the management structure of corporations, with a single leader, the quarterback representing the CEO, finesse players called running backs and receivers which are the corporate division heads, offense guaranteed by marketing strategies, and defence taken on by the legal department of the firm. Secondly, sport may be viewed as a "symbolic expression of core values, a reflection of how a society sees achievement, individuality, fairness, cooperation, and teamwork". Since many sports take place in public, they can play a crucial role in communicating these core values to all members of a society starting from the children that represent our own future must have. The athletes and all other people representing the sport image must take care and especially be aware of the world sport's communicative aspect.

These first two interpretations suggest that sport is basically based on conservative prerogatives since it is seen as a set of activities that helps to analyse and reinforce the existing social order. A third interpretation highlights the opposite view and sees sport as an agent of social change. We can take as example the awareness brought by African athletes and their extraordinary achievements in sports to their own country. Thanks to these results they can be sort of ambassador for their own country, having also the possibility to help people who has less possibilities and to make public all those controversies and severe violations to the human rights that happen in some countries.

Remaining in the social field, one of the most cited reasons for installing sporting facilities in crime-ridden areas is that they give kids an opportunity to find a safe space away from gang life. All these facilities help and encourages people getting closer to the sport world that could eventually give him or her the possibility of a second chance or for most of the cases, the only chance to become someone. For many people this could be impossible without the invisible hand of the sport.

Another fundamental social change brought by the sport is the education of communities about the gender equality: the exposure to phenomenal female athletes like Simone Biles and Katy Ledecky is crucial for helping younger generations understanding that even female athletes are strong, powerful and for sure motivated.

CHAPTER 2

SPORT INDUSTRY: DEFINITION AND THEORETICAL ANALYSIS

The sports industry today is characterized by modern technology, especially in the sphere of manufacturing sports props and equipment, which significantly helps its development and progress. As concluded in the previous chapter, the sports industry today exists within the social-economic achievements and power of a society. In essence, it adapts to the new living conditions, work conditions and the conditions in which business is being conducted. Today, it is necessary to invest more in the offer of the sports industry, citing athletes, results, equipment and facilities, in order to be more efficient. The industry must adapt to the conditions of the world's market supply and demand.

Another fundamental aspect to take under consideration by a firm competing in a market is its accurate analysis. As we know, one of the best models to follow to better understand and analyse a market are the Porter Frameworks. In this case the model taken under consideration is the Porter Segmentation Theory, thanks to which a segmentation model called "The Sport Industry Segment Model", by Drs. Brenda Pitts, Lawrence Fielding and Lori Miller who were all faculty members in the Sport Management Program at the University of Louisville, was created. Let's now take a closer look to it starting from the beginning: the Porter's segmentation theory.

PORTER'S SEGMENTATION THEORY

In the words of Porter, "Competitive advantage is at the heart of a firm's performance in competitive markets". Competition shapes the company's strategies and activities aimed at reaching a profitable and competitive position in an industry. Further, Porter points out that many of these markets are not homogenous and there could be various segments within an industry. Final decision of segment boundaries is always a matter of degree. Industry segmentation should be used as a tool to expose key elements of competitive advantage and, therefore, to formulate a competitive strategy.

An industry segment is a combination of a product variety and consumers who purchase it.

To segment an industry, four variables are highlighted by the Porter's framework:

Product segments, Buyer segments, Channel segments and Geographic segments.

The first one regards the "discrete product varieties that are or could be produced" and are developed by identifying all the products offerings produced or potentially produced within an industry. The defining characteristics may include price level, features, functions, technology, inputs employed and other factors.

For what concerns the Buyer segments, they comprehend all "the types of end buyers that purchase or could purchase the industry's products". This segment often creates some debate since the boundaries that might determine buyer differences and segments of buyers can differ from marketer to marketer. Porter divides the buyers in two categories: industrial and commercial buyers and consumer goods buyers. Industrial and commercial buyers could be defined using the following variables: technological sophistication, equipment manufacturers vs users and financial strength. On the other hand, the consumer goods buyers could be classified following the demographics, lifestyle, decision making unit and purchase occasions and processes.

The third segment is characterized by "the alternative distribution channels employed or potentially employed". Differences between channels may include direct reaching or distributors and direct mail or retail or wholesale.

The fourth and last segment identified by Porter regards "the geographic location of buyers defined by locality, region, country or group of countries".

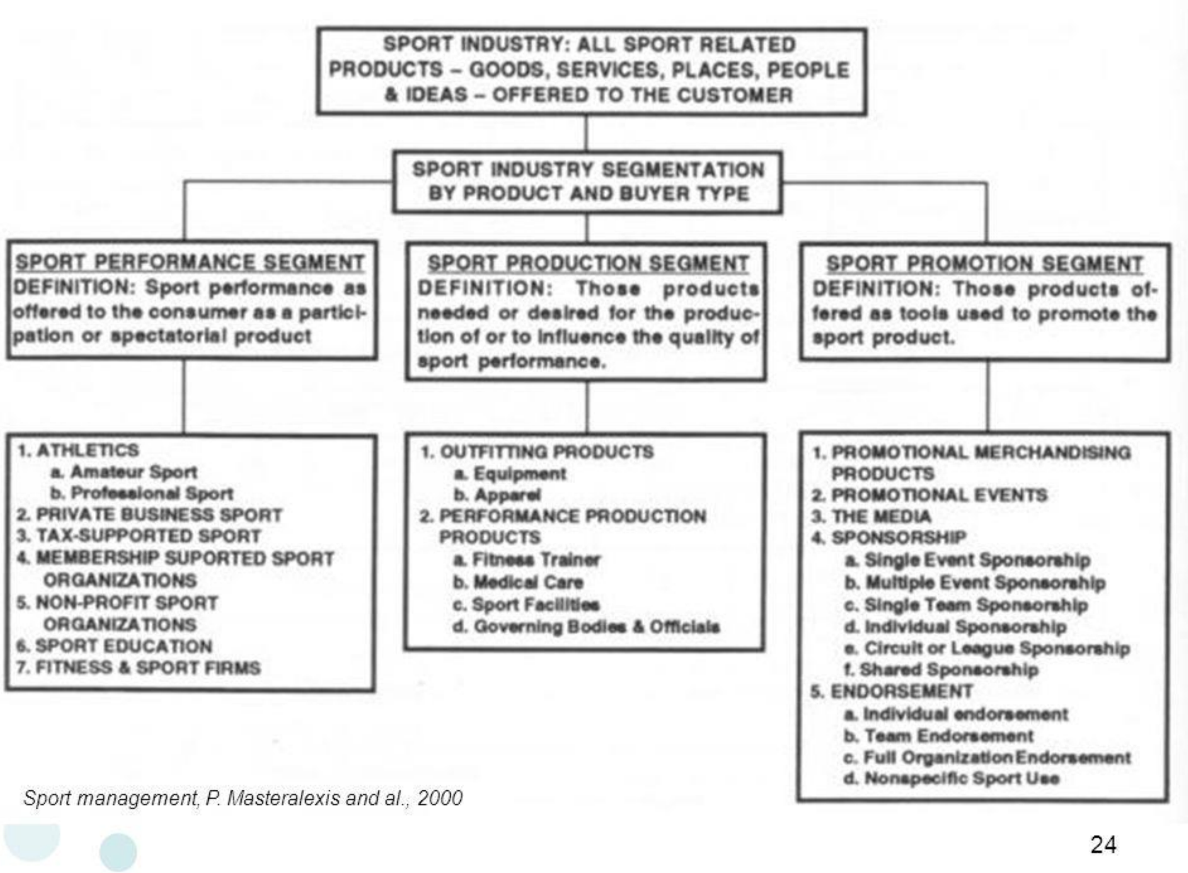
All these variables affect product purchase decisions according to product attributes due to differences in weather, customs, government regulations and other geographical differences.

THE SPORT INDUSTRY SEGMENTATION MODEL

In 1994, Brenda G. Pitts, Lawrence W. Fielding and Lory K. Miller developed a sport industry segmentation model. The proper application of the framework requires the development of a matrix using all four variables depicted previously. According to the authors of this model, it would then result in a matrix so large and complex that would become too large and complex to be meaningful and useful. For them the segmentation could be also achieved in analysing only two of the variables: product segments and buyer segments.

According to Pitts, the sport industry is defined as "the market in which the products offered to its buyers are fitness, sport, recreation and leisure activities related".

To complete the segmentation process, definitions, descriptions and functions of a huge variety of sport industry-related products were collected. Afterwards, all these information have been homogenously classified within groups and the definitions for product segments were developed. Regarding the types of buyers, in the sport industry they are dependent on product segment, product variety and product function and benefit. As a result of the study, three segments were identified: **Sport Performance Segment**, **Sport Production Segment** and **Sport Promotion Segment**. The figure down here represent the framework that was depicted.



SPORT PERFORMANCE SEGMENT

"Sport Performance" could be offered as a product to buyers and under the form of products for participants and spectators.

As a participation product, sport performance is furnished to the consumers in an extremely wide variety of products starting from sport or leisure activities to arrive at participation to leagues, tournaments, one-day events, camps or education classes. Sport that might be look different between each other, like football and martial arts may be out together since they are offered to the buyers in the format previously named. Each of these formats is made up to attract a particular buyer type.

For what concerns the spectators, sport performance is offered in four main ways: spectating through personal attendance, spectating an event via television, spectating event's videos or spectating an event through the mental images produced in listeners' minds while listening to the radio.

The first way is obviously considered to be the purest, however, in sport marketing all forms of spectatorial product are important since each of them is essential in its own way to the promotion of the event, profits realised and advertising sales.

PRODUCT SEGMENTS IDENTIFIED

Seven different sub-categories were identified as a result of the study:

1) **Athletics**: under this view the sport is offered following the willing of organizing athletics both for schools and professionals. This will include amateur sport performance organized as in the schools or colleges and professional sport performance for which the performer will receive a fee.

2) **Private non-sport related business**: in this way sport is organized and offered by already existing privately owned whose primary product is not sport. We can take for example a pub: during a match or an event in general it becomes a sport facility where the product for spectators is offered.

3) **Tax-supported sport organizations**: the situation is the same as the previous but, instead of non-sport related businesses, the sport is organized and offered by tax-supported, public organizations. Some examples could be cities and states parks and recreation offices.

4) **Membership-supported sport organizations:** here sport is organized and offered by membership-supported clubs or organizations that could be or not non-profit organizations. Examples could be a camping club that organizes a trip or a soccer organization that offers a football league.

5) **Non-profit sport organizations:** a clear example in this case is the Olympic Committee that offers the Olympic Games every four years.

6) **Sport Education:** sport is taught to the consumer under the form of private lessons, camps, clinics, fitness camps, seminars and whatsoever.

7) **Fitness and Sport firms:** the sport product is offered by all those fitness, health, wellness and sport firms that could offers either single or multisport.

BUYER SEGMENTS IDENTIFIED

Buyer types identified in this industry segment regard commercial and consumer goods categories. Other types are categorized under the spectatorial and participation point of view. For what concerns the commercial buyers, the categories that could be depicted are: companies that contract for wellness or fitness programs for their employees, companies that purchase a large number of events' tickets or firms that buy material to produce sporting goods for sale to retailers. On the other side there are the consumer goods buyers. These consumers could be classified in groups categorized by demographics, lifestyle, language.

The same criteria could be used to define the buyer types of sport product as a participant. For example, sports like basketball or football may be offered in age-group leagues such as youth leagues.

Concluding the buyer segments analysis, the categories identified in sport performance offered as a spectatorial product comes from the application of two different variables, talking about demographics and psychographics, within each of the four forms of event spectating available that I cited previously.

SPORT PRODUCT SEGMENT

This segment includes all those products strictly related to the sport without which the activity could not be properly performed or could not be performed at all. The impossibility of performing in a particular way without one of these products creates a really high demand for a variety of products needed or desired for the production of sport and for influencing the level or quality of the sport performance.

PRODUCT SEGMENTS IDENTIFIED

1. **Outfitting Products:** in this category are present both the equipment and the apparel. The equipment itself could be inexpensive or expensive and fundamental or highly qualified. In the apparel are included sport clothing and shoes.

2. **Performance Production Product:** performance production production includes all those benefits related to a high-level performance. Sub-categories were identified and consist of the following:

    i) **Fitness trainer:** the actual position could be better defined as "trainer" and designs athlete's sport training program.

    ii) **Medical care:** the medicine team is generally specialized in the care and rehabilitation of an injured athlete regardless his or her level. However, this level of medical care is generally dedicated only to professionals or collegiate and high school teams.

iii) **Sport Facilities:** the condition of the sport facilities directly influences both the athletes' performance and the spectators' experience. As a consequence sport facilities results to be fundamental in the production of sport performance.

iv) **Governing bodies and officials:** the growth pf the sport industry has demanded a parallel growth of the structure and limits within which the sport may be performed. Any kind of sport organization needs rules, regulations and policies and all of these will influence the governance which in turn will influence the fair play and the possibility of any kind of injury.

BUYERS SEGMENTS IDENTIFIED

The buyer types identified include all those consumers who are willing to purchase performance production products.

Two consumer goods buyers were categorized in this case: sport participants of all demographically and psychographically identified segments and the gift shoppers, those who attend the store to buy different kinds of equipment.

SPORT PROMOTION SEGMENT

The last segment identified comprises those products involved in the promotion of the sport industry products. The competitors in all segments of sport industry of use an enormous variety of promotion products and strategies and as a consequence, the need to compete creates demand for promotional products, means, methods and people specialized in this field.

PRODUCT SEGMENTS IDENTIFIED

The following are the categories of products that were identified in this industry segment:

Promotional merchandising products: sport managers and marketers use many different promotional merchandising products to publicize sporting events, organizations or even individual sport celebrities.

1) **Promotional events:** this events are planned to coincide with a sport event or with the launch of a product in order to capture consumers' interest. Examples could be the half-time show of the Super Bowl or the presence of a famous athlete or coach for the opening of a new sport facility.

2) **Media:** newspapers, televisions and radios represent a fundamental promotional mean for the sport in general. At the same time media use sport to promote their own products and services. Fees must be paid to organizations to stream the event and, in exchange, the press or journalists has the free pass to enter vip areas where they can collect interviews.

3) **Sponsorship:** here the typical exchange relationship is highlighted. Sponsorship helps to settle the expenses related to a sport event and in exchange the sponsor gains promotional means or other goods or services. There are many different sponsorship contracts that can be signed: a single or multiple event sponsorship, individual or team sponsorship and a shared sponsorship, in which two or more sponsors collaborate to promote any kind of product. This last contract possibility is the cheapest because the total cost of an event is shared and therefore less expensive for each sponsor.

4) **Endorsement:** for this kind of product a fee is paid for the use of an individual to endorse, so to support, any kind of sport-related product. The use of endorsers furnishes a high level of attention and allows the company to capitalize the endorser's fame. An example could be Michael Jordan with the famous Nike shoes. However an endorser could be also a team or an organization.

BUYER SEGMENTS IDENTIFIED

As for the other sport industry segments in the previous parts, two main categories of buyers were depicted: the commercial buyers and the consumer goods buyers.

The firsts include all those sport business that use promotional methods to publicize their products. Some examples could be high school and college athletic departments, professional sport organizations, private sport businesses and tax-supported sport organizations.

On the other hand, the consumer goods buyers are those who purchase promotional merchandise for individual use. Some examples include gift buyers, "collector buyers" and "fan buyers

CHAPTER 3

ECONOMIC ANALYSIS OF SPORT INDUSTRY BEFORE THE PANDEMIC

After having analyzed the sport industry from a theoretical point of view, it is now time to examine the economical one.

As for the last part, it reveals to be useful to further apply sort of segmentation to better understand how each aspect of the **Global Sports Industry** contributes to create value.

The issues of conducting an analysis like this show themselves under two main forms. First of all, the global sports industry has no defined structure and secondly, revenues are measured basing on estimates rather than as a summation of revenues arrived by using a structural model for the sports market. Given this problems, Global Sports Insights offers an economic survey whose data are taken from the world's most credible sources, including: Euromonitor-Passport, IBIS World, Nielsen Sports, Oxford Economics, Google Analytics and many others. It built a sports industry model with a defined **Scope** and **Structure** to help better understand and measure the **Magnitude** of this industry.

Scope or boundaries explains and shows all countries, all sports and sports related products and active participation in sports and outdoor recreation.

The structure tries to solve and simplify the complexities created by the scope defined above. It is built around three major pillars: **Fan Engagement**, **Sports Products**, and **Sports Participation**. Each of them is broken down into segments and those segments into sub segments. Finally, after having understood the scope and the structure, it is possible to measure the magnitude, which is the size, in revenue terms, of the sports industry for any given year.

GLOBAL SPORTS INDUSTRY

Before staring analysing specifically how each part contribute to the total revenues of the Global Sport Industry, is useful to have a broad idea of what is going to be treated in the next part.

Figure 2

Revenue ($ bil.)	USA	Global		USA	Global		USA	Global
Segments	**2012**	**2012**	**% USA**	**2019**	**2019**	**% USA**	**CAGR**	**CAGR**
Fan Engagement	$181.6	$512.8	35.4%	$237.4	$608.1	39.0%	3.9%	2.5%
Sports Products	$195.8	$611.4	32.0%	$326.3	$816.9	39.9%	7.6%	4.2%
Sports Participation	$232.1	$567.1	40.9%	$295.5	$750.9	39.4%	3.5%	4.1%
Sports Industry	**$609.5**	**$1,691.3**	**36.0%**	**$859.2**	**$2,175.9**	**39.5%**	**5.0%**	**3.7%**

Source: Global Sports Insights

As can be seen in *Figure 2*, sports industry revenues were estimated to be almost $2.2 trillion (US) in 2019.

The three domains of this sports industry model played a significant role in contributing to this overall total. Each of them, as *Figure 3* below shows, are built up on three core areas and, each core area will have three to six sub- categories through which revenues are gained.

THE MODEL

After having depicted the main pillars of the study, we can proceed with their application. As already written above and as represented in the *Figure 3* that follows, the industry has been divided in three macro-areas meaning **Fan Engagement**, **Sports Products** and **Sport Participation**.

Figure 3

The **Fan Engagement** includes all sports fan related experiences, starting from attending sports events to watching them on a preferred media platform or taking part in sports entertainment such as fantasy sports, sports video games, and sports betting.

The **Sports Products** are products that athletes and consumers use in sports, exercise, recreation and everyday living. In this category we can find sportswear, sports gear and equipment and sports health, which covers sports medicine, nutrition, and sports beverages.

The **Sport Participation** accounts for peoples who are directly involved in a sport, fitness or recreation activity. Here is captured what they do and how much they spend doing it.

THE FAN ENGAGEMENT DOMAIN

Studies previously conducted of fan behaviour shows that they often identify themselves with the teams they root for. This personal identification is expressed in many ways through feelings of pride, belonging, and self-esteem. For example, after a positive result, avid fans often tend to wear their team apparel, buy more team merchandise, and are more likely to use “we won” while describing the team’s victory. On the other hand, following a disappointing result, fans tend to distance themselves from the team by not wearing team apparel, and using language like “they lost”.

In order to continue feeding the fans’ passion, sports are played, viewed and bet on worldwide.

Figure 4

North America			Europe		
Leagues	**Revenue**	**Percent**	**Football**	**Revenue**	**Percent**
NFL	$14.5	35.4%	England (Prem.)	$5.9	19.3%
MLB	$10.5	25.6%	Ger. (Bundesliga)	$3.4	11.1%
NBA	$8.8	21.5%	Spain (La Liga)	$3.3	10.8%
NHL	$5.1	12.4%	Italy (Serie A)	$2.1	6.9%
			France (Ligue 1)	$1.8	5.9%
Other	$2.1	5.1%	Other	$14.1	46.1%
Total	**$41.0**	**100.0%**	**Total**	**$30.6**	**100.0%**

Source: Global Sports Insights

In the U.S. and Canada sports fans are primarily focused on the four major sports leagues shown in *Figure 4*. These four leagues, which are NFL, MLB, NBA and NHL, produce 95% of the region’s pro team sports revenues amounting to $38.9 billion (US). In Europe the top 5 football leagues, including English “Premier League”, German “Bundesliga”, Spanish “La Liga”, Italian Serie A and French “Ligue 1”, generated $16.5 billion (US) in 2019, roughly 54% of the total revenues produced by all the other 53 leagues across the European continent.

Figure 5

Pro Team Sports Regions	No. Leagues	Pro Teams	% Teams	Revenue ($ bil.)	Revenue (% ww)	Households (mil.)	Revenue per HH
North America	8	196	7.66%	$41.0	46.30%	135.1	$303.5
Europe	58	1428	55.80%	$30.6	39.40%	357.8	$85.5
Asia	7	407	15.90%	$6.9	8.90%	1137.2	$6.1
Latin America	17	337	13.17%	$2.9	3.70%	187.9	$15.4
Mid-East & Africa	5	191	7.46%	$1.3	1.70%	300.8	$4.3
Worldwide	**95**	**2559**	**100.00%**	**$82.7**	**100.00%**	**2118.8**	**$39.0**

Source: Global Sports Insights

As *Figure 5* shows, together, these 9 elite leagues generated $71.6 billion (US) in 2019, accounting for almost 88% of all the revenues collected by the other 86 pro leagues worldwide. Moreover, European nations are home to 56% of the world's pro teams. While Europe's teams generated over $30 billion in 2019, North America, with far fewer teams, produced $41 billion in total revenues. These two regions together reached the 80% of all income realized by pro teams worldwide. The dominant financial prominent position of pro leagues in North America and Europe is largely a result of fans spending considerably more on teams in these two regions. In fact, in 2019, the average household in North America spent around $303 (US) on pro sports, in contrast with what happens in Europe where $85 were spent.

Proceeding with the analysis, **Fan Engagement** accounts for $608 billion (28%) of the $2.2 trillion worldwide sports industry. Three core areas, being **Sport Events**, **Sports Media** and **Sport Entertainment** contributes to the whole value by 41.2%, 40.3% and 37.3% respectively. The heart and soul of the sports industry are the hundreds of thousands of organized games, matches and races that occur around the globe each year. The growing popularity of sport is evident in *Figure 6,* where, between 2012 and 2019, the revenues spent at **Sport Events** grew every year reaching nearly $192 billion (US).

Figure 6

Sports Industry	2012	2013	2014	2015	2016	2017	2018	2019	CAGR
North America	$56.1	$56.7	$61.5	$64.9	$68.6	$72.4	$75.0	$78.0	4.8%
Rest of World	$93.2	$93.8	$105.3	$102.8	$104.8	$107.1	$110.8	$114.0	2.9%
Global	**$149.3**	**$150.5**	**$166.8**	**$167.7**	**$173.4**	**$179.5**	**$185.8**	**$192.0**	**3.6%**
% North America	37.6%	37.7%	36.8%	38.7%	39.6%	40.3%	40.3%	40.6%	

Source: Global Sports Insights

Global sports event revenues grew with a Compound Annual Growth Rate (CAGR) of 3.6% per year compared to 4.8% in North America. The rest of the world grew at a much slower rate of 2.9%.

The income produced area comes from the **event revenues**, **media rights**, **sponsorships**, **merchandising** and **construction of facilities**.

Event revenues worldwide remain a primary source of sports event revenues. The fans expenditures on tickets, parking, food and team merchandise are all collected here. These revenues grew at 2.8% from $40.6 billion (US) in 2012 to $49.4 billion (US) in 2019 as shown in *Figure 7*. Event revenues in North America grew at a slower rate, 2.4, while event revenues in the rest of the world grew at 3.1%. This resulted in a small decline of worldwide revenues from 39.9% to 38.9%. There are two main barriers contributing to slipping gate revenues. Firstly, the impact of more and better media viewing options allows fans the ability to substitute a television broadcast for a live experience. Watching at home avoids the hassle and cost of going to the stadium, so the rising cost of major sports events presents the second major barrier to attendance in many parts of the world, mostly in North America where, over the past two decades, the cost of attending a major league game in the U.S. and Canada has almost tripled.

Figure 7

Event Revenues	2012	2013	2014	2015	2016	2017	2018	2019	CAGR
North America	$16.2	$15.8	$17.4	$17.4	$17.9	$18.7	$19.1	$19.6	2.4%
Rest of World	$24.4	$25.5	$26.1	$27.3	$28.0	$28.3	$29.1	$29.8	3.1%
Global	**$40.6**	**$41.3**	**$43.5**	**$44.7**	**$45.9**	**$47.0**	**$48.2**	**$49.4**	**2.8%**
% North America	39.9%	38.2%	40.0%	38.9%	39.0%	39.8%	39.6%	39.7%	

Source: Global Sports Insights

Because of the growth of the audience base, media companies are spending increasing amounts to purchase the rights to broadcast and stream sporting events, often investing billions of dollars for extended and exclusive coverage rights. In 2019, spending on sports media rights worldwide amounted to $37.4 billion. Over half of the total is spent in North America. Over the past decade, **media rights** have been the fastest growing income source, increasing at a CAGR of 10%, totalling $21.1 billion (US) in 2019 as shown in *Figure 8*.
There's no place in the world where the sale of media rights via broadcast, cable of satellite television is more dominant than North America where networks have committed over $60 billion (US) to the four major leagues through 2022.

Figure 8

Media Rights	2012	2013	2014	2015	2016	2017	2018	2019	CAGR
North America	$10.8	$11.6	$12.3	$14.6	$16.4	$18.4	$19.2	$21.1	10.0%
Rest of World	$21.3	$18.5	$25.5	$20.6	$19.4	$18.1	$18.0	$16.3	-3.8%
Global	**$32.1**	**$30.1**	**$37.8**	**$35.2**	**$35.8**	**$36.5**	**$37.2**	**$37.4**	**2.2%**
% North America	33.6%	38.6%	32.5%	41.4%	45.8%	50.4%	51.6%	56.4%	

Source: Global Sports Insights

The benefits provided by **sports sponsorships** have revealed to be very attractive to a growing number of companies around the world. Over the past decade, corporate sponsorships have represented the most important source of sport event revenues and this contribute to the total amount is still increasing sharply. During 2019, companies invested $55.8 billion (US) sponsorship activities regarding teams, leagues and major events, accounting for 34% of all event spending worldwide.
The benefits companies seek from partnering with sports team and events include **aligning with a sports property**, which is an efficient manner to both differentiate an established brand in a cluttered market and introduce a new product into the marketplace, **using sports events** to provide on-site sampling to induce product trials, product demonstrations to highlight superior technology or to engage directly in on-site sales and **using sports** to facilitate hospitality opportunities at sports events which strengthen the costumer loyalty.
The most lucrative deals in Europe and the rest of the world are shirt sponsorships for the best teams in the world in which major global companies of sponsorships pay for the rights to show their company or brand name and logo on the players' jerseys.

In this field Europe and the rest of the world are relatively more active than the North America where sponsorship investments in sport in North America were low until the mid 1980s.
To support this claim, in *Figure 9* are represent all data regarding sponsorships between 2012 and 2019. For example, in 2019 Europe and rest of the world covers the 67.9% of the whole value with its $37.9 billion (US) invested in sponsoring teams in contrast with $17.9 billion (US) invested in North America.

Figure 9

Sponsorships	2012	2013	2014	2015	2016	2017	2018	2019	CAGR
North America	$12.6	$12.3	$13.9	$14.7	$15.5	$16.3	$16.7	$17.9	5.1%
Rest of World	$26.6	$27.9	$31.7	$30.6	$32.2	$33.9	$36.2	$37.9	5.2%
Global	**$39.2**	**$40.2**	**$45.6**	**$45.3**	**$47.7**	**$50.2**	**$52.9**	**$55.8**	**5.1%**
% North America	32.2%	30.6%	30.5%	32.5%	32.5%	32.5%	31.6%	32.1%	

Source: Global Sports Insights

Another aspect that contributes in the sports events revenues under the Fan Engagement Domain is the sale of licensed sports **merchandised products.** Despite being by far the smallest of the four major event revenue categories, still represents a considerable contribution to worldwide spending on sport. In 2019, fans spent $22 billion (US) purchasing authentic, logoed league and team sports merchandise from jerseys to player-replica dolls. As showed in *Figure 10* merchandised products represent a source of revenues specially in North America, covering indeed the 72.2% of the revenues obtained in 2014 and the 66.1% in 2019. Over the last three years the annual rate of growth has diminished to less than 1% in North America and slowed to 2.5% in Europe.

Figure 10

Merchandise	2012	2013	2014	2015	2016	2017	2018	2019	CAGR
North America	$12.8	$13.1	$13.4	$13.5	$13.8	$13.7	$14.4	$14.7	2.0%
Rest of World	$5.2	$5.4	$5.2	$6.6	$6.8	$7.4	$7.3	$7.5	5.4%
Global	**$18.0**	**$18.5**	**$18.6**	**$20.1**	**$20.6**	**$21.1**	**$21.7**	**$22.2**	**3.0%**
% North America	71.1%	70.6%	72.2%	67.3%	67.0%	64.9%	66.4%	66.1%	

Source: Global Sports Insights

Sports venues have increasing become entertainment destinations. Over the last decade, in the U.S. alone, nearly $23 billion (US) has been spent on the **construction of new sports facilities**.

One of the most representative multi-billion- dollar facilities is the Los Angeles' "SoFi Stadium". The full cost of this incredible stadium amounts to $4.97 billion (US). It will be unlike any other with respect to the magnitude of luxury and entertainment features, including 260 luxury suites,

a revolutionary 120-yard double-circular video board, and a translucent roof which will create a vast movie screen. The experience of a fan is completed by a huge variety of entertainment options including a 250-room and an enormous park.

There has been a building boom in Europe as well. New technologically advanced stadiums and arenas are being built in many countries across the continent. One example is Real Madrid's massive renovation of its historical "Santiago Bernabeu" stadium. The club is investing $436 million (US) to create the digital stadium of the future.

In fact, it will be the world's first stadium with a 5G network. The heightened speed and capacity of this advanced network will enhance the experience for fans in several ways such as providing them with greater access to players and coaches by streaming 360° images of players arriving on the bus or in the locker room before and after matches. The remodelled venue will incorporate many fan-engaging features, including shops, restaurants, and a hotel with some rooms having a view of the pitch.

Figure 11

Construction	2012	2013	2014	2015	2016	2017	2018	2019	CAGR
North America	$4.0	$3.5	$3.9	$3.2	$5.8	$6.9	$4.1	$6.0	5.9%
Rest of World	$15.4	$16.9	$17.4	$19.2	$17.7	$17.7	$21.7	$21.2	4.6%
Global	**$19.4**	**$20.4**	**$21.3**	**$22.4**	**$23.5**	**$24.6**	**$25.8**	**$27.2**	**4.9%**
% North America	20.6%	17.0%	18.5%	14.3%	24.7%	28.0%	15.9%	22.1%	

Source: Global Sports Insights

Passing to the next sub-category identified in the Fan Engagement Domain, we begin to analyse the impact of **Sports Media**.

The growing importance of media as a dimension of fan engagement is brought on by the reality that most sports fans around the globe may never attend a live event, preferring this way of living an event to watching in person their favourite team or player.

Now more than ever, more and more people are watching sport than ever, but the way in which consumers are viewing sport is going through a rapid transformation. For most of the world, traditional TV has been the dominant platform for viewing sports programs around the globe for decades.

Sporting events were available to fans for free, on-air broadcasts delivered by a few major networks.

The media landscape for sports began to change rapidly in the 1990s with the launch of cable television networks, inspired by the enormous success of America's ESPN. These broadcasters offer a broad range of specialized sports programming to fans depending on a subscription fee that follows the user's subscription.

The emergence of digital television or streaming technology in the 2010s has had an even more dramatic impact on sports viewing behaviour.

While the continue increase of competition has steadily deteriorated traditional television's share of the world's viewing audience, sports programming delivered by over-the-air and cable television networks still dominates all other media platforms. *Figure 12* shows global revenues gained from the sale of commercial advertising on traditional broadcast and cable networks reached $73.7 billion (US) in 2019. Corporations invested $24.3 billion (US) in the U.S. in promoting their brands on sports programs aired on the four major national networks and across the multiple channels offered on national cable networks like ESPN and Fox Sports. However, a clear sign of the shift toward digital platforms is the very low CAGR of traditional media spending both globally and in the U.S., which in recent years have dipped into the low single digits.

Figure12

Revenue ($ bil.)	USA	Global		USA	Global		USA	Global
Segments	**2012**	**2012**	**% USA**	**2019**	**2019**	**% USA**	**CAGR**	**CAGR**
Sports media ad revenue	$18.6	$59.9	31.1%	$24.3	$71.9	33.8%	3.9%	2.6%
Sports media subscriptions	$11.4	$23.1	49.3%	$15.3	$25.3	60.5%	4.3%	1.3%
Digital sports advertising	NA	NA	NA	$1.3	$4.3	30.2%	NA	NA
Digital sports subscriptions	NA	NA	NA	WIP	WIP	WIP	NA	NA
Total	**$30.0**	**$83.0**	**36.1%**	**$40.9**	**$101.5**	**40.3%**	**4.5%**	**2.9%**

Source: Global Sports Insights

SPORT PRODUCT DOMAIN

Sport Products are a crucial aspect for sports both for professional and recreational purpose. The product variety goes from sports footwear and apparel to sports equipment and health products and services. As can be seen in *Figure* 2, this domain is in its turn divided in three sub-categories namely **Sportswear**, **Sports health**, **Gear and Equipment**. In 2019, as indicated in *Figure 13*, sports products revenues amounted at $816.9 billion (US) worldwide. The U.S. covered the 39.9% of global sales recording a 6% increase compared to data of 2012. This increase in percent of US global sales was caused by the higher CAGR during that period, when the US sports product sales grew by 7.6% compared to 4.2% in the rest of the world sales.

Figure 13

Revenue ($ bil.)	USA	Global		USA	Global		USA	Global
Segments	**2012**	**2012**	**% USA**	**2019**	**2019**	**% USA**	**CAGR**	**CAGR**
Sportswear	$79.3	$258.8	30.7%	$126.6	$351.2	36.0%	6.9%	4.5%
Gear & Equipment	$100.9	$321.1	31.4%	$175.2	$411.2	42.6%	8.2%	3.6%
Sports Health	$15.6	$31.5	49.4%	$24.5	$54.5	44.9%	6.7%	8.1%
Total	**$195.8**	**$611.4**	**32.0%**	**$326.3**	**$816.9**	**39.9%**	**7.6%**	**4.2%**

Source: Global Sports Insights

In 2019 **Sports Gear and Equipment** was the largest area of sports products and covered the 50.3% with its revenues reaching $411.2 billion (US). The growing interest in health and exercise, the increasing disposable income in many countries and the increasing of life expectancy persuade people in developed markets to stay active longer and invest in high-quality sporting goods.

The sales of sports gear and equipment in the US grew 8.2% from 2012 to 2019. This is more than double the global growth at 3.6%, as shown in *Figure 14.* Increased interest in US homes for fitness and specialized equipment for senior citizens played a primary role in this growth.

Outdoor Recreation can be categorized as family-lived experiences enjoyed by participants regardless the gender and the age. The engaging of outdoor activities also reflects the desire of people practicing exercise to live the nature while working hard.

Figure 14

Revenue ($ bil.)	USA	Global		USA	Global		USA	Global
Segments	**2012**	**2012**	**% USA**	**2019**	**2019**	**% USA**	**CAGR**	**CAGR**
Recreational Sports	$3.0	$12.4	24.2%	$4.8	$13.1	36.6%	0.8%	0.8%
Gym & Exercise	$5.3	$9.7	55.1%	$7.0	$14.1	49.8%	4.0%	5.5%
Outdoor Recreation	$50.1	$195.7	25.6%	$100.9	$231.5	43.6%	10.5%	2.4%
Recreational Vehicles	$42.5	$103.3	41.1%	$62.5	$152.5	41.0%	5.7%	5.7%
Total	**$100.9**	**$321.1**	**31.4%**	**$175.2**	**$411.2**	**42.6%**	**8.2%**	**3.6%**

Source: Global Sports Insights

The second largest core area in terms of global sales was **Sportswear, footwear and apparel** with its $351.2 billion (US) gained. Sales grew worldwide at 4.5% over the last seven years, compared to the 6.9% CAGR regarding the US. However, the 2020 Covid-19 pandemic is going to change drastically these data, but the damages will be count only after the end of this incredibly complicated period.

However, an increase interest in sports and rise in disposable income are fueling the growth of the global sports equipment and apparel market. Many governments around the world have invested in games and sports, which will increase the participation of players and eventually drive the market. This rise in demand for performance efficient sports products is expected to boost the growth of the global sports footwear and apparel market in the next years.

Figure 15

Revenue ($ bil.)	USA	Global		USA	Global		USA	Global
Segments	**2012**	**2012**	**% USA**	**2019**	**2019**	**% USA**	**CAGR**	**CAGR**
Sports Footwear	$23.5	$97.3	24.1%	$39.5	$138.3	28.6%	7.7%	5.2%
Sports Apparel	$55.6	$160.7	34.6%	$83.2	$204.4	40.7%	5.9%	3.5%
Sports Wearable's & Apps	$0.3	$0.8	35.8%	$3.8	$8.5	44.7%	46.0%	41.5%
Total	**$79.3**	**$258.8**	**30.7%**	**$126.6**	**$351.2**	**36.0%**	**6.9%**	**4.5%**

Source: Global Sports Insights

Worldwide sales of sports footwear grew 5.2% from $97.3 billion (US) in 2012 to $138.3 billion (US) in 2019.

Sports footwear covers a wide range of shoes for different sports and outdoor recreation. The percentage of sports footwear sales associated with Athleisure, including walking, fitness, aerobics or gym shoes is about 73% of total US sales. Sport specific performance shoes make-up the other 27%.

What makes this core area unique is that the sales of sportswear go beyond athletes. Millions of people use sports footwear as everyday wear for the sake of comfort, citing nurses, painters, and restaurant and bar workers.

As shown in *Figure 15*, spending on **sports apparel** at $204.4 billion (US) worldwide made up 58% of total sportswear sales in 2019. Over this seven-year period, from 2012 to 2019, worldwide sales of sports apparel grew at 3.5% per year. North America sales increased at a relatively higher rate of 5.9% over the same period, accounting for the region's increased share of total global sales from 34.6% in 2012 to 40.7% in 2019.

The U.S. listed 33 different types of sports apparel from 2012 and 2019 and their contribute to the total amount of revenues gained. The list also provides the amount spent on each type of specialized apparel depicting a total expenditure of $17 billion (US) on all sport apparel in 2019. While analysing data, is not surprising seeing noble sports like golf in the first place. The $1.66 billion (US) spent is not surprising since the costs of this type of sport is often quite high. However, what is really surprising is the second position occupied by swimming apparel with its $1.64 billion (US) spent in the not-so-wide variety of products needed to practice. Going on with the top-five of this list we find Camping apparel came in third with $1.47 billion (US), followed by exercise walking apparel, $1.27 billion (US), and running or jogging apparel, $1.20

billion (US). These top five categories accounted for 43% of total sports apparel sales in the US in 2019.

Wearables, or Wearable Technology, are electronic devices worn as accessories on the body. They use sensors to exchange data when connected to the internet.

They detect, analyse, and transmit information concerning body signals such as vital signs or ambient data, which allow in some cases, immediate biofeedback to the user.

The six major wearable categories are watches, used to track and monitor fitness-related metrics, wrist activity trackers, posture enhancers and tech clothing, like a t-shirt with semiconductor technology that can read the heart rate.

The sports wearables represent the fastest growing segment of the entire Sports Product domain both in the US and across the globe. From 2012 to 2019, the compound annual growth rate of wearable sales in the US and globally reached an incredible 40%. Over that period, worldwide wearable revenues grew at a yearly rate of 41%, with revenues vaulting from $800 million (US) to $8.5 billion (US). The US compound yearly growth was even more impressive reaching no less than 44% and jumping from $300 million (US) to $3.8 billion (US) in sales in 2019. While the smallest segment in sportswear, we can expect this segment to continue to grow at a spectacular rate even through the Pandemic as health, exercise and fitness continue to merge and wearable technology continues to improve.

The other part of this category is represented by the Apps that can be downloaded from all the app stores. These apps can perform various functions like allowing the user to set his or her own fitness goals, track caloric intake and record progress. Moreover, they can be personalized for workout plans and often incentivize users that need consistency and discipline in order to stick with a routine long enough to reap those benefits. The right app can act as a virtual personal trainer or training partner to keep you motivated and concentrated during the training's practice.

Of course, Covid-19 pandemic has given another extra dimension to wearables and health apps.

Fitbit and Apple are developing algorithms for an app to detect potential Covid-19 cases prior to symptom exposure. They have launched app studies that could help to track infectious diseases like COVID-19.

The line between sports fitness and health is disappearing as sports are an important component of good health.

Continuing talking about health, after having analysed the first two areas of the Sport Product Domain, only the third one is missing.

The third classified sub-category in terms of revenues gained is the **Sports Health** area of sports products, which is going to become a much bigger factor in the period to come.

The current trends worldwide that emphasizes both healthier lifestyles and a balance between work and leisure activities, should lead to opportunities for sports product companies to develop products with a stronger focus on healthier lifestyles.

As already told, Sports Health makes up the third segment of the sports product domain with worldwide revenues amounting to $54.5 billion (US) in 2019. While being the smallest segment at 7% of total worldwide sports products sales, this segment is growing 8.1% globally and 6.7% per year in the USA. It can be easily expected that this segment is going to double its global revenues in the next 6 to 7 years as sports medicine, sports nutrition and sports health drinks and products increase in popularity.

Figure 16

Revenue ($ bil.)	USA	Global		USA	Global		USA	Global
Segments	**2012**	**2012**	**% USA**	**2019**	**2019**	**% USA**	**CAGR**	**CAGR**
Sports Medicine	$1.5	$4.9	29.8%	$3.9	$8.2	47.5%	15.1%	7.6%
Sports Drinks	$7.3	$16.4	44.5%	$9.6	$28.1	34.2%	4.0%	8.0%
Sports Nutrition	$6.8	$10.2	66.7%	$11.0	$18.2	60.4%	7.1%	8.6%
Total	**$15.6**	**$31.5**	**49.4%**	**$24.5**	**$54.5**	**44.9%**	**6.7%**	**8.1%**

Source: Global Sports Insights

SPORT PARTICIPATION DOMAIN

The first two domains analysed in this sport industry model were focused on how people engage with sports and how they use sports products and equipment in sports and recreation. The third and last domain is focused on what we do in terms of sports participation considering also all those who are not professional or amateur athletes. As shown *Figure 17*, it produced global revenue of $750.9 billion (US) in 2019.

This domain is in turn divided in three core areas, more precisely **Sports Recreation**, **Fitness & Exercise** and **Outdoor Recreation**. The revenues in the areas cited are generated under the form of membership fees, applied for example in the clubs, use fees, applied in the camp sites, licensing fees, for example the one requested for the permission of fishing, and rental fees.

Figure 17

Revenue ($ bil.)	USA	Global		USA	Global		USA	Global
Segments	2012	2012	% USA	2019	2019	% USA	CAGR	CAGR
Sports Recreation	$38.8	$95.6	40.5%	$64.0	$119.4	53.5%	7.4%	3.2%
Fitness & Exercise	$53.2	$135.2	39.3%	$71.4	$194.7	36.7%	4.3%	5.4%
Outdoor Recreation	$140.1	$336.3	41.7%	$160.2	$436.8	36.7%	1.9%	3.8%
Total	$232.1	$567.1	40.9%	$295.5	$750.9	39.4%	3.5%	4.1%

Worldwide in 2019 the core area of **Sports Recreation** contributed $119.4 billion (US) to sports industry in 2019. The USA accounted for 53.5% of the revenues gained.

Here Outdoor sports and Indoor sports had different weights regarding their contribute to revenues. In fact, the firsts were accounted to cover over 70% of sports recreation revenues in 2019. Indoor sports revenues while much smaller, $13.3 billion (US) in contrast with the $84.7 billion (US) of the Outdoor Sports, grew at much higher rate both in the USA and worldwide.

In 2019 **Fitness & Exercise** produced $194.7 billion (US) worldwide through memberships and user fees. As shown in Figure 17, this area of sports participation grew globally at 5.4% from 2012 to 2019, while the USA grew at 4.3%. Since many countries have realized that improving fitness and regular exercise leads to longer lives and, therefore, lowers health care costs, this area is expected to grow strongly in the next period. The largest segment in this core area is represented by fitness and health clubs whose fees' and services' revenues were counted to be \$98.1 billion (US) in 2019.

The **Outdoor Recreation** area of sports participation is often underestimated or simply not included in sports industry revenues analysis. However, a great number of sports products are sold in this area. In fact, it produced \$436.8 billion (US) in worldwide revenue in 2019 as summarized in Figure 17. Here, Equestrian and Water Sports respectively cover the first two most valuable activities. Equestrian category, in particular, arrived to \$185.2 billion (US) in 2019, the largest of all the outdoor recreation activities worldwide. It is not surprising if all the costs associated with purchasing, boarding, feeding, shoeing, veterinary care, transportation and showing are considered.

CHAPTER 4

ECONOMIC ANALYSIS DURING PANDEMIC AND HOW COVID-19 HAS AFFECTED THE SPORT INDUSTRY

After having concluded the economics analysis of the global sports industry before the Covid-19 pandemic, in this chapter an economic analysis of the disease's impact on European sport industry using a report published by the European Commission on the November 25. 2020 called "**Mapping study on measuring the economic impact of Covid-19 on the sport sector in the EU**".

For what concerns the impact that regarded the American Sport industry, data about losses brought by COVID-19 were really difficult to find due to the political situation that there was in US. However, as for the study in the previous chapter, Global Sports Insights offered a data survey regarding the losses of the four main leagues within the US sport organizations.

Moreover, the first part of the chapter will be followed by a more detailed information about In conclusion**, three critical issues for the sport industry** will be included. These issues come from an interview made by Pete Giorgio, leader of Deloitte's US Sports practice, serving multiple sports clients including the United States Golf Association, NBA, United States Tennis Association, and United States Olympic Committee. These three issues are meant to be some ways, or tips, for the sports industry to restore from the impact of the pandemic.

IMPACT ON EUROPEAN SPORT INDUSTRY

The Directorate-General for Education, Youth, Sport and Culture (DG EAC) of the European Commission commissioned Ecorys, one of the oldest economic research and consulting companies in Europe born in 2001 through the merger of the Dutch company NEI Kolpron with ECOTEC Research and Consulting, in June 2020, together with SportsEconAustria (SpEA), "**a**

mapping study on measuring the economic impact of COVID-19 on the sport sector in the European Union" (EU).

The Economic Impact work package, called WP1, was designed to measure the short-term impact of COVID-19 on the sport sector, developing initially model for 2020 with COVID not occurring, the reference scenario, and then comparing this scenario to models regarding 2020 with COVID. This work package contained **four different tasks**.

Task 1 involved updating the individual Sport Satellite Accounts (SSAs) for the EU-28 and EU-27 member countries for 2020, showing how the sector contributed to Gross Value Added (GVA), Gross Domestic Product (GDP). This provided a reference scenario based on there being no COVID-19 which would be used to compare to alternative scenarios in Task 4.

Task 2 provided national and sectoral estimates of the effect of COVID-19 on the sport economy, based on monthly calculations and incorporating different scenarios of COVID-19 impact, more precisely low, medium and hard scenario were assumed.

Regarding the **task 3**, an online survey of the most relevant stakeholders was conducted in order to capture detail on the impact of COVID-19 on specific organisations.

The fourth task involved modelling the 2020 situation with COVID-19 occurring, providing three models based on different levels of impact and differentiating between effects driven by final demand and final supply. As for the Task 2, the contribution of sport to GVA, GDP and employment.

The comparison of the three 2020 models to the scenario proposed in Task 1 allowed the **direct and total effects** of COVID-19 to be assessed at EU national and sectoral levels. Direct effects include all effects immediately created as a result of an organisation's operations, spending on the organisation itself and employees in persons. Total effects include both direct and indirect effects, including those that arise in the upstream value chain.

sport economy, based on monthly calculations and incorporating different scenarios of COVID-19 impact, more precisely low, medium and hard scenario were assumed.

The table shown below summarizes data collected regarding the economic impact of the sport section in the EU-28, so including the UK, for 2012 and in the EU-28 as well as EU-27 for 2020.

sport economy, based on monthly calculations and incorporating different scenarios of COVID-19 impact, more precisely low, medium and hard scenario were assumed.

TASK 1

Figure 18

	Sport-related GPD				Sport-related employment			
	Million Euros		Share in sport-related GDP		Employees in persons		Share in sport-related employment	
	Direct	Total	Direct	Total	Direct	Total	Direct	Total
AT	17,377	27,061	4.22%	6.58%	237,634	325,429	5.50%	7.53%
BE	7,944	14,876	1.63%	3.06%	90,446	137,692	1.88%	2.86%
BG	627	1,019	0.97%	1.57%	46,394	62,222	1.46%	1.96%
CY	432	693	1.88%	3.02%	9,668	14,005	2.37%	3.43%
CZ	3,220	8,216	1.40%	3.58%	109,227	197,532	2.10%	3.80%
DE	130,085	232,500	3.66%	6.54%	1,965,615	3,089,205	4.74%	7.45%
DK	5,026	8,308	1.56%	2.59%	68,332	96,221	2.44%	3.44%
EE	351	592	1.19%	2.01%	14,801	18,765	2.31%	2.93%
EL	1,754	2,573	0.91%	1.33%	59,658	77,661	1.54%	2.01%
ES	18,132	28,657	1.41%	2.23%	310,706	452,986	1.57%	2.29%
FI	3,950	6,812	1.60%	2.75%	57,945	88,597	2.31%	3.54%
FR	48,371	70,715	1.95%	2.84%	649,429	878,843	2.44%	3.30%
HR	1,379	2,288	2.43%	4.03%	50,874	73,648	3.06%	4.43%
HU	1,959	3,290	1.28%	2.15%	90,728	118,608	2.03%	2.65%
IE	4,238	6,412	1.16%	1.76%	41,481	56,900	1.75%	2.40%
IT	25,508	48,738	1.41%	2.69%	428,446	707,375	1.87%	3.09%
LT	507	787	0.99%	1.54%	25,032	32,702	1.89%	2.47%
LU	1,160	2,209	1.78%	3.39%	4,812	10,634	1.78%	3.93%
LV	290	463	0.92%	1.46%	17,975	23,441	1.34%	1.75%
MT	292	523	2.15%	3.84%	5,738	8,609	2.30%	3.46%
NL	10,287	17,397	1.23%	2.09%	159,808	224,789	2.02%	2.85%
PL	12,686	23,272	2.32%	4.25%	368,377	617,572	2.28%	3.82%
PT	2,484	4,789	1.13%	2.18%	75,081	115,521	1.60%	2.46%
RO	2,562	5,151	1.06%	2.13%	114,305	177,961	1.35%	2.10%
SE	7,935	13,761	1.63%	2.83%	143,020	196,914	2.88%	3.97%
SI	789	1,295	1.60%	2.63%	24,308	32,983	2.50%	3.39%
SK	1,335	2,430	1.35%	2.46%	53,178	73,321	2.07%	2.86%
UK	52,712	95,238	2.04%	3.68%	1,239,586	1,738,704	3.93%	5.51%
EU-27	310,679	534,826	2.16%	3.73%	5,223,018	7,910,136	2.67%	4.04%
EU-28	363,390	630,064	2.15%	3.72%	6,462,604	9,648,840	2.84%	4.24%

Source: SpEA, 2020

Figure 18 provides full details for the reference scenario developed in Task 1 in which no Covid-19 pandemic exploded. Data collected for the EU-28 in this scenario reported that the Direct and Total sport-related GDP reach respectively €363.390 million and €630.064 million, the 2.15% and 3.72% of GDP, and Direct and Total Employment in the sport sector cover respectively the 2.84% and 4.24% of the total employment within the EU-28.

The higher shares of total and direct figures for employment than GDP across the European Union suggest that sport-related employment is quite intensive compared to other sectors. The data collection also shows the position of different Member States in absolute terms: Germany is the highest ranked with a direct sport-related GDP worth €130.085 million and 1.965.615 employed persons, the United Kingdom is in second position, with €52.712 million of GDP and 1.239.586 employees and France, Italy, Spain, and Austria follow.

The relative size of the sport economy is illustrated in the figure by indicating each country's share of direct sport-related GDP data. As can be seen, Austria and Germany occupy the first and second place with 4.22% and 3.66%. On the other hand, Croatia and Poland close the line with 2.43% and 2.32%.

TASK 2

The task 2-section provides data on the economic impact of COVID-19 on the sport industry. This analysis is based on secondary data was further complemented with a survey on the economic impacts of COVID-19 on the sport industry in Task 3 and with the final analysis in task 4, in which a model with COVID-19 pandemic happening.

In this case, secondary data collected from existing studies were used to measure the effect of COVID-19 pandemic on the sport industry for each sector and Member State, with separate values calculated.

The impact of the disease was calculated under three scenarios: lower, medium and higher.

The first represented a situation that is improving across the sectors thanks to a small decrease in measures taken compared to summer 2020.

In The medium scenario a situation brought by a small increase in the countermoves taken across the second half of the year compared to summer 2020 was analysed.

Lastly, in the third and harder scenario the consequences of a sharp increase in the measures taken in the second half of the year compared to summer 2020 were shown.

The economic impacts calculated in the three scenarios shown in *Figure 19* were calculated in terms of a percentage reduction in output per sector compared to the no COVID-19 scenario. In the figure below are shown the four most affected sectors. The strong reduction in these sectors is caused by the impossibility of travelling.

Figure 19

NACE business field		Lower	Medium	Higher
H51	Air transport services	44.2%	45.5%	48.5%
I	Accommodation and food services	43.6%	47.6%	53.4%
H50	Water transport services	42.8%	46.7%	52.4%
H49	Land transport and transport via pipelines	32.1%	35.3%	39.8%

Source: SpEA, 2020

TASK 3

The survey designed in Task 3 was thought to supplement the secondary data proposed in the previous task. Participants were asked to take part in the survey providing their NACE 2-digit information, allowing categorisation of their main business field as shown in the *Figure 20* below. In total, people within 117 organisations answered to this survey.

Figure 20

NACE Business field 2-digit		Number	Percentage
A02	Forestry and logging	1	1%
C10	food products	2	2%
C13	Textiles	5	4%
C14	Wearing apparel	5	4%
C16	Wood and cork	1	1%
C30	Other transport equipment	2	2%
C32	Furniture and other manufactured goods	2	2%

G45	Wholesale and retail trade and repair services of motor vehicles and motorcycles	1	1%
G46	Wholesale trade services, except of motor vehicles and motorcycles	3	3%
G47	Retail trade services, except of motor vehicles and motorcycles	5	4%
M72	Scientific research and development services	1	1%
N79	Travel agency, tour operator and other reservation services and related services	4	3%
P85	Education service	4	3%
R93	Sporting services and amusement and recreation services	71	61%
S94	Activities of membership organisations	7	6%
U99	Activities of extraterritorial organisations and bodies	3	4%
	Total	117	100%

Source: Economic Survey (Q2)

Respondents were asked to outline the possible **impact on sales** they expect to be brought by the COVID-19 pandemic in 2020 compared to 2019.

The answers expecting a decrease in sales covered the 78% of the total. The 17% thought that sales would have not be affected by the pandemic and only for the 5% they could increase.

Moreover, the respondents were asked to estimate the likely **impact on personnel costs** in 2020 compared to 2019.

Initial indications were that sport companies were more likely to expect a decrease in personnel costs than sport organisations or other types of body.

This because sport companies are more easily able to reduce the personnel employed or because they are less likely to access established governmental support schemes.

For what concerns the answers, the 54% expected no change, the 32% expected a decrease and 14% an increase.

Lastly, in addition to the effects on sales and on personnel costs, participants were also asked to state the pandemic's **impact on profits** for 2020 compared to 2019.

In total, over three-quarters, the 79% precisely, expected a decrease, the 14% of respondents expected no side effects and only the 7% an increase.

TASK 4

In the following task the effect of the COVID-19 pandemic in the European sport industry is shown using the three scenarios already used in the Task 2. This time the data involved concerns GDP, GVA and Employment. Each scenario includes a table highlighting the difference from the reference scenario to the relevant COVID scenario. Scenarios are shown starting with the **higher** one, potentially the most likely during the calculation phase of the study, followed by **medium** and **lower** ones.

HIGHER SCENARIO

This section is based on a **higher scenario** occurring for the Member States. Here existing data to July 2020 are considered and a projection for the remainder of the year, based on the assumption that stricter regulations are required to deal with the pandemic, is offered.

Figure 21 shows the impact of COVID-19 in terms of sport-related GDP and sport-related Employment for each state within the European Union.

Figure 21

	Sport-related GPD				Sport-related employment			
	Million Euros		Share in sport-related GDP		Employees in persons		Share in sport-related employment	
	Direct	Total	Direct	Total	Direct	Total	Direct	Total
AT	3,522	5,014	20.3%	18.5%	48,484	63,080	20.4%	19.4%
BE	454	1,750	5.7%	11.8%	8,349	23,015	9.2%	16.7%
BG	41	135	6.5%	13.3%	3,613	8,267	7.8%	13.3%
CY	83	133	19.1%	19.2%	1,876	2,617	19.4%	18.7%
CZ	262	622	8.1%	7.6%	11,181	18,601	10.2%	9.4%
DE	22,644	34,154	17.4%	14.7%	370,247	486,784	18.8%	15.8%
DK	757	1,226	15.1%	14.8%	13,570	17,274	19.9%	18.0%
EE	11	166	3.1%	28.0%	594	3,945	4.0%	21.0%
EL	222	370	12.7%	14.4%	8,965	12,034	15.0%	15.5%
ES	3,491	5,280	19.3%	18.4%	60,498	84,134	19.5%	18.6%
FI	477	838	12.1%	12.3%	8,509	12,105	14.7%	13.7%
FR	5,611	8,571	11.6%	12.1%	73,561	102,150	11.3%	11.6%
HR	254	377	18.4%	16.5%	8,199	11,409	16.1%	15.5%
HU	205	449	10.5%	13.7%	11,441	18,429	12.6%	15.5%
IE	582	1,102	13.7%	17.2%	8,205	11,014	19.8%	19.4%

IT	4,096	7,915	16.1%	16.2%	68,391	110,818	16.0%	15.7%
LT	35	203	6.9%	25.8%	2,086	6,428	8.3%	19.7%
LU	89	273	7.7%	12.4%	443	1,037	9.2%	9.8%
LV	24	204	8.2%	44.0%	1,282	8,743	7.1%	37.3%
MT	23	108	8.0%	20.7%	566	1,829	9.9%	21.2%
NL	1,244	2,689	12.1%	15.5%	28,110	38,692	17.6%	17.2%
PL	1,648	3,270	13.0%	14.0%	55,572	99,220	15.1%	16.1%
PT	371	679	14.9%	14.2%	12,282	18,650	16.4%	16.1%
RO	205	642	8.0%	12.5%	10,028	24,032	8.8%	13.5%
SE	840	2,477	10.6%	18.0%	19,140	33,339	13.4%	16.9%
SI	65	137	8.2%	10.6%	2,175	3,582	8.9%	10.9%
SK	174	345	13.0%	14.2%	7,405	11,486	13.9%	15.7%
UK	9,500	20,038	18.0%	21.0%	254,753	355,740	20.6%	20.5%
EU-27	47,430	79,130	15.3%	14.8%	844,773	1,232,716	16.2%	15.6%
EU-28	56,930	99,168	15.7%	15.7%	1,099,526	1,588,456	17.0%	16.5%

Source: SpEA, 2020

As shown, the higher scenario outlines an impact across the EU-28 of direct GDP worth €56.930 million, representing the 15.7% of its direct sport-related GDP.

Direct Employment is reduced by 1.099.526 persons in comparison to the reference scenario. Moreover, regarding EU-27, an impact on direct GDP amounting at €47.430 million and a reduction by 844.773 persons in Direct Employment are depicted.

The largest reductions occur in Germany with a decline in direct sport-related GDP from initial 2020 no-COVID data to the higher scenario of €22.644 million. The second highest reduction belongs to the United Kingdom, with a decline of €9.500 million, followed by France with its €5.611 million and Italy, with €4.096 million.

Member States with the larger sport sectors tend to outline higher differences and this fact highlights the overall importance of the sport sector in these economies as well as the effect of any change in scenario.

MEDIUM SCENARIO

In this situation a small increase in containment measures taken in the Member States in the second half of the year is projected. *Figure 22* shows the impact of COVID-19 in the sport sectors in each Member State as well as the EU-28 and EU-27.

Figure 22

	Sport-related GDP				Sport-related employment			
	Million Euros		Share in sport-related GDP		Employees in persons		Share in sport-related employment	
	Direct	Total	Direct	Total	Direct	Total	Direct	Total
AT	2,995	4,279	17.2%	15.8%	41,290	53,860	17.4%	16.6%
BE	391	1,517	4.9%	10.2%	7,189	19,949	7.9%	14.5%
BG	35	118	5.6%	11.6%	3,123	7,200	6.7%	11.6%
CY	73	117	16.8%	16.9%	1,660	2,311	17.2%	16.5%
CZ	224	538	7.0%	6.5%	9,615	16,071	8.8%	8.1%
DE	19,636	29,708	15.1%	12.8%	323,600	425,602	16.5%	13.8%
DK	644	1,049	12.8%	12.6%	11,560	14,765	16.9%	15.3%
EE	10	146	2.8%	24.6%	539	3,471	3.6%	18.5%
EL	195	324	11.1%	12.6%	7,773	10,472	13.0%	13.5%
ES	3,154	4,762	17.4%	16.6%	54,615	75,824	17.6%	16.7%
FI	409	720	10.4%	10.6%	7,293	10,402	12.6%	11.7%
FR	4,930	7,531	10.2%	10.6%	64,616	89,740	9.9%	10.2%
HR	215	322	15.6%	14.1%	6,964	9,745	13.7%	13.2%
HU	179	392	9.1%	11.9%	9,991	16,100	11.0%	13.6%
IE	502	957	11.8%	14.9%	7,087	9,550	17.1%	16.8%
IT	3,676	7,091	14.4%	14.5%	61,020	99,018	14.2%	14.0%
LT	32	180	6.3%	22.8%	1,909	5,734	7.6%	17.5%
LU	77	239	6.7%	10.8%	383	904	8.0%	8.5%
LV	21	179	7.4%	38.6%	1,136	7,669	6.3%	32.7%
MT	21	96	7.2%	18.4%	499	1,614	8.7%	18.7%
NL	1,083	2,349	10.5%	13.5%	24,510	33,779	15.3%	15.0%
PL	1,489	2,933	11.7%	12.6%	50,522	89,337	13.7%	14.5%
PT	316	581	12.7%	12.1%	10,417	15,908	13.9%	13.8%

RO	178	560	7.0%	10.9%	8,672	20,914	7.6%	11.8%
SE	714	2,135	9.0%	15.5%	16,290	28,624	11.4%	14.5%
SI	55	118	7.0%	9.1%	1,851	3,076	7.6%	9.3%
SK	151	300	11.3%	12.4%	6,404	9,959	12.%	13.6%
UK	8,231	17,369	15.6%	18.2%	221,469	308,942	17.9%	17.8%
EU-27	41,404	69,241	13.3%	12.9%	740,529	1,081,596	14.2%	13.7%
EU-28	49,635	86,609	13.7%	13.7%	961,997	1,390,538	14.9%	14.4%

Source: SpEA, 2020

In this **medium scenario**, the EU-28 is estimated to live a reduction of Direct GDP up to €49.635 million and a decline of 961.997 persons involved in Direct sport-related Employment.

Total figures show a reduction in GDP of €86.609 million and 1.390.538 in this scenario compared to the reference scenario.

For what concerns the EU-27 estimates, impacts of Direct GDP worth €41.404 million and of 740.529 persons involved in Direct Employment are estimated. Total figures outline sport-related GDP reduces by €69.241 million and employment by 1.081.596 persons.

As for the higher scenario, the highest reduction happens in Germany, with an impact of €19.636 million in Direct GDP and €29.917 million on Total GDP.

The second largest decline is registered in the United Kingdom where the reduction in Direct GDP of €8.231 million and 221.469 persons in Direct Employment. France, Italy and Spain follow in the ranking. It is worth noting that all these latter Member States have strong tourism sectors and due to this feature, they have been heavily affected by the pandemic's side effects.

The figure also provides the total reductions in share for both GDP and employees. As for the whole European Union, the effect on employment is marginally greater than the one regarding GDP.

The greatest effect is recorded in Estonia, where GDP and employment are reduced by more than 30%. Estonia is followed by Latvia, Lithuania and Malta.

This follows the pattern for which greater reductions in share generally tend to happen in smaller countries as their economies rely more than others on imports.

LOWER SCENARIO

This section of the study provides a **lower scenario** for the European states in 2020. This counts on existing figures until July 2020 and provides a projection for the remnant part of the year based on assuming a minimal increase in the measures taken across the second half of the year.

Figure 25 below shows the impact of COVID-19 in terms of Direct and Total sport-related GDP and sport-related Direct and Total Employment for each Member State regarding the EU-28 as well as EU-27. Moreover, the table shows the difference between the reference scenario and the lower scenario assumptions.

Figure 23

	Sport-related GPD				Sport-related employment			
	Million Euros		Share of sport-related GDP		Employees in persons		Share of sport-related employment	
	Direct	Total	Direct	Total	Direct	Total	Direct	Total
AT	2,662	3,820	15.3%	14.1%	36,737	48,075	15.5%	14.8%
BE	357	1,395	4.5%	9.4%	6,565	18,323	7.3%	13.3%
BG	32	109	5.1%	10.7%	2,863	6,625	6.2%	10.6%
CY	68	109	15.7%	15.7%	1,552	2,154	16.1%	15.4%
CZ	205	495	6.4%	6.0%	8,819	14,779	8.1%	7.5%
DE	17,973	27,194	13.8%	11.7%	295,881	389,352	15.1%	12.6%
DK	586	959	11.7%	11.5%	10,554	13,500	15.4%	14.0%
EE	9	134	2.7%	22.7%	514	3,217	3.5%	17.1%
EL	179	298	10.2%	11.6%	7,104	9,592	11.9%	12.4%
ES	2,966	4,469	16.4%	15.6%	51,309	71,138	16.5%	15.7%
FI	375	661	9.5%	9.7%	6,688	9,552	11.5%	10.8%
FR	4,600	7,018	9.5%	9.9%	60,209	83,554	9.3%	9.5%
HR	190	287	13.7%	12.6%	6,182	8,713	12.2%	11.8%
HU	165	361	8.4%	11.0%	9,194	14,816	10.1%	12.5%
IE	460	879	10.9%	13.7%	6,493	8,757	15.7%	15.4%
IT	3,434	6,626	13.5%	13.6%	56,852	92,427	13.3%	13.1%
LT	31	167	6.0%	21.2%	1,828	5,368	7.3%	16.4%
LU	71	219	6.1%	9.9%	350	829	7.3%	7.8%

LV	20	165	6.9%	35.7%	1,064	7,089	5.9%	30.2%
MT	20	90	6.7%	17.1%	462	1,495	8.1%	17.4%
NL	994	2,160	9.7%	12.4%	22,518	31,058	14.1%	13.8%
PL	1,415	2,774	11.2%	11.9%	48,157	84,624	13.1%	13.7%
PT	287	530	11.6%	11.1%	9,414	14,461	12.5%	12.5%
RO	164	516	6.4%	10.0%	7,925	19,217	6.9%	10.8%
SE	651	1,958	8.2%	14.2%	14,898	26,242	10.4%	13.3%
SI	49	107	6.2%	8.2%	1,656	2,780	6.8%	8.4%
SK	137	274	10.2%	11.3%	5,799	9,068	10.9%	12.4%
UK	7,496	15,866	14.2%	16.7%	202,324	282,467	16.3%	16.2%
EU-27	38,100	63,774	12.3%	11.9%	681,588	996,807	13.1%	12.6%
EU-28	45,596	79,641	12.5%	12.6%	883,912	1,279,274	13.7%	13.3%

Source: SpEA, 2020

As shown in the figure 23, a lower scenario estimates an impact across the EU-28 of direct GDP worth €45.596 million or 12.5% of its sport-related GDP. A higher level of impact can be in sport-related employment, with direct employment estimated to reduce by 883.912 persons.

Considering the impact for the EU-27, this lower scenario outlines a reduction in Direct sport-related GDP of €38.100 million and of 681.588 persons involved in Direct employment.

As in the previous scenarios, the greater decline in share for direct than total is due to the supply network being slightly less affected. However, this situation does not happen across all Member States since Belgium, for example, has a higher share in total than direct effects.

IMPACT ON AMERICAN SPORT INDUSTRY

After having analysed the pandemic's impact on the European Sport Industry, it is now time to focus the attention on the American one.

In this terms, Global Sports Insights offers estimates about reports collected at the end of 2020 This study, differently from the one conducted by the European Union, does not mention the impact state per state, while it estimates the whole impact on American Sport Industry implemented by a research about losses of the most important leagues of the country.

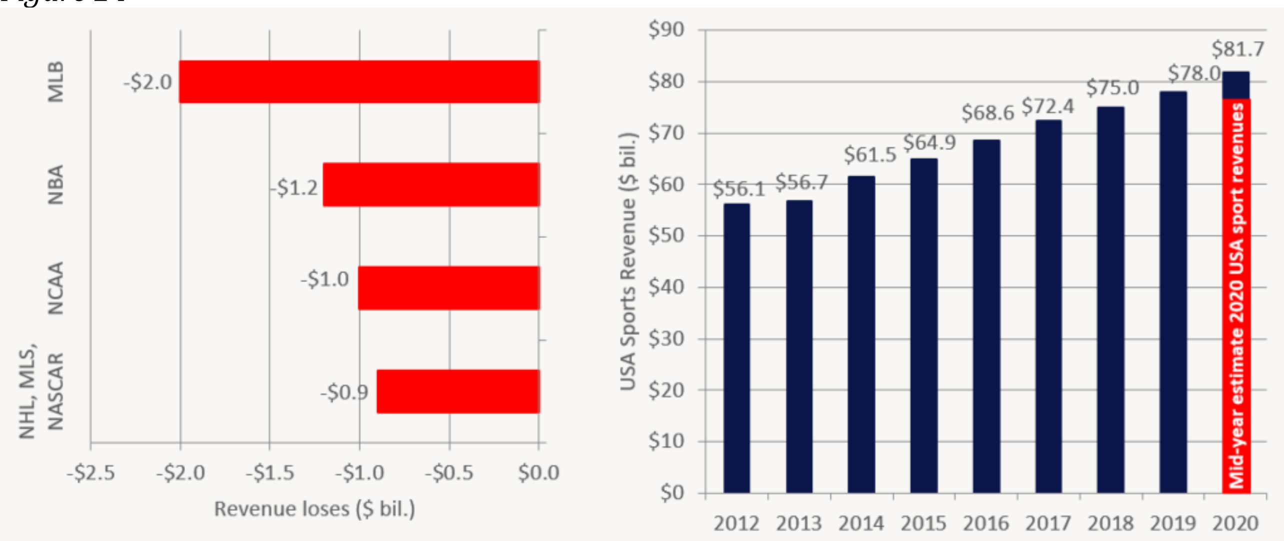
It is worth to remember that the damages brought by the COVID-19 pandemic explosion in the United States and the measures of the side effects are still on course since the situation is getting better just in the last months thanks to the vaccination campaign.

As stated by the European Commission in the preface of their study, the data collected about the impact of the pandemic on the sport industry are in constant changing due to the variation of the containment measures adopted around the world and due to the pandemic that is still raging on the whole world.

However, at mid-year it is estimated that USA team sports revenues are reduced down $5.1 billion (US). This is primary due to losses in the Major league organisations of the whole country.

The Major League Baseball (MLB) lost $2 billion (US), the National Basket Association (NBA) $1.2 billion (US) and the National Collegiate Athletic Association (NCAA) $1 billion (US) as shown in Figure 24.

Figure 24



Source: Global Sport Insights

The **MLB** clubs have accrued a combined total of $2 billion (US) in debt owing to the financial impact of the coronavirus pandemic, according to league commissioner Rob Manfred. During This shortened sixty-game season, MLB clubs have been forced to play games behind closed doors at their home parks, while the World Series, which is being staged in a bio-secure bubble environment, has been attended by nearly 11,500 fans per game.

MLB clubs are more reliant on gate receipts and gameday revenue in other major leagues, so the impossibility to welcome fans due to continuing health and safety rules, is likely to see debt levels rise further.

The **NBA** after having suspended its 2020 season in March due to the COVID-19 pandemic explosion resumed play in the middle of the summer playing all of its games at the quarantined Disney Sports Complex without fans.

The NBA's income for the 2019-20 season decreased 10% to $1.2 billion due to losses caused by the coronavirus outbreak. According to insiders, the remaining financials comprised a $800 million loss in gate proceeds and a $400 million loss in sponsorships and goods. Moreover, the NBA's losses included a $200 million "net negative impact" from a months-long splintering of a cooperation with China following Daryl Morey's pro-Hong Kong freedom tweet a year ago.

Following the postponement of the **NCAA** men's basketball tournament last season due to the COVID-19 epidemic, the NCAA's overall revenue for the 2020 fiscal year fell by almost $1 million (US). In addition, the report indicated a $700 million (US) drop in television and marketing rights revenue, almost entirely due to the NCAA's multimedia and marketing rights agreement with CBS and Turner. The association reported about $868 million (US) in such revenue in its fiscal year 2019. During March Madness, the NCAA also lost nearly $800 (US) million in revenue due to ticket sales losses and TV/marketing rights deals. The league, on the other hand, is said to have collected $270 (US) million in event cancellation insurance.

Due to income shortfalls, the NCAA will only distribute $246 (US) million to Division I schools and conferences in 2020, down from $611 (US) million in 2019.

CRITICAL ISSUES IN 2021 FOR SPORT INDUSTRY

The following part of the chapter is dedicated to the analysis of three critical issues for the sport industry to consider in 2021 developed by Pete Giorgio, principal in the strategy practice of Deloitte, one of the "Big Four" accounting organizations and the largest professional services network in the world by revenue and number of professionals, with headquarters in London, England.

According to the CEO of Deloitte Sports, the three critical issues to be considered are reshaping and expanding revenue generation models, rethinking the role of sport in the society and redefining relationships with fans.

RESHAPING AND EXPANDING REVENUE GENERATION MODELS

In-person fan attendance will definitely remain a vital component of any team's financial model, notwithstanding the obstacles created by COVID-19. As a result, leagues and teams should do everything they can to expedite the reopening of sporting stadiums in phases.

This includes taking all necessary efforts to ensure that fans feel secure returning to stadiums and arenas, as well as investing in ways to improve the overall fan experience at games.

Many sports groups, on the other hand, are understanding that they need to diversify their revenue streams beyond stadium-related sources.

Data monetization, particularly in the areas of fan engagement, player and team performance, and sports betting, might be one of the most important sources of alternative revenue for sports organizations in 2021. As companies increasingly use data analytics to guide decision-making and enhance marketing efforts, the market for data wranglers and aggregators is heating up.

In terms of fan engagement, data-driven platforms and artificial intelligence may assist enterprises in detecting fan sentiment, analysing data to better understand fan behaviour, and then connecting with fans in ways that improve the fan experience and provide new revenue streams. On an integrated e-commerce and socially engaged platform, this combination of sensing, analysis, and participation can generate monetization.

Data can help firms monetize multiple fan-engagement "zones" inside the wider fan ecosystem through specific value-added incentives.

However, while data monetization presents a big possibility for sports organizations, it does necessitate a large infrastructure investment in order to get the desired results. These expenses might be difficult to justify unless a company fully comprehends the prospective return on investment. Resolving the lingering question of who owns the data is another related difficulty.

Furthermore, as data plays an increasingly important part in management decision-making, players' trust will likely become an even bigger concern.

In order face the challenges just proposed, firms should prioritize investments in digital infrastructure, people, and processes related to fan data; establish broader business acumen across your teams; consider unusual alliances that bring outside viewpoints; and be willing to be daring and try new things in today's hard climate.

RETHINKING THE ROLE OF SPORTS IN SOCIETY

Leagues, teams, and athletes all have significant platforms on which to advocate positive social change. Sports organizations should recognize the crucial role they can play in addressing racial, gender, and LGBT+ inequity.

Many fans are counting on it, and future growth is likely to be dependent on it.

To put it another way, businesses should make sure they are always aware of changing cultural dynamics and prepared to deal with them. **Social justice** has changed the sports world, giving players a greater voice, demanding action, and playing a larger role as role models.

The importance of social justice has grown to the point where future growth will most likely be determined by how true organizations respond to this challenge. Leagues and teams are increasingly expected to take a proactive role in the social justice movement by players and fans.

According to Deloitte's Global Millennial Survey 2020, a proactive reaction to social injustice is especially crucial to younger generations, who are more values-driven in their interactions with brands and enterprises.

One exciting prospect for sports organizations is to capitalize on the increasing importance of athletes as influencers. Organizations should look at partnering with athletes who have a strong sense of purpose, such as Naomi Osaka, a women's tennis player and social justice campaigner.

However, some people in collegiate and professional sports don't want social justice politics to interfere with their enjoyment. It may be vital for sports organizations to strike the perfect balance between enabling their athletes to express themselves as they see fit on and off the field or court, and standing behind them when necessary, while keeping the games professional and devoid of excessive politics.

Another issue is safeguarding athletes' mental health. Mental health is a universal concern, but the pandemic, racial inequality, and greater strain from particular working conditions have brought the topic to the forefront in professional sports. According to studies, African-Americans face significant mental health issues as a result of historical social and economic inequalities, racism, discrimination, violence, and poverty.

To properly face the challenges brought by the attempt of making social justice a fundamental pillar of sport leagues, companies should make social justice a core part of their culture and brand, consider how the organization supports inclusive growth and leadership pathways and the way this is done and to develop internal and external expertise and relationships to manage mental health issues in sports.

REDEFINING RELATIONSHIPS WITH FANS

In 2021, it appears that the ghost of COVID-19 will continue to shadow live athletic events around the world, limiting fans' willingness to return to stadiums and arenas considerably.

According to a recent poll conducted by Seton Hall University's Stillman School of Business, 61% of respondents who defined themselves as "sports lovers" indicated they would not attend another live sporting event until a COVID-19 vaccine is created and distributed.

While tightening audience connection has been increasingly crucial for sports organizations for some time, COVID-19 has highlighted the essential need to reinvent how they communicate with their fan groups. They should concentrate on harnessing the power of digital technologies to develop year-round, two-way interactions with fans.

Sports companies have a once-in-a-lifetime opportunity to strengthen their relationships with all fan types, from casual fans to diehards, once they've built a solid foundation of trust.
According to a Deloitte fan engagement survey, the more fans engage with their teams throughout the year, the more likely they are to buy tickets and products during the season. In addition, the study discovered that 95% of fans have some type of interaction with their favourite team or league during the off-season, 65% of fans, during the off-season period, want to receive some type of information from their team at least once a month, and fans who engage just once a month during the off-season spend 40% more than fans who do not participate during the off-season across all fan categories.
To truly optimize prospects in the area of fan interaction, sports organizations must have a thorough understanding of their fan bases, including the capacity to segment supporter groups such as casual fans, "lovers of the game," and "fanatics." Organizations can use this segmentation to deliberately target and motivate distinct fan groups based on their level of dedication and behaviour. While die-hard fans may appreciate daily social media notifications, casual fans may find them annoying. Organizations should aim to determine the best communication frequency for each fan based on their profile and should consider employing a wide range of channels and content types to meet varying needs across their fan bases.
Fan demographics also influence channel preferences: according to a Deloitte report, millennials are 40% more likely than baby boomers to use social media to learn about their favourite teams and players. Furthermore, according to Deloitte's poll, 40% of fans said that having real-time augmented reality analytics on screen would enhance their chance of watching a live game.
Many leagues and teams are exploring novel ways to leverage modern technology such as artificial intelligence to modify content curation, unearth intriguing statistics for fans, and employ chatbots for targeted marketing and sales of subscriptions and products as the global sports sector continues to shift digitally.
However, to enable highly tailored interactions with fans, effective fan engagement relies significantly on having the greatest data possible. As a result, in order to preserve confidence, sports organizations should prioritize the security of fan relationships and data in their digital strategy. Due to these strategies, team owners, in turn, have had to rethink and improve how they collect, manage, and keep confidential fan and athlete data.

Sports organizations are focused on consent-based data marketing, expanding data controller roles and duties, and changing budgets to account for the expense of complying with data privacy requirements.
Finally, Pete Giorgio offers some tips gain fan attention and passion that have been partially left behind during the last lockdown period.
Companies should examine the behaviour of other industries, examining and learning from how retailers and consumer goods companies have engaged customers over the last decade. Moreover, redeveloping mobile apps with a stronger emphasis on giving unique and added value to fans via content exclusives and personalized incentive schemes, enhanced by experimental content based on teams’ and athletes’ real and professional lives, could be another fascinating option to give the fan the perception of effectively participation in everyday athletes’ life.

CHAPTER 5

HOW WORLD SPORTS ORGANIZATIONS HAVED FACED CHANGES BROUGHT BY THE SPREAD OF COVID-19

IT IS NOT THE FIRST TIME…

A deadly pandemic threatening sport is not a new problem. The Winter Olympic Games in 1998 and 2002 provide the first two of the examples of how sport administrators can learn from a previous event's experiences provided in this chapter. A flu outbreak in Japan infected nearly one million people in the midst of the 1998 Winter Olympic Games held in Nagano. This time the contagions between athletes and journalists were just a few, but the important aspect was the beginning of a sort of chain. In fact the disease directly influenced the organization of the next Winter Olympic Games that would have been held in Salt Lake City.

Regarding the 2002 Winter Olympic Games, Mitt Romney, CEO of the Salt Lake Organizing Committee, testified before the U.S. Congress on some of the lessons learned from Nagano. In Salt Lake, a team of researchers from the University of Utah School of Medicine completed surveillance for the flu in the Olympic Village's medical clinic. The group tested subjects for influenza, isolated positive tests, and then provided prophylactic treatment for close contacts. This rhetoric mirrors current advice published by the CDC, the Center for Disease Control, that states the fact that for those events where fans travel to a city and stay for days, the ability to identify, isolate, and provide early treatment for cases will be critical for sport to restart with fans in the stands. Such a system may potentially work for the 2021 Tokyo Summer Olympics and other major international events in the coming year. However, that system depends on the production and the continuing distribution of the vaccine around the world.

Another examples could be the other two major illnesses impacting sport that were the swine flu in 2009 and MERS, the Middle East Respiratory Syndrome, in 2015 and the Zika Virus in 2016. Both instances show how events that occur on a weekly basis for several months in a row could enhance their security measures. In Mexico, professional soccer responded to the swine flu by initially playing behind closed doors. When fans returned, requirements included wearing a mask, washing their hands at the gate, undergoing a health questionnaire, and a seating arrangement where every other seat and every other row remained empty. MERS impacted how the South Korean city of Gwangju prepared for the 2015 Universiade, a large multi-sport event for university students with competitors coming from across the globe. Organizers installed heat sensor" at the athlete's village that identified potential cases and allowed individuals to be separated and scanned individually to check for illness. In the examples provided, the variety of the responses goes from basic health procedures to technologically advanced devices. The Zika virus exploded ahead of the 2016 Summer Olympic Games in Rio de Janeiro. Due to the virus' ability to cause encephalopathy in new born children, the official recommendation was to have safe sexual relations and for women not to travel if they were pregnant. Outside of the recommendations for fans, national federations competing in Rio implemented a more varied response to protect their athletes. Outside of the fans and athletes, it is crucial to make sure the security staff remains healthy and is not at risk.

SPORT ORGANIZATIONS' RESPONSES TO COVID-19 THREATS

The extremely rapid spread of the pandemic brought and is still bringing many threats to sport organizations. The most impacted aspects has been the security, managerial and the fan engagement ones.

For what regards the **security** the models the have been used as an example all around the world have been the Korean Baseball Organization (KBO) and the Korean Football League (K-League). Moreover, the China Super League's crisis management regarding **players' salaries** and organizational methods **in facing event schedule changes** offered really useful tips for other organizations and the Australian Football and Rugby organizations showed an interesting way to **use the social media streams to diminish the "social distancing"** with the fans created by the pandemic. In this following part all the models cited will be described and analysed.

KOREAN BASEBALL ORGANIZATION AND KOREAN FOOTBALL LEAGUE

As the most popular sports league in Korea, the KBO represents the top level of Korea's professional baseball league. Outbreak. On March 10, it was decided that the 2020 season would be postponed without any promise of return. Following government guidelines, the KBO reopened the 2020 season to empty stadiums on May 5. As the KBO is one of the first major professional sports leagues and the second professional baseball league after the Chinese Professional Baseball League in Taiwan to resume during a global pandemic, the global sport industry is paying attention to the KBO's season opening. The KBO was quick to form a task force for Covid-19 which consisted of the KBO, franchise teams, public health experts, and news media in order to develop instructions to prevent the spread of Covid-19 and to protect the broader stakeholders and to restart the seasons in total **security**. This task force was required not only to continue to monitor, collect, and analyse data in regard to Covid-19, but it was also asked to provide suggestions for business operations and management, marketing and promotion.

KBO's 44-page-long Covid-19 guidelines, composed of nine sections was created and updated with case examples, maps of each stadium depicting the flow of fan traffic, and emergency contact information to more rapidly and effectively manage the crisis in each area in stages, in order to avoid confusion if a coronavirus case is reported at a stadium after reopening the season. On April 16, the guidelines were shared with all the franchise teams. This manual has been, and will be, applied to all games including scrimmages, and will be updated as circumstances require. Professional sports leagues and organizations from other countries, such as the Nippon Professional Baseball Organization, the World Baseball Softball Confederation, and Spain's La Liga, have requested that the KBO share the manual.

In parallel to KBO, also the K-league reached incredible results in terms of reopening the season in total security.

In fact it has been the first league to re-begin after all the closures. The K-League announced on February 24 the indefinite delay of the start of the 2020 season, which was initially scheduled to begin on February 29. Even though prevention and control strategies have effectively contained the number of new infections starting from the first week of March, the K-League announced additional preventive measures to eliminate the threat of infiltration of

Covid-19 into the circle of professional football. Reflecting on the positive development, the K-League announced that the season would start on May 8, roughly nine weeks after the initial start date.

As we can see both the organizations based their countermoves on the application of security guidelines decided by mutual agreement between the KBO's CEO Un-chan Chung, the K-League's CEO Lee Young-pyo and the government bodies dedicated. Both parties agreed that it would be necessary to allow fans to attend games in person at the stadiums, under the condition of a gradual increase in public attendance at the stadium.

So far what concerns the **event management**, the main issues to solve are the large number of people to screen and check and the difficulty to easily individuate infected people in such a large number of fans. Stadiums will be opened early to avoid entry jammed with a crowd of spectators, and fans will be encouraged to come early. Once entered the stadium, fans' temperature will be tested using non-contact infrared thermometers, any visitor whose body temperature is higher than 37.5 degrees Celsius will be identified and prohibited from entering the stadium, and participants are encouraged to maintain two meters of social distancing in stadiums.

Furthermore, each team is going to reduce the maximum seating capacity to between 15 and 20 percent first and gradually open more seats, which will help to ensure a safe distance between spectators. Spectators will also be required to sit in assigned seats, which will enable management to identify participants who are potentially exposed to Covid-19, in the event that coronavirus cases are confirmed at the stadium. Each franchise is required to immediately share the information with the KBO and carefully deal with media. If there is a suspected or symptomatic patient, the stadium will be closed for at least two weeks, according to the guidelines.

Regarding the **players management**, players' body temperatures are to be checked not only when they wake up each day, but also before they depart to the stadium. They are also required to submit self-diagnosis information using mobile health apps daily. Handshakes and high fives are discouraged, and spitting is highly prohibited during the game. Moreover, the identification of areas and pathways of movement at each franchise team's stadium for players to avoid contact with visitors. Anybody who has come into contact with players is required to wear masks and gloves and are banned from making unnecessary contact with them. The organizations are also promoting a campaign of social distancing with players by restricting the public's in person contact with athletes, such as in the form of requesting autographs, taking photos, or delivering gifts. Even journalists wearing masks are restricted from entering ground, dugout, coach's room, locker room, and so they have to take interviews only in the dedicated areas.

The **fan engagement** situation is one of the most delicate issues to treat. The KBO expects fans to be able to enter the stadium in early June. If the KBO starts this, it would also be possible for the K-League to allow fans to attend games in the stadium as well. Some people may say it is too early to discuss having fans in stadiums, as the entire season could be postponed or cancelled if fans at the stadium are tested positive. Following this uncertain situation, the K-League teams have been implementing creative plans to increase the level of engagement of their fan base. As claimed by a media officer of a K-League team, a crucial change in developing fan engagement initiatives is the enhanced utilization of social media channels, whereas communication through traditional media channels, such as press releases, has seen a decline. The active usage of social media channels to communicate with the fans has propelled K-League teams to develop content that can entice fans' interest. Matchdays. In addition to the efforts developed in launching creative online content, K-League teams have focused on creating a lively environment within their stadium. Most teams are employing techniques to simulate real matchday environment and the absence of the fans is remedied by numerous activities in which fans can participate in a variety of forms before, during, and after the match.

CHINESE SUPER LEAGUE AND CRISIS MANAGEMENT

The Chinese Super League (CSL) is a professional soccer league hosted by the Chinese Football Association (CFA). The Chinese Football Association Super League Department manages the league under the leadership and authorization of the CFA. Although the CSL adapted league structures and models from Europe, the league shows unique features in the way it manages ownership, foreign players, player salary, and schedule. Regarding ownership, the CSL follows a hybrid model employing various forms of ownership at once. Some teams are owned by the state and are run in form of state industrial conglomerate, while others are run by private businesses. The CSL, under supervision from the central government, is permitted to utilize outside investments to sign top dollar and big named foreign players. Just to make clear the importance of the foreign players in the Chinese football, in the 2019 CLS season, the 15 top scorers were foreign players, aspect that will be important later.

On the top of the pyramid there is the directives arriving from the General Administration of Sport, who is following instructions from the State Council. Practically, both CFA and CLS has no power over the re-opening of the season. Most of the CSL teams are suffering during the Covid-19 global pandemic with very limited support from the CFA. Although the CFA understands the impact this has on professional teams, it is also affected by the Covid-19 and dealing with its own issues, as CFA sponsors owe nearly 320 million Chinese yuan, approximately $44.82 million (US).

On May 8, 2020, the CFA announced an official proposal calling for a **salary adjustment** for all male soccer players and coaches from three professional soccer leagues, except for the employees whose monthly salary is below the sum of 10,000 Chinese yuan, approximately $1.400 (US). The Chinese soccer governing body suggests clubs cut players' salaries by 30% to 50% in order to help teams manage financial loss caused by the coronavirus outbreak. The problem aroused behind this decision is that this policy has the potential to significantly impact the attractiveness of the CSL to foreign players. In the last decade, there has been an increase in the number of high profile foreign players joining the CSL due to the high salaries offered. The CFL also benefits from having well-known soccer stars, as it increases the league's market value significantly, helping become one of the most attended soccer leagues in the world. The involvement of elite foreign soccer stars not only enhances the visibility of the league on the world stage, but also significantly boosts in country match attendance. Player salary reduction is not just an issue in the soccer industry, but a potential social problem in China.

A poll organized by PP Sports and NetEase Sports during Covid 19, showed that more than 90% of fans believed players' salaries should be reduced, including both foreign and domestic players. Given the absence of a labour union in the CSL, collective bargaining could be quite difficult. Because the CFA guidelines allow the clubs' unilateral reduction in player salaries, protecting player interests during a negotiation will be a challenge CSL clubs will have to face during the years to come.

Another important tip offered by the CSL and CFA was the **organizational countermoves to face the event schedule changes** due to the pandemic.

The CFA announced an expansion of the time for domestic transfer windows before the start of the CSL on February 22, 2020, deciding to increase the domestic transfer window no less than three weeks prior to the start of the season. From another vantage point, the placement of this additional window basically determines the start time of the CSL's new season. But as of June 1, the window was still closed. At the CSL general managers' meeting on May 15, the CFA proposed cross-match and elimination games. Since it would be impossible to complete a normal 30 rounds of play in this shorter period, duration and the number of games will need to be drastically reduced. Sixteen teams may be split into two groups in two locations. The league may also use elimination games so that various events and matches can be guaranteed. However, many issues and doubts aroused after this proposal. The first concerns with new scheduling ideas that may arise is the quality of the games, specifically questioning whether teams will perform well during matches played at the same time with another one even if teams lose their cross-match games, they still can earn good rankings based on their performance in the elimination games. In addition, as the schedule shrinks and the quality of the game potentially declines, the commercial development of the league, especially concerning broadcast and sponsorship revenue, will also be a challenging issue for this uncertain and scary period.

AUSTRALIAN SPORT ORGANIZATIONS' USE OF SOCIAL MEDIA

In Australia, professional codes were hit hard by the closure of all sporting activity for the foreseeable future. Both the Australian Football League (AFL) and the National Rugby League (NRL) had started their 2020 season in March as the Covid-19 pandemic spread. While the NRL played round one without restrictions, round two was played without spectators in closed stadiums, and only resumed again at the end of May 2020, but also without spectators, the AFL, who started one week later in March 2020, the first and only round, was played in empty stadiums. The AFL and the NRL suffered due to reductions in broadcast and attendance revenues. In the AFL alone, widely known as Australia's richest sporting code, approximately 80% of the AFL's workforce was stood down. While working on plans to make the leagues start again these codes had no live sport product to showcase to fans. Following the need to continue entertaining fans, a study was conducted to gain an understanding of managerial perspectives on Covid-19's impact on social media strategy and the use of social live streaming services (SLSS). The two analysed areas are related to **content creation** and **content management and control**.

The major themes depicted in the **first area** are nostalgia and authentic content and adaptability and willingness to experiment. As the Covid-19 period impacted the live sports product, digital media departments were able to capitalize on fans' interest in reliving the glory days, feeding fans passion and hungry for sports related content.

Sports organizations who were dynamic and remain topical and relevant to adapt and get creative provided opportunities for an original authentic narrative, articulated in a compelling fashion. An example regarding the NRL is the Brisbane Broncos stream of a video broadcasting the team's first ever game and asked fans, "Was anybody there in 1988 when we met the defending premiers in our club debut?". This turned to be the Brisbane Broncos' most viewed video on Facebook until June 2020, with 115,000 views. Fans used the social media platform to respond to the Broncos and share their memories of attending the game, reinforcing their connection with the team. Broadcasting historic matches ensured valuable connections with fans were maintained allowing them to drive positive engagement through these uncertain times. Moreover, Covid-19 has highlighted the value of diverse content plans and the importance of being able to pivot and having the right skills to execute. For example, the AFL code Brisbane Lions' Instagram content shifted from football-based content to an Instagram TV series called "Lions at Home." This authentic content was filmed in first person by the athletes and enhanced a sense of relatability to fans experiencing similar pandemic challenges.

Passing to the other theme regarding this area of the study, Covid-19 provided organizations a time to <u>experiment and to increase the willingness to try something new</u> with contents that has never been shown for the fear of its failure. This opportunity also meant producing more player-driven content. For example, the Greater Western Sydney (GWS) Giants, an AFL code, provided athletes the access to host sort of takeovers on the firm's Instagram brand page. These takeovers provided fans with a unique perspective of personality and provide an authentic daily life feeling of athlete lives, resulting in a sense of connection as if consuming content from friends and not from a brand.

The **second area** pertaining to Covid-19's impact on social media strategy was based on content management and control. The major themes that emerged related to this area are <u>monitoring and measuring</u>, <u>commercial imperatives</u>, <u>athlete-led content</u> and <u>athlete control and ownership</u>.

The Covid-19 environment highlighted the need for sports organizations to **listen and monitor** fan engagement, especially when external media attention was focused on negative sentiment such as finance, managerial, or governance implications. It was important to understand how sports organizations conceptualized fan engagement on their digital platforms, as this influenced organizational strategic capabilities and the measurement of engagement and, in turn, the content during the Covid-19 period. Most respondents indicated that the key performance indicators of importance centred on objectives related to ensuring positive sentiment and a heightened focus on member connectedness. Secondary to this was the desire to ensure members retained their membership and re-connected with live games once the seasons returned.

In recognition of the challenging financial position that many sports organizations faced, there was also a heightened **focus on commercial value**, servicing current sponsorship agreements and maintaining existing or developing new revenue streams. A typical digital strategy is created at the end of each season to take in what was learnt from the previous year, the partners' consideration and the sold digital assets. Since Covid-19 regular football content, which makes up roughly 95% of a season, was totally lost, organizations had to reassess the situation and create new content that could involve our partners to maintain sponsorship, while also restricting workload, resulting necessary after the lost of many components of a digital teams. On the one hand, organizations were faced with the need to focus on commercial pressures given financial realities. On the other, there was the need to deliver content to fans that ensured the development of an emotive connection, which ultimately helped to assist membership retention and encouraged fan consumption throughout the downtime and beyond.

Furthermore, Covid-19 created a movement away from the use of SLSS as a team-led initiative to **athlete-led opportunities** to foster a sense of connection. This response is noteworthy, as previously sports organizations implementing SLSS had issues with access to athletes following the perception of asking them too much, given their commitments of already high demand media and training workloads. However, with sports organizations operating remotely with a reduced staff presence and no live sport product, there was a need to capitalize on the access to existing resources: the athletes.

In the Australian professional sports context, athletes' use of Instagram Live occurred on both their personal and their club's official accounts, raising important questions regarding content moderation and **athlete control and ownership**.

Australian professional athlete-based social media content accounted for 21% of sport content within the Covid-19 period, which emphasized the influencing power of athletes to retain valuable connections with fans. Two opposed views were given regarding whether the athletes were given directives concerning posting during the pandemic. For those that provided direction, often it was a case of simply giving players a reminder that various publics would result into a significant increase in attention to their social channels and providing them with general advice. On the other hand, others indicated that even though live sport was not taking place, the athletes were still required to participate in club related activities as employees of their organization.

However, in the most of the situations, organizations revealed that they considered they did not own, or could not control, athletes' use during this time, and thus did not provide directives or embrace athlete-led content initiatives on official organizational accounts.

CONCLUSIONS

During my whole life, I have always had an idea of sport in general only based on its practical side, never caring about what stands behind all the different activities that the world of sports offers.

As written in the introductive part, I have always been an athlete but since my studies in Luiss Guido Carli began, my curiosity regarding all the “invisible” aspects related to the sport industry has strongly increased.

I merged all the contents learned during these three years to my desire to better understand what the core characteristics of the sport industry are in general, starting from its theoretical definition to get to the revenue generation models.

In addition, the spread of COVID-19 gave me an extra motivation to bring on this analysis.

In fact, after having depicted all the aspects previously mentioned in this paragraph, I have further analysed all the COVID-19 related issues that has affected sport industry so widely.

At the beginning, the “Sport Industry Segmentation Model” helped me to better understand how wide is the variety of components that has to be considered within the sport industry. Each of them contributes to the data collected in the economic analysis of the sport industry before the spread of the pandemic. As can be seen, the three macro-areas composing the sport industry, gained almost $2.2 trillion (US) together, which results to be a fundamental estimate to better understand the incredible importance of its influence on worldwide countries’ Gross Domestic Product, people employed and the willingness to spend money in it. The losses suffered by the sport industry have been notable. The “Mapping study on measuring the economic impact of Covid-19 on the sport sector in the EU” recorded, mostly in the higher scenario of the fourth task of the study, a severe impact in both GDP and employment in many of the European Union’s Member States.

No less worrying than the previous one was the study regarding the losses suffered by the American sport industry. Global Sports Industry Insights, the same data source used in the economic analysis conducted in the third chapter, offer data regarding the economic losses of the four main leagues in the US. MLB clubs are more reliant on gate receipts and gameday revenue in other major leagues, so the impossibility to welcome fans due to continuing changing health and safety rules and as a consequence suffered the most between all the leagues named.

The issues offered by Pete Giorgio has resulted really useful to understand strategical implementations that must be considered by firms in response to the multitude of difficulties brought by COVID-19 pandemic.

The concern about revenues and employment leave space to a bit more comforting topic in the fifth and last chapter. The examples brought by various leagues around the world, namely Korean Baseball and Football leagues, Chinese Super league and Australian Sport Organization, are in my opinion the most remarkable since they cover three of the most treated pandemic related topics: security, crisis management and the use of social media to maintain, or even improve, fan's loyalty.

While many countries around the world were licking their wounds, the Korean Baseball Organization published a 44-page manual to explain each step needed to make possible restarting the season in total security. This manual turned to become a fundamental assistance and has been adopted by many leagues all over the world.

Chinese Super league's extremely high salaries attracted many foreign and famous players. This apparent force, turned to be a heavy burden to face. Despite the difficulties in both organizational and economic aspects, the league has been able to find a solution to finish the season.

Another brilliant example of an efficient counter move to the issues brought by the pandemic was the use of social media by the Australian Sport Organization teams.

The idea of making athletes the spotlight of this new content offer has resulted to be winning. The innovation stays in the way this content was recorded; unlikely the previous contents, which were based on a third person view of athletes' life, this authentic content was filmed in first person by the athletes and enhanced a sense of relatability to fans experiencing similar pandemic challenges.

With the vaccination campaign proceeding at a fast pace, the world is now starting to re-open and the global sport industry's machine is restarting.

Uefa Euro 2021 represents a crucial test bench for the entire world to understand if all the restrictive measures taken across the nations have been useful and, moreover, I think it will result to be fundamental to evaluate all the managerial choices that have been taken along this period and eventually keep them in mind as an example to be used in an hypothetic time of need.

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I would like to devote this last part of my thesis to say thank you to all the people that have lived these amazing three years on my side and to the one that makes each day to remember. Starting from my family, I would like to thank them for all the patience that they have had since I was a child. Thank you again for all your efforts and for this last chance that you gave me, I will never forget what this has meant for me. Thanks mum and thanks dad for what you have done and for what you are doing for me, I could not wish for better parents.

Continuing with my colleagues and friends, thanks to all of you guys for having shared both positive and negative moments.

In conclusion I would like to thank the person with which I hope to spend the rest of my life, the person that, with my mother and father, most believes in me and continues inciting to achieve my goals.

Thank you all.

THESIS SUMMARY

These three years spent at LUISS Guido Carli university have made me more and more curious in understanding the managerial and organizational sides of a world in which I have always been in: the sports' world. Adding this feeling to the current situation brought by COVID-19 pandemic, the result is the project that I brought on during these months.

This project allowed me to broaden my knowledge about both the economic side, meaning the actual size of the Sport Industry in terms of revenues gained within all its areas, and the organizational one, concerning, in this case, the thousand facets of "crisis management" and countermoves that sport organizations has applied all over the world.

Starting from the basis of the work, some definitions of sport has been included.

The Cambridge Dictionary states that a sport is "a game, competition, or activity needing physical effort and skill that is played or done according to rules, for enjoyment and or as a job". Moreover, the Council of Europe declares that a sport "*means all forms of physical activity which, through casual or organised participation, aim at expressing or improving physical fitness and mental well-being, forming social relationships or obtaining results in competition at all levels*". These last two definitions prohibits to any activity that does not include a physical effort to be considered as sports.

A different perception is offered by the GAISF which divides sports into five categories. Any activity or sport can be categorized as **primarily physica**l, for example football, rugby or athletics; **primarily mind**, such as chess or go; **primarily motorized**, like Formula 1 and all other motorsports; **primarily coordination,** referring to billiard, and **primarily animal-supported** talking about equestrianism.

Continuing in the first chapter of the thesis the link between sport and society today is deepened. Regarding this topic, the "World Sport Encyclopedia" offers three ways of thinking about the connection between sport and society. First, the way sports are organized and played can be seen as a reflection of other institutions in a particular society. The second way suggests that sport may be viewed as a "symbolic expression of core values, a reflection of how a society sees achievement, individuality, fairness, cooperation, and teamwork". As can be noticed, these two last ways indicate that that sport is basically based on conservative prerogatives since it is seen as a set of activities that helps to analyse and reinforce the existing social order. The third and last view of the link between sport and society highlights the opposite view and sees sport as an agent of social change, taking as example the incredible awareness brought to their country by the African athletes that have reached incredible results in sports.

The second chapter is entirely devoted to a theoretical analysis of the sport industry based on the Porter's Segmentation Theory which permitted to Drs. Brenda Pitts, Lawrence Fielding and Lori Miller to create the model analysed in this chapter: **"The Sport Industry Segment Model"**. Before going in depth in the model a brief description of the main pillars of the Porter's Theory was furnished. According to Michael Porter, to segment an industry, four variables are highlighted: **Product segments**, **Buyer segments**, **Channel segments** and **Geographic segments**. The first one regards the "discrete product varieties that are or could be produced" and are developed by identifying all the products offerings produced or potentially produced within an industry. For what concerns the Buyer segments, they comprehend all "the types of end buyers that purchase or could purchase the industry's products". The third segment is characterized by "the alternative distribution channels employed or potentially employed" and the fourth regards "the geographic location of buyers defined by locality, region, country or group of countries".

As a result of the segmentation applied by Drs. Brenda Pitts, Lawrence Fielding and Lori Miller, three macro segments of the sport industry were identified: **Sport Performance Segment**, **Sport Production Segment** and **Sport Promotion Segment**. Due to the width of the sport industry, defined by these experts as "the market in which the products offered to its buyers are fitness, sport, recreation and leisure activities related", and to the risk of making this study dispersive, the authors decided to apply two of the four variables depicted previously: Product Segments and Buyer Segments.

Talking about the **Sport Performance segment**, **seven different offers of sport performance as a product** were identified. **Athletics** is the first way in which performance can be offered: This will include amateur sport performance organized as in the schools or colleges and professional sport performance for which the performer will receive a fee. **Private non sport related businesses**, the stadium-alike place that becomes a pub during a match, **tax supported sport organizations**, like cities or state parks, **membership-supported sport organizations**, like a camping club that organizes a trip, **non-profit sport organizations**, the Olympic Committee that offers the Olympic Games, **sport educations and fitness and sport firms** are the other sub-categories identified in the first segment.

The **Buyer Segments** identified regard **commercial and consumer goods categories** and other types categorized under the **spectatorial and participation point of view**.

The **Sport Product Segment** includes all those products strictly related to the sport without which the activity could not be properly performed or could not be performed at all. The **product segments** identified could be divided in two macro-categories which are the **"outfitting products"** and **"performance production products".** The latter can be further divided in fitness trainer, medical care, sport facilities and governing bodies and officials.

Regarding Buyer Segments, two consumer goods buyers were categorized: sport participants of all demographically and psychographically identified segments and the gift shoppers.

The last segment identified comprises those products involved in the **promotion of the sport industry products**. The **products** identified here are promotional events, media, sponsorship and endorsement. For what concerns buyer segments, as for the other sport industry segments in the previous parts, two main categories of buyers were depicted: the commercial buyers and the consumer goods buyers.

After having analysed the sport industry from a theoretical point of view, it is now time to examine the economical one. As for the last part, it reveals to be useful to further apply sort of segmentation to better understand how each aspect of the **Global Sports Industry** contributes to create value.

In this terms, Global Sports Insights built a sports industry model with a defined **Scope** and **Structure** to help better understand and measure the **Magnitude** of this industry. The structure tries to solve and simplify the complexities created by the scope defined above. It is built around three major pillars: **Fan Engagement**, **Sports Products**, and **Sports Participation**.

Talking about the **Fan Engagement Domain**, in the U.S. and Canada sports fans are primarily focused on the four major sports leagues which produce 95% of the region's pro team sports revenues amounting to $38.9 billion (US). In Europe the top 5 football leagues, including English "Premier League", German "Bundesliga", Spanish "La Liga", Italian Serie A and French "Ligue 1", generated $16.5 billion (US) in 2019. **Fan Engagement domain** accounts for $608 billion (28%) of the $2.2 trillion worldwide sports industry.

Three core areas, being **Sport Events**, **Sports Media** and **Sport Entertainment** contributes to the whole value of this domain by 41.2% , 40.3% and 37.3% respectively.

The **Sport Product Domain**’s revenues amounted at $816.9 billion (US) worldwide. The U.S. covered the 39.9% of global sales recording a 6% increase compared to data of 2012. This increase in percent of US global sales was caused by the higher CAGR during that period, when the US sports product sales grew by 7.6% compared to 4.2% in the rest of the world sales.
this domain is in its turn divided in three sub-categories namely **Sportswear**, **Sports health**, **Gear and Equipment.** In 2019 **Sports Gear and Equipment** was the largest area of sports products and covered the 50.3% with its revenues reaching $411.2 billion (US). The second largest core area in terms of global sales was **Sportswear, footwear and apparel** with its $351.2 billion (US) gained. The third classified sub-category in terms of revenues gained, with its $54.5 billion (US), is the **Sports Health** area of sports products, which is going to become a much bigger factor in the period to come.
The first two domains analysed in this sport industry model were focused on how people engage with sports and how they use sports products and equipment in sports and recreation. The third and last domain is focused on what we do in terms of **sports participation** considering also all those who are not professional or amateur athletes and produced global revenue of $750.9 billion (US) in 2019. This domain is in turn divided in three core areas, more precisely **Sports Recreation**, **Fitness & Exercise** and **Outdoor Recreation**. The revenues in the areas cited are generated under the form of membership fees, applied for example in the clubs, use fees, applied in the camp sites, licensing fees, for example the one requested for the permission of fishing, and rental fees. Worldwide in 2019 the core area of **Sports Recreation** contributed $119.4 billion (US) to sports industry in 2019. The USA accounted for 53.5% of the revenues gained. **Fitness & Exercise** produced $194.7 billion (US) worldwide through memberships and user fees. The **Outdoor Recreation** area of sports participation is often underestimated or simply not included in sports industry revenues analysis. However, a great number of sports products are sold in this area. In fact, it produced $436.8 billion (US) in worldwide revenue in 2019.
After having completed the economic analysis before COVID-19 pandemic, the following chapter was dedicated to an analysis of the impact of the pandemic on both the European and American sport industries.
The European Commission on the November 25. 2020 published the “**Mapping study on measuring the economic impact of Covid-19 on the sport sector in the EU**”.

The Economic Impact work package, called WP1, was designed to measure the short-term impact of COVID-19 on the sport sector, developing initially model for 2020 with COVID not occurring, the reference scenario, and then comparing this scenario to models regarding 2020 with COVID. This work package contained **four different tasks**.

In **Task 1** a reference scenario, based on a situation in which no COVID-19 was present, was depicted. All the data collected in this scenario will be later compared with the Task 4.

The **Task 2** section provides data on the economic impact of COVID-19 on the sport industry. This analysis is based on secondary data was further complemented with a survey on the economic impacts of COVID-19 on the sport industry in Task 3 and with the final analysis in task 4, in which a model with COVID-19 pandemic happening. The impact of the disease was calculated under three scenarios: lower, medium and higher. The first represented a situation that is improving across the sectors thanks to a small decrease in measures taken compared to summer 2020. In The medium scenario a situation brought by a small increase in the countermoves taken across the second half of the year compared to summer 2020 was analysed. Lastly, in the third and harder scenario the consequences of a sharp increase in the measures taken in the second half of the year compared to summer 2020 were shown.

The survey designed in **Task 3** was thought to supplement the secondary data proposed in the previous task. Participants were asked to take part in the survey providing their NACE 2-digit information, allowing categorisation of their main business field. In this task respondents were asked to estimate the impact on sales, on personnel costs and on profits.

Finally, in **Task 4** the effect of the COVID-19 pandemic in the European sport industry is shown using the three scenarios already used in the Task 2. This time the data involved concerns GDP, GVA and Employment. The **higher scenario** outlines an impact across the EU-28 of direct GDP worth €56.930 million, representing the 15.7% of its direct sport-related GDP.

Direct Employment, in turn, is reduced by 1.099.526 persons in comparison to the reference scenario. Moreover, regarding EU-27, an impact on direct GDP amounting at €47.430 million and a reduction by 844.773 persons in Direct Employment are depicted.

In the **medium scenario**, the EU-28 is estimated to live a reduction of Direct GDP up to €49.635 million and a decline of 961.997 persons involved in Direct sport-related Employment.

Total figures show a reduction in GDP of €86.609 million and 1.390.538 in this scenario compared to the reference scenario.

For what concerns the EU-27 estimates, impacts of Direct GDP worth €41.404 million and of 740.529 persons involved in Direct Employment are estimated. Total figures outline sport-related GDP reduces by €69.241 million and employment by 1.081.596 persons.

A **lower scenario** estimates an impact across the EU-28 of direct GDP worth €45.596 million or 12.5% of its sport-related GDP. A higher level of impact can be in sport-related employment, with direct employment estimated to reduce by 883.912 persons.

Considering the impact for the EU-27, this lower scenario outlines a reduction in Direct sport-related GDP of €38.100 million and of 681.588 persons involved in Direct employment.

After having analysed the pandemic's impact on the European Sport Industry, it is now time to focus the attention on the American one.

In this terms, Global Sports Insights offers estimates about reports collected at the end of 2020 This study, differently from the one conducted by the European Union, does not mention the impact state per state, while it estimates the whole impact on American Sport Industry implemented by a research about losses of the most important leagues of the country.

At mid-year it is estimated that USA team sports revenues are reduced down $5.1 billion (US). This is primary due to losses in the Major league organisations of the whole country.

The Major League Baseball (MLB) lost $2 billion (US), the National Basket Association (NBA) $1.2 billion (US) and the National Collegiate Athletic Association (NCAA) $1 billion (US).

The following part of the fourth chapter is dedicated to the analysis of **three critical issues for the sport industry to consider in 2021** developed by Pete Giorgio, principal in the strategy practice of Deloitte. According to the CEO of Deloitte Sports, the three critical issues to be considered are **reshaping and expanding revenue generation models**, **rethinking the role of sport in the society** and **redefining relationships with fans**.

In-person fan attendance will definitely remain a vital component of any team's financial model, but, due to the organizational and safety issues brought by the pandemic, many sport groups are understanding that they need to diversify their revenue streams beyond stadium-related sources. In these terms **data monetization** might be one of the most important sources of alternative revenue for sports organizations in 2021. As companies increasingly use data analytics to guide decision-making and enhance marketing efforts, the market for data wranglers and aggregators is heating up.

However, while data monetization presents a big possibility for sports organizations, it does necessitate a large infrastructure investment in order to get the desired results. These expenses might be difficult to justify unless a company fully comprehends the prospective return on investment. Resolving the lingering question of who owns the data is another related difficulty.

Moreover, while rethinking the role of sport in society, leagues and teams are increasingly expected to take a proactive role in the social justice movement by players and fans.

One exciting prospect for sports organizations is to capitalize on the increasing importance of athletes as influencers. Organizations should look at partnering with athletes who have a strong sense of purpose, such as Naomi Osaka, a women's tennis player and social justice campaigner. However, some people in collegiate and professional sports don't want social justice politics to interfere with their enjoyment. It may be vital for sports organizations to strike the perfect balance between enabling their athletes to express themselves as they see fit on and off the field or court, and standing behind them when necessary, while keeping the games professional and devoid of excessive politics.

Another issue is safeguarding athletes' mental health by avoiding them to be stressed by racial inequalities. To properly face the challenges brought by the attempt of making social justice a fundamental pillar of sport leagues, companies should make social justice a core part of their culture and brand, consider how the organization supports inclusive growth and leadership pathways and the way this is done and to develop internal and external expertise and relationships to manage mental health issues in sports.

In the last part of chapter one of the main challenges that sport organizations across the world have to face: **redefining relationship with fans**. COVID-19 has highlighted the essential need to reinvent the way the communication with the various fan groups happens. However, this situation must be seen as a once-in-a-lifetime opportunity to strengthen their relationships with all fan types, from casual fans to diehards. As a consequence, organizations should aim to determine the best communication frequency for each fan based on their profile and should consider employing a wide range of channels and content types to meet varying needs across their fan bases. However, to enable highly tailored interactions with fans, effective fan engagement relies significantly on having the greatest data possible. As a result, in order to preserve confidence, sports organizations should prioritize the security of fan relationships and data in their digital strategy.

The final chapter of the work begins with a short introduction about the previous cases of pandemic’s outbreaks simultaneously with sport events. The first example provided is a flu outbreak in Japan infected nearly one million people in the midst of the 1998 Winter Olympic Games held in Nagano. The importance of this event was its role played in the following 2002 Winter Olympic Games based in Salt Lake City. In memory of what happened four years earlier, a team of researchers from the University of Utah School of Medicine completed surveillance for the flu in the Olympic Village's medical clinic, being immediately able to isolate the positives and to cure them rapidly and efficiently. Another examples shown are the other two major illnesses impacting sport that were the swine flu in 2009 and MERS, the Middle East Respiratory Syndrome, in 2015 and the Zika Virus in 2016.

The work is closed with an analysis of the countermoves adopted by world's sport organizations regarding security, crisis management and fan engagement issues.

The first topic analysed was the Korean Baseball Organization (KBO) and Korean Super League (K-League) ability to face the security issues to make the restart of the seasons possible.

Both of the organization based their countermoves on the application of security guidelines decided by mutual agreement between the KBO's CEO Un-chan Chung, the K-League's CEO Lee Young-pyo and the government bodies dedicated. This **44-page security guidelines manual** has also been adopted by foreign organizations like the Nippon Professional Baseball Organization, the World Baseball Softball Confederation, and Spain's La Liga.

Within these guidelines, the most critical problems related to event management, players management and fan engagement have been treated.

Regarding the crisis management, Chinese Super League (CSL) has offered a brilliant example of how economic and reputation problems can be faced. The issues were essentially brought by the strict link between CSL and foreign players driven to attend the league through high salaries and by the organizational difficulties of rescheduling the season due to the width of the nation's territory. On May 8, 2020, the Chinese Football Association (CFA), the governing organization of CSL, announced an official proposal calling for a **salary adjustment** for all male soccer players and coaches from three professional soccer leagues, except for the employees whose monthly salary is below the sum of 10,000 Chinese yuan, approximately $1.400 (US). The worries brought by the possible lack of awareness brought by this decision, were partially mitigated by a poll organized by PP Sports and NetEase Sports during Covid 19 showing that more than 90% of fans believed players' salaries should be reduced, including both foreign and domestic players.

Another important tip offered by the CSL and CFA was the **organizational countermoves to face the event schedule changes** due to the pandemic. Since the season has been obviously shortened it would be impossible to complete a normal 30 rounds of play in this shorter period, so duration and the number of games will need to be drastically reduced. Sixteen teams may be split into two groups in two locations. The league may also use elimination games so that various events and matches can be guaranteed.

The Australian sport organizations' use of social media to keep fan engaged closes the thesis. In Australia, both the Australian Football League (AFL) and the National Rugby League (NRL) had started their 2020 season in March as the Covid-19 pandemic spread. During the lockdown period, following the need to continue entertaining fans, a study was conducted to gain an understanding of managerial perspectives on Covid-19's impact on social media strategy and the use of social live streaming services (SLSS). The two analysed areas are related to **content creation** and **content management and control**. The major themes depicted in the **first area** are nostalgia and authentic content and adaptability and willingness to experiment. Sports organizations who were dynamic and remain topical and relevant to adapt and get creative provided opportunities for an original authentic narrative, articulated in a compelling fashion. An example regarding the NRL is the Brisbane Broncos stream of a video broadcasting the team's first ever game and asked fans, "Was anybody there in 1988 when we met the defending premiers in our club debut?". This initiative brought an immense success among fans who used the social media platform to respond to the Broncos and share their memories of attending the game, reinforcing their connection with the team. For what concerns an AFL code, the Greater Western Sydney (GWS) Giants provided athletes the access to host sort of takeovers on the firm's Instagram brand page. This initiative provided fans with a unique perspective of personality and provide an authentic daily life feeling of athlete lives, resulting in a sense of connection as if consuming content from friends and not from a brand.

The **second area** pertaining to Covid-19's impact on social media strategy was based on content management and control. The major themes that emerged related to this area are monitoring and measuring, commercial imperatives, athlete-led content and athlete control and ownership. Most respondents indicated that the key performance indicators of importance centred on objectives related to ensuring positive sentiment and a heightened focus on member connectedness. Secondary to this was the desire to ensure members retained their membership and re-connected with live games once the seasons returned.

Since Covid-19 regular football content, which makes up roughly 95% of a season, was totally lost, organizations had to reassess the situation and create new content that could involve our partners to maintain sponsorship, while also restricting workload, resulting necessary after the lost of many components of a digital teams. On the one hand, organizations were faced with the need to focus on commercial pressures given financial realities. On the other, there was the need to deliver content to fans that ensured the development of an emotive connection, which ultimately helped to assist membership retention and encouraged fan consumption throughout the downtime and beyond.

As written at the beginning, developing this kind of project has helped me in better understanding the immense variety of aspects that stay at the basis of the sport industry. Another key element that resulted to be fundamental has been the segmentation theory, which I used both to theoretically and economically analyse the market itself.

Moreover, the data included in the studies regarding the economic impact impressed me since they have so many natures and, as can be seen in the study conducted by the European Commission, has severely impacted the employment rate, affecting negatively people’s life.

Is my hope that with the vaccination campaign proceeding at a fast pace, the situation will continue to improve, and people will be finally able to just remember the period that has just been lived. The world must learn the lesson.