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## Global sports market today: An overview

**Mukul Kumar and Dr. Sandeep Bhalla**

### Abstract

The sports market consists of sales of sports services and related goods by entities (organizations, sole traders and partnerships) that provide live sporting events before a paying audience or entities that operate golf courses and country clubs, skiing facilities, marinas, fitness and recreational sports centers, and bowling centers. The sports market is segmented into spectator sports and participatory sports. The global sports market is expected to grow from \$388.28 billion in 2020 to \$440.77 billion in 2021 at a compound annual growth rate (CAGR) of 13.5%. The market is expected to reach \$599.9 billion in 2025 at a CAGR of 8%. Sports organizers are implementing virtual reality (VR) technology to improve the spectators' experience in sporting events. The market is expected to benefit from steady economic growth forecasted for many developed and developing countries. This article covers market characteristics, size and growth, segmentation, regional and country breakdowns, competitive landscape, market shares, trends and strategies for this market. It traces the market's historic and forecast market growth by geography. It places the market within the context of the wider sports market and compares it with other markets.

**Keywords:** Sports market, sports goods, fitness goods, global sports and fitness goods market, global sports industry

### Introduction

The sports market consists of sales of sports services and related goods by entities (organizations, sole traders and partnerships) that offer spectator sports and participatory sports. Spectator sports includes teams or clubs and independent athletes that present sporting events before a paying audience. The racing team owners of racing participants that enter the participants into racing events or other spectator sports events and the sports trainers who provide specialized services to support participants in sports events or competitions are part of this industry. The establishments that operate race tracks are also included in this industry. The global sports market reached a value of nearly \$388.3 billion in 2020, having increased at a compound annual growth rate (CAGR) of 3.4% since 2015. The market declined from \$458.8 billion in 2019 to \$388.3 billion in 2020 at a rate of -15.4%. The decline is mainly due to lockdown and social distancing norms imposed by various countries and economic slowdown across countries owing to the COVID-19 outbreak and the measures to contain it. The market is expected to reach \$599.9 billion by 2025, and \$826.0 billion by 2030. at a compound annual growth rate (CAGR) of 6.6%. Growth in the historic period resulted from rapid urbanization, growth in emerging economies and emergence of multiple channels to capture viewership. Factors that negatively affected growth in the historic period were covid-19 pandemic, doping scandals, shortage of sports officials and climate changes. Going forward, emergence of e sports, rising sponsorships, and increase in internet accessible devices will drive the growth. Factors that could hinder the growth of the sports market in the future include threat from home entertainment and increasing regulations on sports.

The sports market is segmented by type into participatory sports and spectator sports. The participatory sports market was the largest segment of the sports market segmented by type, accounting for almost 72% of the total in 2020. The participatory sports market is segmented by type into marines, bowling centers, skiing facilities, fitness and recreational sports, golf courses and country clubs and other participatory sports. The fitness and recreational centers market were the largest segment of the participatory sports market segmented by type, accounting for more than 39% of the total in 2020.

The spectator sports market is segmented by type into sports teams and clubs and racing and individual sports. The sports team and clubs were the largest segment of the spectator sports market segmented by type, accounting for approximately 75% of the total in 2020. The sports market is segmented by revenue source into media rights, sponsorship, merchandising and tickets. The media rights market was the largest segment of the sports market segmented by revenue source, accounting for about 38% of the total in 2020. North America was the largest region in the global sports market, accounting for nearly 35% of the total in 2020. It was followed by Asia Pacific, Western Europe, and then the other regions. Going forward, the fastest-growing regions in the sports market will be South America and the Middle East. The global sports market is highly fragmented, with a large number of players in the market. The top ten competitors in the market made up to almost 2% of the total market in 2019. Major players in the market include Maruhan, Dallas Cowboys, New York Yankees, Manchester United Football Club and Futbol Club Barcelona<sup>i</sup>.

### Global Market Opportunities and Strategies

The global recreation market, of which the sports market is a segment, reached a value of nearly \$1,435.4 billion in 2018, having grown at 4.5% since 2014. It is expected to grow at a compound annual growth rate (CAGR) of 6% to nearly \$1,809.8 billion by 2022. The sports market was the second largest segment in the global recreation market in 2018, accounting for 34% of the recreation market. The amusements market was the largest segment of the recreation market accounting for 35.6% of the recreation market, and was worth \$511.3 billion globally, having grown at a CAGR of 4.5% during the historic period. It is expected to grow the fastest at a CAGR of 6.3% during the forecast period. The top opportunities in the sports market will arise in participatory sports, which will gain \$70.17 billion of global annual sales by 2022. The sports market size will gain the most in the USA at \$31.83 billion. Market-trend-based strategies for the sports market include offering mobile ticketing facility to reduce costs associated with ticketing and facilitate faster access, providing virtual reality technology to enhance spectator experience at stadiums, expanding/establishing sports businesses in emerging markets and acquiring or establishing esports teams to lay a foothold in the emerging esports industry. Players adopted strategies in the sports industry include expanding business by building new facilities in cities globally, increasing revenue sources by investing in infrastructure for training and other recreational purposes, increasing revenue by investing in new infrastructure and improving brand name and international presence, increasing revenue through increasing sponsor portfolios and merchandise sales<sup>ii</sup>.

### Future Prospects of Global Sports Market

The growth is mainly due to the companies rearranging their operations and recovering from the COVID-19 impact, which had earlier led to restrictive containment measures involving social distancing, remote working, and the closure of commercial activities that resulted in operational challenges. The market is expected to reach \$599.9 billion in 2025 at a CAGR of 8%. The sports market consists of sales of sports services and related goods by entities (organizations, sole traders and partnerships) that provide live sporting events before a paying audience or entities that operate golf courses and country clubs, skiing facilities, marinas, fitness and

recreational sports centers, and bowling centers. The sports market is segmented into spectator sports and participatory sports.

North America was the largest region in the global sports market, accounting for 35% of the market in 2020. Asia Pacific was the second largest region accounting for 30% of the global sports market. Africa was the smallest region in the global sports market. Sports organizers are implementing virtual reality (VR) technology to improve the spectators' experience in sporting events. Virtual reality generates images, sounds and other sensations that simulate a physical presence in an imaginary environment. Clubs and teams are experimenting with simulated and 360-degree environments to enhance the match viewing experience of the spectators by allowing them to have a virtual walkthrough of the stadium or the race track and view the match at different angles. For instance, the NBA game between the Sacramento Kings and San Antonio Spurs was broadcasted in VR. NASCAR has created an interactive fan area at the race tracks with the implementation of virtual reality.

The outbreak of Coronavirus disease (COVID-19) has acted as a massive restraint on the sports market in 2020 as governments globally imposed lockdowns and restricted domestic and international travel limiting the need for services offered by these establishments. COVID 19 is an infectious disease with flu-like symptoms including fever, cough, and difficulty in breathing. The virus was first identified in 2019 in Wuhan, Hubei province of the People's Republic of China and spread globally including Western Europe, North America and Asia. Steps by national governments to contain the transmission have resulted in closure of recreational facilities with countries entering a state of 'lock down' and the outbreak is expected to continue to have a negative impact on businesses throughout 2020 and into 2021. However, it is expected that the sports market will recover from the shock across the forecast period as it is a 'black swan' event and not related to ongoing or fundamental weaknesses in the market or the global economy.

The market is expected to benefit from steady economic growth forecasted for many developed and developing countries. The International Monetary Fund (IMF) predicts that the global real GDP growth will be 3.7% over 2019 and 2020, and 3.6% from 2021 to 2023. Recovering commodity prices, after a decline in 2014 and 2015, are further expected to be a significant factor driving economic growth. The US economy is expected to register stable growth during the forecast period. Additionally, emerging markets are expected to continue to grow slightly faster than the developed markets in the forecast period. For instance, India's GDP is expected to grow at 7.3%, whereas China is forecasted to register GDP growth of 6.2% in 2019. This continued economic growth is expected to drive the demand for sports<sup>iii</sup>.

### Conclusion

The sports industry today spans the field of play—from the food and memorabilia stands at the stadium, to media rights and sponsorships. The many participants in this market are competing for a bigger slice of a pie worth as much as €450 billion. Today's global sports industry is worth between €350 billion and €450 billion (\$480-\$620 billion), according to a recent Kearney study of sports teams, leagues and federations. This includes infrastructure construction, sporting goods, licensed products and live sports events. Live sports events in particular offer a compelling proposition to different industry participants—from free-to-air broadcasters seeking viewers

and advertising revenues and pay-TV broadcasters looking for loyal subscribers, to sponsors moving away from traditional media, event organizers, athletes and spectators. The global sports industry is growing much faster than national gross domestic product (GDP) rates around the world. 1 And the global sports value chain—its size, makeup and revenues—has significant growth prospects for the future.

The worldwide sports events market, defined as all ticketing, media and marketing revenues for major sports, was worth €45 billion (\$64 billion) in 2009. Football (soccer) remains king: Global revenues for this sport equal €20 billion (\$28 billion) yearly—almost as much as the combined €23 billion (\$32 billion) in revenues for all U.S. sports, Formula 1 racing, tennis and golf (see figure 1). In Europe alone, football is a €16 billion (\$22 billion) business, with the five biggest leagues accounting for half of the market, and the top 20 teams comprising roughly one-quarter of the market.<sup>2</sup> In general, the most popular sports, such as football and those based in the United States, are growing faster than tennis and golf. Rugby is emerging and has grown exponentially since becoming a professional sport in 1995. A country-by-country breakdown finds that the sports industry is growing faster than GDP both in fast-growing economies, such as the booming BRIC nations (Brazil, Russia, India and China), and in more mature markets in Europe and North America. The economy of sports also reflects its cyclical nature. Many of the world's premier sporting events occur every two to four years—the FIFA World Cup and Summer Olympics, for example, take place every four years. The yearly sports revenues have grown steadily, yet how that money is spent changes every year. In 2008, for example, major events accounted for 8 percent of worldwide sports revenues thanks largely to the Beijing Olympics and UEFA Euro 2008 football tournament in Austria and Switzerland. In quieter years (2007, for example), major events make up barely 1 percent of worldwide sports revenues<sup>iv</sup>.

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<sup>ii</sup><https://www.businesswire.com/news/home/20190514005472/en/Sports---614-Billion-Global-Market-Opportunities-Strategies-to-2022---ResearchAndMarkets.com>

<sup>iii</sup><https://www.benzinga.com/pressreleases/21/02/g19460733/sports-global-market-report-2021-covid-19-impact-and-recovery-to-2030>

<sup>iv</sup> <https://www.es.kearney.com/communications-media-technology/article?/a/the-sports-market>