

# Future Development of NBA Teams In Chinese Market

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**Abstract.** Since David Stern explored the NBA market in China in the 1990s, it has become one of the biggest markets of the league. Since China has the largest economy besides the United States and is also a country with the most vital consumption power, every NBA team tries to achieve success in the Chinese market. However, due to China's special environment, the success in social media and the Chinese market differs from that in other countries. At the same time, due to the significant cultural differences, the market in China is different from that in Europe. Therefore, this article mainly attempts to analyze the business strategy of the NBA in China in the past 30 years. The purpose is to put forward how individual NBA teams should follow in the footsteps of the league and try to achieve success in the Chinese market by reviewing past marketing strategies. It argues multiple ways that the NBA works as a league and individual teams, along with the leadership's commitments to capture the Chinese market through events chronologically. The NBA has its most significant global market in China, thanks to Chinese fans and David Stern's arrangements. Multiple trips to China from the NBA teams were responded with large groups of stabilized fanbases and partnerships with Chinese companies. Besides the league and teams, NBA stars get their recognition through shoe deals and visits to China. Such close interactions give Chinese fans more love and support for players on and off the court. Shoe companies benefited from the attention of the fans as they started buying more signature shoes to admire NBA stars.

**Keywords:** NBA, Chinese Market, Shoes Deal, David Stern.

## 1. Introduction

The basketball market in the 1980s has reached its peak. The rivalry between the Boston Celtics and the Los Angeles Lakers [1], along with the joining of Michael Jordan and Hakeem Olajuwon and other new talents, had everyone excited and started watching the NBA. It was a must-watch for fans on TV after the tough times the United States had been through (Vietnam War, Watergate, recession...). Fans were eager to see more entertainment on TV rather than watching the news most of the time. Slowly, as national broadcasters televised more NBA games starting in 1979, watching NBA games became a part of Americans' daily culture, and coming with that was the sudden increase in the league's market value. It was also in the 1980s that shoe companies like Nike and Adidas started to expand their territories in basketball and sign with more influential NBA stars. The influence of stars appears as basketball fans begin to buy the signature shoes of their favorite players under the massive commercials. The brand Jordan, founded by Nike and Michael Jordan, has sold an exceeding number of shoes through the years and has become an individual sub-brand under Nike. It brought the shoe culture to society as people are proud of owning a pair of Air Jordan. The NBA and players have reached an absolute height and hold a considerable share in the domestic sports market. To further expand the influence of the NBA, the former league commissioner, David Stern, decided to target the global market, mainly in Asia. China, as a fast-developing country, was the primary target. Since the Young Men's Christian Association brought basketball into China, the sport has been played at different levels, from communities to schools and in professional classes. The popularity in China has reached a level that requires higher-level basketball games to satisfy them. The great examples of "American products"- food, music, movies- gained acceptance in Chinese society and established brand-new industries in the marketplace [2]. Stern has more confidence in the NBA in fully being involved in the Chinese basketball culture.

## 2. Main Body

The NBA today is a well-known brand around the world. Over the past several decades, they have made impressive efforts to promote its brand awareness globally. The development of the brand has skyrocketed since 1984. In fact, according to the official statistics from the NBA, the league contains 121 international players from 40 different countries in the past 2021-2022 season [3-4], as every team contains at least one global player. The league's influence can be seen in other areas, as more and more players began to study abroad during high school and college and started to develop under the American basketball system. As a result, these players also help spread the message of basketball to the world [5]. The NBA is broadcasting in 215 countries and territories now in more than 50 languages, and all these results should be thanked for the impressive efforts of David Stern. One of the first markets they choose to work with is the Chinese market. David Stern, the commissioner of the NBA, saw the opportunity and the market in China and then decided to come to China in person to negotiate and persuade CCTV (Chinese Central Television) to broadcast NBA games. There were stories depicting Stern waiting hours to see the CCTV leaders. He patiently explained to them what NBA is and agreed to let them broadcast NBA for free to finish the negotiation. Multiple rounds of talks come with good results, as CCTV officially started to broadcast NBA games every week. Initially, the game highlights that the NBA sent to them. The NBA also paid for the CCTV crews to travel to America and broadcast live All-Star games and the NBA Finals. Such steps mark the official connections between NBA and China.

To establish more robust relationships, the league must find a talented player from China, and David Stern did just that as he wanted teams to pay attention to Chinese players. The NBA has always tried to gather great talents through the NCAA and international player pools. Ma Jian was a Chinese top talent who graduated from the University of Utah and had the opportunity to participate in the summer league. Although the NBA was not popularized, Ma still gained some attention, and the NBA was able to have some recognition from China. To find top international talents, the NBA paid attention to top stars in international professional basketball leagues and in international games. The NBA has selected many Chinese players who shined in the Chinese basketball league. In 1998, the Dallas Mavericks offered Hu Weidong a 10-day short contract after his impressive performances in the 1996 Olympics against the United States. Unfortunately, Hu could not obligate that contract due to his right knee injury, holding the reasons that he had to focus on the National Team Duty in the 1999 Asian Games. The Mavericks would not wait long to find another young Chinese talent. In the second round of the 1999 NBA Draft, the Mavs used their 37th pick to select Wang Zhizhi. He became the first Chinese player to play a game in the league, and that was the official mark of the NBA, opening the door to the Chinese market. With broadcasting NBA games, Chinese fans would wait for hours just to see players from China warm up and play in the game. At the age of 22, Wang became a dominant force in the CBA (Chinese Basketball Association) and helped the Bayi Rockets to win five consecutive CBA Champions. He cannot wait to see what he can do in the NBA, although there were few recognitions for him. After negotiations with his team and the Chinese basketball officials, Wang became the first Chinese player to play in the NBA. Although his NBA career did not last long, his impact off the court in the NBA was much more crucial. The negotiation process between the NBA and Chinese basketball officials paved the way for more and more Chinese players to find their way to the NBA in the future [6]. The Chinese fans quickly moved their attention to the NBA, as Yao Ming became the first pick in the 2002 NBA Draft. [7]After helping the Shanghai Sharks to win the first CBA Champions in team history, the future Hall of Famer was able to release by the team and the CBA to join the NBA Draft. Yao became the symbol of China as he entered the league. American fans started to spot his talents while the enormous Chinese market was involved. Chinese people see him as the nation's pride, and they all support him and the Houston Rockets for multiple years. The Chinese fanbases skyrocketed, and the current NBA commissioner Adam Silver's comments about Yao's NBA career that his "impacts on the growth of the NBA in China exceeded expectations," fans' interests in the league suddenly increased in China [7]. Watching NBA games has become a daily routine for Chinese fans, as students watch live games on CCTV when they arrive home for lunch,

and conversations about games flourish between fans. David Stern caught the opportunity and brought NBA preseason games to China. It provides Chinese fans with unreal experiences that they would never have. Starting in 2004, the NBA sent several teams with Chinese players or superstars to China to play in front of millions of passionate Chinese fans. It brought people's recognition to the league suddenly. In the NBA's first trip to China, the organization provides an impressive experience to people inside and outside the industry. Teams provide services in the same way when they play at home, including all the designs and slogans. They also let the audience thoroughly enjoy the happiness brought by basketball while combining basketball with leisure and entertainment. They also take care of the interests of sponsors. The NBA combines teams, audiences, and sponsors to achieve the effect of win-win, shared prosperity, and everyday joy. This has a unique reference for the development of China's sports industry. As a result, CCTV signed a new broadcasting contract with the NBA, and more Chinese sponsors flowed into the league.

The influence that NBA has on the Chinese market never stopped, and even after Yao retired in 2011, the big Chinese market left behind is still awaiting. Yet multiple teams caught this opportunity and utilized different strategies to grow their business in the Chinese market. The Lakers are involved in the Chinese market thanks to the legend, Kobe Bryant. Kobe was the face of the team and the league after Yao got drafted, and NBA became popular in China. Fans in China love to see him play, while Nike arranges Kobe to come to China in the off-season every year. Millions and millions of Chinese fans waited in the airport and the hotel just to see Kobe, as he became an official cultural ambassador named by Liu Peng, China's Minister of Sport. Kobe's hardworking and persistence shares a common value with the Chinese culture, and more and more people have started to admire him. Kobe also played his role and began to share his support with Chinese fans. His very early charity action can be traced to 2008 when people in Sichuan province were struck by the Level 8.0 earthquake. The Kobe Bryant China Fund gathered around \$ 6.15 million initially from enterprises and donated \$ 5 million to those children to help them get better [8-9]. Besides that, the Fund continues to raise money for the youths in China as it gains support from the Chinese government. Kobe always serves as a bridge between two cultures, as he established two programs in America to promote the Chinese culture to youths. To further improve his influence in basketball, he created the Mamba Mentu as Chinese fans will have the opportunity to challenge him in 1 on 1 game. Meanwhile, he would also teach his techniques to the fans, as that moment was the dream of every basketball fan in China. With the additional commercials and sponsors coming to him, Kobe's love and care earn him the best-sold NBA jerseys in China, even outnumbering Yao's. Even after his unprecedented helicopter crash, the entire country was in sadness and shared their condolences even though China was in a tough relationship with the NBA due to Daryl Morey's comments on the Hong Kong situation. Kobe is a long-lasting sports figure in China, and the NBA greatly benefits from him. The Lakers caught business opportunities, as they won two NBA Finals, and they started to have a large fanbase in China. Different from the Los Angeles Lakers, the Golden State Warriors caught their business opportunities in China in different ways. As a team that does not have an established fanbase on the mainland, the Warriors hope to accelerate the passion of Chinese fans through their successful seasons and begin their trips to China. After its historic 73-9 regular season and a Finals loss, the Warriors add another superstar, Kevin Durant. The NBA assigned the Warriors to play preseason games in China, and the chief marketing Chip Bowers began his meetings with Chinese companies. Bowers and the Warriors are seeking sponsorship opportunities to create a partnership with China. Bowers targeted E-commerce areas in which various Chinese companies specialized in, providing the organization with more collaboration opportunities. As there was less recognition for the Warriors back in 2017, they are still building up a relationship with Chinese companies and hoping to reach to partnership soon [10]. The team just scratched the surface in mainland China, and with having consecutive successful seasons, more and more companies have come to the Warriors. Companies hope to have a partnership with them, as more Chinese fans are attracted by team performances. The Warriors built up a strong connection with China and entered the Chinese market quickly with team successes and the organization's efforts to discover by themselves.

As technology develops rapidly, TV broadcast has become an option after digital media. CCTV was the only way for fans to watch NBA games in the early years. Fans would wait in front of the television to see their favorite player. However, things started to change in 2009. Tencent, one of the most prominent digital companies in China, started its digital media partnerships with the NBA and began to stream seasons of live NBA games. They also provide NBA-related content to millions of users in mainland China. Its streaming services helped to develop another way of watching NBA games besides CCTV in China. More and more Chinese fans decide to watch on this platform as it provides better services. From estimated data, around 160 million people watched NBA games on Tencent during the 2014-2015 season. As the recognition for intellectual property and broadcasting rights increases, Tencent renewed its contracts with the NBA that which has the exclusive rights of the league on media platforms. Adam Silver credits Tencent's efforts to broadcast league games which helps the globalization of the NBA, "The enormous reach and popularity of Tencent's platforms have been a driving force behind the growth of basketball in China, and we look forward to deepening our connection with NBA fans across the country through this expanded partnership" [11-12]. With quality services and content, Tencent users increase, and the number of people watching NBA games skyrockets. Tencent produced its own plans for fans to choose. They can watch one free game every day, while they only must spend \$60 to own the season pass. The mean value gives Tencent more viewers as people are willing to spend that money to get better quality live streaming and freedom of choice. For team fans, they can also choose to buy a team package, as they would have to spend less money and can watch every game of their favorite team. From the NBA official statistics, around 500 million fans watched the 2018-2019 season NBA games on Tencent, an estimation of tripling the numbers of it three years ago. From there, 21 million fans watched the 2019 Finals Game 6, marking the history of the most-watched NBA games on media platforms in China. The huge fan market that Tencent has given them the confidence to renew its contract with the NBA. The new agreement would provide Tencent the exclusive rights to broadcast live NBA events on the media platforms on the mainland until the end of the 2024-2025 season. The new contract is worth up to \$1.5 billion in the 5-year length. Tencent and the NBA would not only focus on the broadcasting services, but they will also bring in live events and short videos to Chinese fans through all Tencent digital media platforms. In addition, they will also cooperate in many fields, such as innovative advertising products and services, while also launching the "mini-programs" on mobile devices for Chinese fans. The NBA can significantly increase the attention to NBA games in the future because Tencent is the largest Internet company in China. Tencent's products are ranked first in daily or monthly activities and are the most frequently used software by Chinese people. Tencent's super traffic in NBA live broadcasts has also attracted many excellent companies to participate in its cooperation. The advertising revenue of a season is not to be underestimated. The development of NBA derivatives, the transfer of online copyrights, the income of registered members, etc. can bring him considerable economic value.

The league has already demonstrated to develop the Chinese market, while the players contribute in their ways. Through the analysis from Research Association for Interdisciplinary Studies, they conduct a survey containing ten questions for 600 Chinese, resulting in 547 valid responses [13]. Chinese people, although they have the trend toward foreign brands, like Nike and Adidas, would choose comfortability over shoes that are "endorsed by a star." But that was only the case for Chinese people overall. Those who watched NBA games can be discussed in different circumstances. Basketball products usually target basketball fans, as Chinese basketball fans would love to buy several pairs of shoes not only to support their "hero" and also to wear their shoes and imitate their moves. They also dream of becoming a superstar, and wearing the shoe is only a step closer to that goal as fans would also buy related merchandise. All those consumption power from Chinese fans should guide the ways for those brands in the future to sign more stars from NBA in order to have larger influence in the Chinese sports market.

Besides that, NBA superstars have developed a new way into the Chinese market recently. Multiple superstars signed shoe deals with Chinese brands. Shoe endorsements can perfectly illustrate

how star effects work in mainland China and how influential NBA players can be in China[14]. Kevin Garnett, a Hall of Famer who won a championship with the Celtics, joined the brand Anta in 2010. Not only did Anta offers him a lot of money, but Garnett was also able to be involved in brand design and shoe design[15]. Garnett was named the ambassador of the brand and fulfilled the responsibility of helping Chinese young talents to get better. The better attitudes from Chinese brands always look appealing to NBA stars, as companies would take care of everyone. Also, signing with Chinese brands represent that star will have the privilege of entering the Chinese market over others. Companies will host multiple events to introduce their products, while players can show their persona to their fans. In the year 2012, Dwayne Wade ends his contract with Jordan's and decides to join Li-Ning[16]. At that time, Wade was 30 years old. Considering his playing style and injury history, it may be difficult to maintain his peak for too long. Li Ning's offer of 10 years and 100 million US dollars and stocks is a gamble. What's more is that in 2012, Li Ning was in the most challenging time when the annual financial report disclosed that Li Ning's loss 2012 was as high as 1.979 billion yuan. The loss stems from the high-profile transformation of Li Ning Company around 2010. In 2008, with Li Ning, the brand's owner, volleying over the Bird's Nest to light the Olympic torch, Li Ning's business volume gradually climbed to a new peak. 2010 was the highest peak of Li Ning so far, and its annual sales reached 9.478 billion yuan. Li Ning not only further secures the No. 1 domestic sports brand but also catches up with Nike and Adidas in the domestic market share. However, since then, to break through the tens of billions of sales as soon as possible, Li Ning has paid more and more attention to building its high-end sports brand image. In 2010, when Li Ning's company transformed, it targeted the consumption target of the post-90s generation. It changed the slogan from "everything is possible" to "Make the change" and successively launched a series of mid-to-high-priced products. Li-Ning provides Wade with the power that he can design his shoes and involve in making the future brand of his sub-brand- Way of Wade. The design and the quality of Way of Wade are excellent. Each designed shoes are boutique. It attracted many basketball fans in China and formed a reputation. Besides mentioning Wade's remarkable personal impression, Li-Ning's massive investment in Wade is effective. Nowadays, the brand and the products on Way of Wade are exceeding Wade's influence and becoming a competitive brand not only in the domestic market but in the United States as well. The successful example of Wade provides NBA players with another way of earning money while exploring a new market. Anta and Li-Ning was able to sign with more NBA stars: Klay Thompson, Andrew Wiggins, C.J. McCollum, Gordon Hayward, etc. They are fulfilling their responsibility of publicizing the brand. In the offseason, they will come to China by contract and interact with Chinese fans. The interactions between them will expand the influences of the stars. Klay Thompson always wears Anta's appeals and recommends new products on social media to fans. The opening of the international market should be credited to cooperation with the players, and Chinese brands become more well-known and competitive in NBA.

### 3. Conclusions

The Chinese market is very important to the NBA. At the same time, the NBA League itself attaches great importance to the promotion in China and the Chinese market. But not every team has done this so far. For the team, promotion in China is essential because China can become the biggest market in addition to the American local market. This is even more true for small marketing teams. Therefore, this article aims to discuss what a single team can do by analyzing the promotion policies of the League itself in China. Through the analysis of this article, we believe that the most effective efforts made by the NBA League in the past 30 years are: 1. Through signing more Chinese players to their teams to recruit more stable fanbases; 2. Partnerships with more Chinese companies to earn public recognition and publicity among Chinese fans. 3. Having superstars collaborate with Chinese shoe brands, thus having more opportunities to travel to China to advertise their brands and gain popularity. If individual teams can achieve: 1. Sign Chinese top talents and prepare them with regular appearances in games, have numbers of Chinese sponsorships, superstars have enough publicity in

Chinese fanbase, they will have better success in the Chinese market. This can also help the team achieve more tremendous success in the economy and the market.

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