

# Chapter 1

## The Sport Business Industry

Welcome to one of the largest industries in the United States and perhaps the world. Estimates vary on just how large it is—from \$152 billion, making it the 11th largest industry, to near \$300 billion, putting it among the top few. The sport business industry consists of several different segments including sports tourism, sporting goods (manufacturing and retail), sports apparel, amateur participant sports, professional sports, recreation, high school and college athletics, outdoor sports, sports businesses such as sport marketing firms, the sport sponsorship industry, and sport-governing bodies. Jobs and careers in the industry are seemingly endless and are as varied as the segments and businesses. It is an industry in which a person can often find success by linking an interest in sports with an interest in something else. For example, a person interested in shoe engineering and sports can design sports shoes as a career. A person who writes computer programs and likes sports can design programs for exercise equipment, for use in athletic training, or for gauging the air drag on race cars, speed-skating suits, or bobsleds.

### Segments of the Sport Business Industry:

- Sports tourism
- Sporting goods
- Sports apparel
- Amateur participant sports
- Professional sports
- Recreation
- High school and college athletics
- Outdoor sports
- Sport marketing firms
- Sports sponsorship industry
- Sports-governing bodies

With its size, variety, and flexibility, it is no wonder that sport management is one of the fastest growing, most popular college degree programs today. Because so many students want a career in the sport business industry, many colleges and universities are adding degree programs in sport management, also called sport administration and sport business. Despite recent sport program additions, there are still too few programs and students in sport management to support the constantly growing industry. It will be several years before there are enough students trained in sport

management programs to fill all of the available jobs. Until employers in the industry begin to demand employees with the appropriate sport management education, people without a sport management background or a college education will fill the positions in the sport industry. Therefore, it is important that colleges and universities continue to promote sport management education.

It is important for all students in sport management to know and understand everything about their chosen career and industry. For example, it is vital that every sport management student have an understanding of sport marketing. The student must understand sport marketing fundamentals and how they can be used in every segment of the sport industry. This knowledge will ensure the student's success in a chosen career in any segment of the sport industry.

The application of sport marketing fundamentals to the sport industry is best accomplished when the student has full knowledge and understanding of the sport business industry and its segments. It is important to understand what this industry is, how it develops, how it grows, what feeds its growth, who its consumers are, and the nature of its linkages with society and culture.

In this first chapter, the student will learn about the sport business industry. Toward this goal, it is first essential to understand the “sport industry” as it is being defined in sport management today. To do this, it is important to understand the terms *sport* and *industry* individually and also as they are defined in sport management today.

## Industry

An “industry,” as defined by Porter (1985), is “a market in which similar or closely related products are sold to buyers” (p. 233). Some industries may contain only one product. It is more typical that an industry comprises a variety of product items sold to many existing or potential consumers who vary demographically and psychographically, and who may change in need, want, desire, or demand (Porter).

The tennis racket industry is an example of a single-product industry. Within this industry, there are different variations of tennis rackets ranging in size, color, material, and price to meet the demands of the many different consumer markets. Additionally, the tennis racket industry is part of a multi-product industry, the sporting goods industry.

The sporting goods industry is an example of an industry comprising many different but related products. It comprises all products sold as goods, equipment and apparel for use in sports, recreation, and fitness activities. This industry can be subdivided into several segments using different ways to define those segments. To see the many segments of the sporting goods industry, look inside a sporting goods store. There are departments, representative segments of the industry, for a variety of sports and activities, categorized according to their similarities such as water sports, camping activities, and soccer apparel. Keep in mind, however, that your local sporting goods store doesn’t carry goods for every sport that exists. For example, to find equestrian or rodeo equipment, you would have to go to a specialty store.

Within a department, the products can be further subdivided into groups of individual sports or closely related sports. In the water sports department, for example, there are equipment, goods, accessories, and apparel for several different sports such as scuba diving, fishing, water skiing, snorkeling, and swimming. In the tennis department, you will find tennis rackets, from the single-product industry, but you will also find many other tennis products—tennis balls, shoes, socks, bags, towels, tennis ball holders, water bottles, caps, shirts, and many more. You will also find products not needed to play tennis. These are products that promote the sport of tennis such as tennis bumper stickers, key rings, jewelry, posters, and T-shirts.

As you can see in the examples, an industry can be composed of one product or many products. Those products can be very closely related and similar in nature or very loosely related and not so similar. Moreover, it is important to recognize that products can be goods, services, people, places, or ideas. An industry can be composed of one of these or a combination



There are now over 26 million mountain bike owners compared to only 200,000 in the early 1980s.

Source: Delpy, L. (1998). An overview of sport tourism. *Journal of Vacation Marketing*, 4(1), 23–38.

### Products in the Sport Industry Include:

- Participation
- Entertainment
- Equipment and apparel
- Promotional items
- Sport facilities
- Marketing research
- Management services

It is important to recognize that products can be goods, services, people, places, or ideas.

of them. Either way, the products are usually related in some way as defined by those involved in the industry.

## Sport and Sport Management

Sport is defined in many different ways depending on the context in which it is used. In many fields such as sport sociology, physical education, and recreation, sport is used to denote sporting activities such as basketball, hiking, snow-boarding, and boating. Sport sociology is the study of people and sport and society. Physical education involves teaching sports to people. The term *sport*, as used in contemporary sport management and in relation to the sport business industry, is a broad concept term used to denote all people, activities, businesses, and organizations involved in producing, facilitating, promoting, or organizing any activity, experience, or business enterprise focused on fitness, recreation, sports, sports tourism, or leisure (Parks et al, 1998; Pitts, Fielding, and Miller, 1994). To classify an enterprise as a sport business, then, doesn't necessarily mean it is a business that sells sports. It might be a company in the business of sport marketing research, a sports tourism business that sells

snow ski packages, a web sport company that sells Women's World Cup souvenirs via the world wide web, a sponsorship management business specializing in handling sports sponsorship packages, or a sporting goods company that manufactures mountain-climbing gear.

Notice that the title of this book is *Fundamentals of Sport Marketing* and not *Fundamentals of Sports Marketing*. Also note the use of the term *sport management* instead of *sports management*. The term *sport* has a very different meaning than *sports*. According to the North American Society for Sport Management (NASSM) (Parks and Zanger, 1990), "sports implies a collection of separate activities such as golf, soccer, hockey, volleyball, softball, and gymnastics—items in a series that can be counted" (6). This is the way most people define sports—as sports activities. This reflects primarily two things: first, exposure to sports in our schools and colleges; second, exposure to sports every day through the media. That is, what the average person sees and hears through television coverage of sports events, the sports section in the newspaper, and the sports report on TV news broadcasts is sports activities as they take place or a report of the outcome—the final score and who won. Therefore, *sports* management implies only managing sports activities. Sport, however, is a collective noun and a more all-encompassing

concept. Therefore, the North American Society for Sport Management, the professional association composed of university academicians and scholars, chose the word *sport* as a term that more correctly identifies and defines the sport management field of study (Parks, Zanger, & Quarterman, 1998).

Sport management implies a much broader concept. Therefore, the contemporary definition of sport management is as follows:

*Sport management* is the study and practice involved in relation to all people, activities, businesses, and organizations involved in producing, facilitating, promoting, or

### Sport defined:

Sport, as used in contemporary sport management and in relation to the sport business industry, is a broad concept term to denote all people, activities, businesses, and organizations involved in producing, facilitating, promoting, or organizing any sport business, activity, or experience focused on or related to fitness, recreation, sports, sports tourism, or leisure.

### Sport Management defined:

Sport Management is the study and practice of all people, activities, businesses, or organizations involved in producing, facilitating, promoting, or organizing any sport-related business or product.

organizing any product that is sport, fitness, and recreation related. Sport products can be goods, services, people, places, or ideas. This includes, for example, a company that manufactures sports equipment, clothing, or shoes; a person or company who offers promotion services for a sports organization; an organization charged with governing a sport; a person who represents a professional athlete as an agent; people who own and manage a sports facility; people who design and construct those sports facilities; a person who teaches golf; a company that manages the promotional merchandise and licenses for a sports event; and television companies that are involved in broadcasting sports events.

This is what *sport* means when used in the context of sport management, sport marketing, and the sport industry. It is an all-inclusive term representing every person and business involved in producing, facilitating, promoting, or organizing sports, fitness, play, leisure, or recreation activity and all related products.

### The Sport Business Industry

We may now put the two words together and define the term *sport industry*. The research of Pitts et al. (1994), a study by *The Sporting News* and Wharton Econometric Forecasting Association Group (Comte and Stogel, 1990), the books of Parks, et al (1998), and a study by Meek (1997) provides descriptions of the many different products and businesses that comprise the sport industry. The products and businesses focus on sports, fitness, recreation, or leisure products. There are many different groups of consumers for these products, and they can be largely categorized as either end consumers or business consumers.

#### Sport Industry defined:

The sport industry is the market in which the businesses and products offered to its buyers are sport related and may be goods, services, people, places, or ideas.

Based on this research and the definitions of *sport* and *industry* presented earlier, the definition of *sport industry* follows:

The *sport industry* is the market in which the products offered to its buyers are sport, fitness, recreation, or leisure related and may be activities, goods, services, people, places, or ideas. Here are some examples of the types of products offered in the sport industry:

- Sports are products and can be offered as a participation product such as participation in a women's recreational basketball league;
- Sports can be offered as a spectatorial product (entertainment) such as the offer to watch a field hockey game, a snow-boarding competition, or the X-Games;
- Equipment and apparel are sport products needed or desired to participate in sports and fitness activities such as softball uniforms, ice-hockey pads, body-building apparel, in-line skates, and bicycle helmets;
- Promotional merchandise is a sport product used to promote a sport business, a sports league, a sports event, or fitness activity such as logo caps and shirts, fitness club shirts or towels, stadium cushions and blankets with the company logo;
- Sports facilities are sport products needed or desired for producing sport such as the construction of a new sport stadium or the remodeling of racquetball courts to accommodate wallyball; the design and the construction company for the facility are also products;



Sports is the leading spending industry for corporate sponsorship. Here are the top three:

Sports	\$4.6 billion
Entertainment	\$675 million
Festivals, Fairs	\$578 million

Source: *IEG Sponsorship Report*, 1997

- Service businesses offer such sport products as sport marketing research, tennis racket stringing, or golf course care;
- Recreational activities are sport products sold as participation products such as mountain bicycling, hiking, camping, horseback riding, boating, cross-country skiing, sailing, and mountain climbing;
- Complete management and marketing professional services are sport products offered for a variety of markets such as the management of a large marathon, the promotion and management of a sports tourism package, or the management and marketing for an athlete; and
- Sport media businesses offer such products as magazines about specific sports such as *Runner's World* magazine and trade magazines targeted to industry business such as *The Boat Dealer*. There also are these products and companies: sports television companies, sports radio shows, and Internet sports companies.

### The Size of the Sport Business Industry

The sport business industry has experienced phenomenal growth in a relatively short period. Although sports and recreational activities, events, and businesses have been around for a very long time, there has never been a period of explosive growth like the last 30 years. There are many reasons for this growth. Those are presented in the next section in this chapter. These changes represent both horizontal and vertical expansion. Horizontal growth involves addition of new markets and new products such as new sport businesses like sport marketing research firms. Vertical growth involves the growth of existing markets and products such as the explosion of girls and women in traditional sports like basketball and volleyball.

Study	Year	Size of Industry	%Growth Annual/Between		Rank
1 <sup>st</sup> study	1986	\$47.3 billion	—		
2 <sup>nd</sup> study	1987	\$50.2 billion	+6.1		23 <sup>rd</sup>
3 <sup>rd</sup> study	1988	\$63.1 billion	+7.5		22 <sup>nd</sup>
4 <sup>th</sup> study	1995	\$152 billion	+13.0	+141.0	11 <sup>th</sup>
5 <sup>th</sup> study	1999	\$213 billion	+10.5	+40.1	6 <sup>th</sup>

Note: The results of these five studies cannot be compared. Although each study included similar segments of the industry, they included different segments. Moreover, methodologies were not similar. However, some general conclusions can be made.

- between 1986 and 1988, the annual increase averaged +6.8%
- from 1988 to 1995, the average increase was +13%
- from 1995 to 1999, the average increase was +10.5%

**Figure 1.1**  
**Growth of the Sport Industry—1985 to 1999 According to the Findings of Five Different Studies.**

Research in the first three studies was conducted by Sport Inc. and Sporting News with WEFA (Wharton Econometric Forecasting Association); the fourth study is from Meek, A. (1997). An estimate of the size and supported economic activity of the sports industry in the United States. *Sport Marketing Quarterly*, 6 (4), 15–21.; the fifth study was conducted by *SportsBusiness Journal* and published in the December 20–26, 1999 issue (1999, volume 2, issue 35, pages 23–30).

A few studies have been conducted in an attempt to place a dollar value or economic impact number on the sport business industry. Although the studies were not conducted the same way and did not look at the same factors, they at least provide an estimate of the size of the industry and the various segments that have composed the industry since 1986. You may be surprised to learn that men's professional sports are not the largest segment of the industry even though there is a lot of money in some men's professional sports and some of them are the primary, and prime-time, focus of most media. However, as you will see in the figures, the largest segments of the industry are sports for the masses and sporting goods. When you give thought to what comprises these segments, then you see that it makes sense. Five studies on the size of the

### The Top 50 Industries in 1987 (In billions)

1. Real estate . . . . .	\$519.3	26. Paper and allied products . . . . .	39.5
2. Manufacturing . . . . .	479.9	27. Auto repair garages . . . . .	38.9
3. Retail trade . . . . .	427.4	28. Security/commodity brokers . . . . .	36.7
4. Regulated Industry . . . . .	408.2	29. Primary metals . . . . .	36.4
5. Manufacturing (non-durable goods) . . . . .	373.6	30. Lodging . . . . .	35.7
6. Wholesale trade . . . . .	313.0	31. Personal services . . . . .	34.4
7. Health services . . . . .	223.7	32. Air transportation . . . . .	34.2
8. Business services . . . . .	179.3	33. Petroleum and related products . . . . .	33.6
9. Communications . . . . .	120.9	34. Rubber and plastics . . . . .	29.9
10. Radio and television . . . . .	108.3	35. Educational services . . . . .	29.6
11. Insurance . . . . .	101.3	36. Insurance agents and brokers . . . . .	28.6
12. Miscellaneous professional organizations . . . . .	86.4	37. Lumber . . . . .	27.7
13. Electrical machinery . . . . .	85.0	38. Stone, clay, and glass . . . . .	27.5
14. Banking . . . . .	84.8	39. Instrument manufacturing . . . . .	26.9
15. Chemicals and allied products . . . . .	77.1	40. Amusement and recreation services . . . . .	24.0
16. Food and kindred products . . . . .	74.0	41. Apparel . . . . .	22.5
17. Insurance carriers . . . . .	72.7	42. Textile mills . . . . .	19.9
18. Trucking and warehousing . . . . .	64.2	43. Credit agencies . . . . .	17.0
19. Legal services . . . . .	62.3	44. Holdings and other investment firms . . . . .	16.2
20. Fabricated metals . . . . .	60.3	45. Tobacco . . . . .	15.5
21. Printing and publishing . . . . .	58.2	46. Furniture and fixtures . . . . .	14.9
22. Non-auto transportation equipment . . . . .	56.0	47. Miscellaneous repairs . . . . .	13.9
23. SPORTS . . . . .	50.2	48. Miscellaneous manufacturing . . . . .	13.9
24. Motor vehicles and parts . . . . .	49.9	49. Telephone and telegraph . . . . .	12.7
25. Social and membership organizations . . . . .	45.3	50. Transportation services . . . . .	12.0

**Figure 1.2**  
**Bulk of the Sport Industry in 1987.**

Source: (Comte & Stogel, 1990).

sport business industry offer an illustration of its size and segments and its growth over a decade. The first was a series of three studies about the industry in 1986, 1987, and 1988 (Comte and Stogel, 1990). A summary of the studies is presented in Figure 1.1. In this summary, we see that from 1986 to 1988 the sport industry grew an average of 6.8% yearly. This is an important figure to note when comparing the sport industry to other industries that usually average a yearly growth of one to three percent.

In the first edition of this textbook, we predicted that if the sport industry grew at the annual average rate of 6.8%, it would grow to \$139 billion by 2000 and would more than double in size. We admit we were wrong. The industry is much larger than the prediction! In 1995, a study showed the sport business industry to be a \$152-billion dollar industry and the 11th largest industry in the United States. That represents a 242% increase, indicating that the industry has grown almost 2½ times larger in a 10-year period. Figures 1.1, 1.2, 1.3, 1.4, and 1.5 show the information from those studies. In 1999, a

Industry	Value in billions
1. Real estate . . . . .	\$850.0
2. Retail trade . . . . .	\$639.9
3. Wholesale trade . . . . .	\$491.0
4. Health services . . . . .	\$443.4
5. Construction . . . . .	\$277.6
6. Business services . . . . .	\$275.3
7. Depository institutions . . . . .	\$225.9
8. Utilities . . . . .	\$205.3
9. Other services . . . . .	\$195.0
10. Telecommunications . . . . .	\$156.0
11. Sports . . . . .	\$152.0
12. Chemicals and allied products . . . . .	\$141.0
13. Electronics and electrical equipment . . . . .	\$138.5
14. Industrial machinery and equipment . . . . .	\$123.3
15. Insurance carriers . . . . .	\$115.4
16. Food and kindred products . . . . .	\$113.3
17. Trucking and warehousing . . . . .	\$100.6
18. Legal services . . . . .	\$100.5
19. Printing and publishing . . . . .	\$89.7
20. Motor vehicles and equipment . . . . .	\$88.7
21. Fabricated metal products . . . . .	\$86.0
22. Farms . . . . .	\$85.0
23. Security and commodity brokers . . . . .	\$75.6
24. Oil and gas extraction . . . . .	\$62.7
25. Auto repair, services, and parking . . . . .	\$60.5

**Figure 1.3**  
**Rank of the sport industry in 1995 compared to other industries according to the Meek study (Meek, 1997).**

Segment	1987	1988	Percent change
	(in millions)		
Leisure and participant sports . . . . .	\$21,599.5	\$22,789.3	+5.5
Sporting goods . . . . .	18,069.3	19,012.8	+5.2
Advertising . . . . .	4,058.6	4,388.5	+8.1
Net take from legal gambling . . . . .	3,504.8	3,618.3	+3.2
Spectator sports receipts . . . . .	3,050.0	3,240.0	+6.2
Concessions, souvenirs, novelties . . . . .	2,100.0	2,348.1	+11.8
TV and radio rights fees . . . . .	1,209.2	1,415.8	+17.1
Corporate sponsorships . . . . .	1,012.0	1,140.0	+12.6
Golf course, ski area construction . . . . .	542.3	946.9	+74.6
Sports insurance . . . . .	722.0	830.0	+15.0
Magazine circulation revenues . . . . .	658.6	773.0	+17.4
Royalties from licensed properties . . . . .	584.0	735.0	+25.9
Athlete endorsements . . . . .	520.0	585.8	+12.7
Trading cards and accessories . . . . .	350.0	408.3	+16.7
Sports book purchases . . . . .	241.0	330.7	+37.2
Stadium and arena construction . . . . .	250.0	319.3	+27.7
U.S. Olympic Committee, NGB budgets . . . . .	98.2	114.2	+16.3
Youth team fees . . . . .	95.3	97.0	+1.8
Halls of fame . . . . .	5.4	6.0	+11.1
Total . . . . .	\$58,670.2	\$63,099.0	+7.5

Note: Several categories have been statistically adjusted with updated 1987 figures, which may vary from previous publication; sports insurance premiums include professional and amateur teams, and individual players, but not multi-purpose facilities.

**Figure 1.4**  
**Sport Industry Segments, 1987–88.**

Source: (Comte & Stogel, 1990).

fifth study was conducted and reported by the *SportsBusiness Journal*. This study estimated the industry to be \$213 billion (“The Answer,” 1999). Figure 1.6 illustrates the size of the industry segments as reported in the *SportsBusiness Journal*. Figure 1.7 shows the segments of the industry that were included in the *SportsBusiness Journal* study. When you compare these studies, you can see that the *SportsBusiness Journal* study included the fewest segments of the industry. Their study was limited to organized sports that they defined as “spectator sports” and their related industries.

In Figure 1.8 are the values of wholesale sporting goods, equipment, apparel, and athletic footwear from the Sporting Goods Manufacturers Association (SGMA;1999).

Segments	Estimated Value
1. Sporting goods, footwear, apparel . . . . .	\$71 billion
2. Participant sports . . . . .	\$32 billion
3. Sports medicine . . . . .	\$18.5 billion
4. Construction . . . . .	\$11.8 billion
5. Sponsorship, endorsements, radio, TV, newspapers . . . . .	\$7.5 billion
6. Admissions (spectators) . . . . .	\$5.3 billion
7. Trading cards, video games, tapes, books, magazines . . . . .	\$3.5 billion
8. Concessions and souvenirs . . . . .	\$3.4 billion
9. Betting . . . . .	\$3.3 billion

**Figure 1.5**  
**Sport Industry segment sizes in 1995 according to the Meek study (Meek, A. 1997).**

The SGMA constantly monitors and studies sporting goods products and participation rates. Figure 1.8 shows the results of their research for 1998 and 1999. In this report, the value of sports equipment, apparel, and footwear is \$46 billion in 1999. Integral to determining the size of the sport industry is the study of individual industry segments. Although there may be some overlap, this can be used as an estimate of the size, as well as the variety, of the sport industry. Figures 1.9 and 1.10 present lists of some of the many different sport businesses in the United States and their estimated economic value. You can easily see that the sum of just a few of these segments of the sport industry exceeds the \$152-billion-dollar number determined by the Meek (1997) study and perhaps the reported \$324-billion-dollar size of the industry in the *SportsBusiness Journal*. Using studies and reports about all the different industry segments might be a better way to study the sport industry. Each sport management student will work in an industry segment and must continuously monitor the research about that segment as well as the entire sport industry.

1. Real estate . . . . .	\$935 billion
2. Retail trade . . . . .	\$713 billion
3. Health care . . . . .	\$460 billion
4. Banking . . . . .	\$266 billion
5. Transportation . . . . .	\$256 billion
6. Sports business . . . . .	\$213 billion
7. Communications . . . . .	\$212 billion
8. Public utilities . . . . .	\$210 billion
9. Agriculture . . . . .	\$132 billion
10. Mining . . . . .	\$121 billion
11. Motor vehicles and equipment . . . . .	\$85 billion
12. Motion pictures . . . . .	\$31 billion

**Figure 1.6**  
**Where the sport industry ranks compared to other industries in the SportsBusiness Journal study (SportsBusiness Journal, December 20–26, 1999).**

This information can be found in a variety of such resources as the following:

- Industry trade publications: These include, for example, trade or business magazines, journals, newsletters, and Internet sites.
- Sport business conventions and exhibitions: These include such annual convention and trade shows as the Snow Sports Industries of America and the National Sporting Goods Association’s Super Show.
- Sport management or marketing research businesses: There are numerous companies that specialize in conducting research. Some of these include Joyce Julius and Associates and Simmons Market Research Bureau.
- Local or national news publications: Much can be learned about sport industries from published articles in newspapers and magazines. Local papers carry information about local sports businesses, and national papers provide articles with a more national focus about individual sport-related businesses and whole industries. Another way to help us determine the size and especially the depth and breadth of the sport industry is to look at the factors that have affected growth and development of the industry and at what exists in the industry.

**You can keep up with the latest in your industry by**

- Reading trade or business magazines, journals, newsletters, and Internet sites
- Attending sport business conventions or exhibitions
- Obtaining research from sport marketing firms
- Reading local or national news publications

**Factors Influencing the Growth and Development of the Sport Business Industry**

The sport business industry is large and diverse. There are numerous kinds and types of businesses and organizations. Your career in the sport industry will be greatly enhanced if you understand why the industry is so large and diverse and what drives its



Spectator Sports Segment	Estimated Value	% of Total
1. Travel . . . . . transportation, accommodations, meals of spectators, colleges, the 'big four' leagues, other	\$44.47 billion	20.92
2. Advertising . . . . . telecasts, cable, regional, print, signage, radio	\$28.25 billion	13.29
3. Equipment, apparel, footwear . . . . . sportswear in competition	\$24.94 billion	11.73
4. Gate receipts . . . . . admission, concessions, merchandise, parking	\$22.56 billion	10.61
5. Team operating expenses . . . . . 'big four' player salaries and operating expenses; colleges; others	\$19.23 billion	9.05
6. Legal gambling . . . . . wagers, horses, dogs, jai alai, internet	\$18.55 billion	8.73
7. Licensed goods . . . . . apparel, footwear, housewares, media, miscellaneous	\$15.1 billion	7.10
8. Professional services . . . . . agents, sport marketing firms, facility management, financial, legal, and insurance services	\$14.03 billion	6.60
9. Media broadcast rights . . . . . 'big four,' college, other, radio telecasts	\$10.57 billion	5.0
10. Sponsorships . . . . . events, teams, leagues, broadcasts	\$5.09 billion	2.40
11. Medical treatment . . . . . baseball, football, basketball, soccer, softball, other	\$4.1 billion	1.93
12. Facility construction . . . . . stadium, track, arena construction	\$2.49 billion	1.17
13. Publications/videos . . . . . magazines, videos, video games, books	\$2.12 billion	1.0
14. Endorsements . . . . . value of top 80 athletes and coaches	\$730 million	.34
15. Internet . . . . . revenue from advertising and access fees	\$300 million	.14

Note: The study by the *SportsBusiness Journal* included only these few segments of the industry. The methodology included selected organized sports: those that are defined as 'spectator sports' and their related industries, as listed above. Further, the study does not reveal which sports organizations are included and which are left out. Note that this study does not include such segments as participant sports, recreational sports, or others that are listed in other figures here in chapter one (*SportsBusiness Journal*, December 20–26, 1999).

**Figure 1.7**

growth. To gain this understanding, it is important to understand the factors that have influenced the growth and development of the industry in the past, those that affect it currently, and those that will have an influence in the future (see Figure 1.11). The sport business professional must constantly analyze what is affecting the industry because such influences may affect the success or failure of a product or business. If the sport businessperson studies and understands how the factors affect the product or business, he or she can develop decisions and strategies that will lead to success.

# SGMA RECREATION MARKET REPORT—1999

## U.S. WHOLESALE VALUE OF ANNUAL MANUFACTURERS SHIPMENTS (\$MM)

2000 EDITION

SPORTS EQUIPMENT			1998	1999				1998	1999
	<b>1998</b>	<b>1999</b>	<b>Total Golf</b>	<b>2,665</b>	<b>2,680</b>	Ski (ex. Outerwear)	288	231	
Archery	\$270	280	Balls	695	760	Sweat pants	1,235	1,250	
Paintball	150	170	Clubs	1,470	1,395	Sweat shirts	1,850	1,855	
<b>Total Baseball/Softball</b>	<b>394</b>	<b>424</b>	Other	500	525	Sweat suits	740	640	
Gloves and Mitts	104	107	Ice Skates and Hockey	230	225	Parkas/Vest/Jackets (non-ski)	810	780	
Baseballs	48	50	In-line roller skates only	319	225	Team	545	525	
Softballs	30	33	Inline accessories	99	70	Miscellaneous (e.g. caps and thermals)	3,084	3,173	
Bats	142	155	Optical goods	420	460	<b>Total Sports Apparel</b>	<b>\$19,490</b>	<b>\$20,014</b>	
Batting Gloves	38	39	Racquetball	30	27	ATHLETIC FOOTWEAR			
Protective/Other	32	40	Skateboards	80	94	Running/Jogging	1,510	1,680	
<b>Total Basketball</b>	<b>350</b>	<b>340</b>	Scuba and Skin Diving	300	310	Basketball	1,495	1,285	
Basketballs/Accessories	220	210	Snow skiing, Alpine	300	270	Cross-training	1,495	1,385	
Backboards	130	130	Snow skiing, X-Country	36	33	Other non-sport (At leisure)	1,095	1,110	
Billiards	235	245	Snowboards	174	183	Walking	790	755	
Bowling	215	220	Soccer	215	210	Other sport (golf, football, etc.)	645	665	
<b>Total Camping</b>	<b>1,620</b>	<b>1,655</b>	Table tennis	19	19	Hiking/Outdoor	620	635	
Tents	400	400	<b>Total Tennis</b>	<b>215</b>	<b>225</b>	Tennis	460	490	
Cooler/Chests	320	340	Balls	75	76	Aerobic	230	220	
Sleeping Bags (exc. slumber)	190	175	Racquets	95	103	Sport sandals	180	225	
Jugs/Containers	115	120	Other	45	46	Baseball/Softball	115	110	
Backpacks (exc. daypacks)	90	85	Volleyball (Ball, Sets)	70	65	Soccer	100	105	
Other	505	535	Water sports—Ski equipment	145	125	<b>Total Athletic Footwear</b>	<b>\$8,735</b>	<b>\$8,665</b>	
<b>Total Exercise</b>	<b>3,370</b>	<b>3,470</b>	Other water sports equipment	345	360	<b>Total Sporting Goods, Equipment,</b>			
Exercise—Consumer	2,795	2,770	Fishing	950	1,000	<b>Sports Apparel, and</b>			
Treadmills	830	840	Miscellaneous (E.g. lawn games,			<b>Athletic Footwear</b>	<b>\$45,306</b>	<b>\$46,007</b>	
Aero gliders	300	200	darts, indoor games, boxing, cricket,			RECREATIONAL TRANSPORT			
Ski machines	260	200	field hockey, gymnastics, handball,			Bicycles and Accessories	1,860	1,900	
Home gyms	240	270	lacrosse, martial arts, paddleball,			Pleasure boats and motors	6,555	7,754	
Exercise cycles	190	185	polo, rugby, sleds, toboggans, track			Recreational vehicles			
Free weights	135	140	and field, squash)	245	248	(except motor homes)	6,271	7,092	
Exercise benches	125	130	Team/Institutional (not listed above)	1,430	1,475	Personal watercraft	709	630	
Stair climbing machines	100	105	<b>Total Sports Equipment</b>	<b>\$17,081</b>	<b>\$17,328</b>	<b>Total Recreational Transport</b>	<b>\$15,395</b>	<b>\$17,376</b>	
Ab machines	115	125	SPORTS APPAREL			<b>Total Sports and</b>			
Other Consumer	500	575	Socks	1,298	1,415	<b>Recreation Industries</b>	<b>\$60,701</b>	<b>\$63,383</b>	
Exercise—Institutional	575	700	Sports bras	230	245				
Firearms and Hunting	2,068	2,100	Swimwear	1,505	1,565				
Football and Sets	122	120	Sports shirts	6,255	6,620				
			Shorts	1,650	1,715				

**Figure 1.8**

This chart shows the values of sporting goods, apparel, footwear, and recreational vehicles (SGMA, 1999).

<b>Sport business/market</b>	<b>Value of industry/market</b>	<b>Source</b>
1. Professional bull riding	\$10 million	Fortune, June 22, 1998
2. Sport supplement market	\$1.4 billion	Fortune, June 22, 1998
3. Oakley	\$232 million	Infoseek
4. Nike	\$8.78 billion	Infoseek
5. NBA	\$1.87 billion	Infoseek
6. Ticketmaster	\$341 million	Infoseek
7. K-Swiss	\$161 million	Infoseek
8. NHL	\$1.33 billion	Infoseek
9. Power Bar	\$100 million	Infoseek
10. WWF	\$251 million	Infoseek
11. Huber, Hunt & Nichols (build arenas)	\$1.01 billion	Infoseek
12. Topps Cards	\$229 million	Infoseek
13. Reebok	\$3.22 billion	Infoseek
14. Adidas	\$5.94 billion	Infoseek
15. NFL	\$2.45 billion	Infoseek
16. Sports Authority	\$1.6 billion	Infoseek
17. Outdoor recreation industry	\$40 billion	Outdoor Rec. Col. Of Am.
18. Snowboard industry	\$2 billion	Leisure Trends Group
19. Bicycle industry	\$5 billion	Growth Cycle, Inc.
20. Angler fishing	\$38 billion	American Sportfishing Association
21. Counterfeit golf club industry	\$4 billion	U.S. Customs Service
22. Interpublic Group of Co. (agents)	\$4 billion	cnsi.com
23. Snowmobiling (U.S. and Canada)	\$9 billion	Int. Snowmobile Man. Assoc.
24. Sport event travel	\$27 billion	Travel Ind. Assoc. of America
25. Canadian sporting goods market	\$4 billion	Industry Canada
26a. Sport equipment	\$17.35 billion	SGMA
26b. Recreational transport	\$17 billion	SGMA
26c. Sports apparel	\$19.55 billion	SGMA
26d. Athletic footwear	\$8.73 billion	SGMA
27. Sports and recreation industry	\$61.7 billion	SGMA
28. 1996 Sport fishing	\$6 billion	American Sportfishing Association
29. Snowmobiling (Wyoming)	\$189.5 million	Wyoming Rec. Committee
30. Sports tourism (1998)	\$111.8 billion	Gibson, H.
31. Sports-related corporate travel	\$2.1 billion	Sports Travel Magazine
32. Team and sports event part. travel	\$6.1 billion	Sports Travel Magazine
33. Adventure and sports fantasy travel	\$62.8 billion	Sports Travel Magazine
34. Sports sponsorship expenditure	\$13.2 billion	Sports Business Daily
35. Fishing industry (1998)	\$40 billion	USA Today
36. Athletic footwear sales (1998)	\$13.8 billion	SGMA
37. Spectator sports revenue (1996)	\$66.5 billion	USA Today
38. Stadium construction (1996)	\$5 billion	SGMA
39. Sports medicine (1996)	\$64.6 billion	USA Today
40. NASCAR (1998)	\$2 billion	Fortune
41. Sales of licensed NASCAR products (1999)	\$1.13 billion	Fortune
42. Billiards products market (1998)	\$235 million	Fortune
43. Retail sales of sports licensed products (1998)	\$71.15 billion	Sports Business Daily
44. State of Florida sport industry	\$16 billion	Florida Sports Foundation

**Figure 1.9**  
Some examples of sport business industry segments and their values.