

Research on the Impact of COVID-19 on Professional Sports in China and Development Strategies

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Abstract. Since COVID-19 lasted for three years, it had a considerable impact on most industries, and the professional sports industry, where many people would gather, was inevitably among them. There was no uniform statement about the extent of its impact. Therefore, this paper explores the impact of the epidemic on professional sports in China and the future development strategies of professional sports by collecting data on the income of the professional sports industry before and after the epidemic and conducting a comparative analysis of the data and interviews with a portion of people with game watching habits. The two investigations show that the impact of COVID-19 on professional sports is significant. Therefore, it is recommended that professional sports games return to normal as soon as they are allowed and enhance the viewing experience both online and offline this is important to increase both revenue and spectator sentiment. This study objectively analyzes the impact of COVID-19 on professional sports in China, which facilitates the recognition that the current strategies made by the professional sports industry in response to the epidemic are inadequate and do not consider the economic pressure caused to teams as well as athletes.

Keywords: China; Professional sports industry revenue; Impact; COVID-19.

1. Introduction

1.1 Research background

COVID-19 has been one of the most talked about issues since its emergence. From Wuhan to Shanghai, from Delta to Omicron, for more than two years, China has been adhering to the goal of “dynamic clearing” and has not chosen to “lie flat” like other countries [1]. With the strict control of the epidemic by the Chinese government and the active cooperation of the public, the virus has been very effectively controlled in China. However, the negative effects of strict control cannot be ignored, as companies have gone bankrupt, employees have lost their jobs, and people have developed psychological problems. These have had an indelible negative impact on people and have caused many to worry and question. According to the World Bank’s Global Economic Outlook, the world economy has experienced a severe contraction due to the sudden and massive shock caused by COVID-19 and the economic stagnation brought about by preventive and control measures. According to the World Bank’s forecast, the world economy will decline by 5.2 percent this year, the largest recession since the Second World War [2]. And a recent World Health Organization report shows that the global prevalence of anxiety and depression increased by up to 25 percent in the first year of the new epidemic. Areas with the greatest mental health deterioration tend to have the worst epidemics. These areas have high infection rates and limited social interaction [3].

While there are many diverse sources of income for sports groups, there are often only a few key ones: ticket sales, sponsorships, broadcast rights, and officially branded products. Tickets are consistently the biggest source of money in sports, accounting for 32.6 % of total revenue, followed by sponsorship at 28.8 %. 24.1 % of the money made in the sports industry comes from media rights, which are the payments broadcasters pay for the ability to air sporting events and related programming. Last but not least, licensed merchandise generates the least amount of money—only 14.5 % of total sports revenue in the world [4]. The sudden COVID-19 outbreak has had a major impact on ticket revenue, sponsorship, and licensed merchandise, so just how much has COVID-19 affected professional sports? How should professional sports evolve in the future? The discussion of these questions is very significant.

1.2 Research framework

This study analyzes the impact of COVID-19 on Chinese professional sports based on the annual financial reports of selected teams in China's two largest professional leagues—the Chinese Football Association Super League and the CBA, in an attempt to put people's concerns to the test of objective data. This study compares the revenues of the Chinese Football Association Super League and the CBA teams in previous years before and after the emergence of the epidemic, as well as collecting viewers' opinions to make an objective judgment on the impact of COVID-19 on professional sports received in China.

2. Method

2.1 Data Collection

This study collected team status and revenue data from teams in two of China's most prominent professional sports leagues, the Chinese Football Association Super League and the CBA League, for three years before and after the outbreak [5].

It also conducted questionnaires in basketball and soccer stadiums for a week in mid-July, looking for people with game viewing habits to determine the epidemic's impact on professional sports in China. This way, it can draw clear and objective conclusions from the data and get the spectators' most realistic ideas and attitudes from the questionnaire.

2.2 Data filtering

Since only two of the CBA teams, Guangzhou and Nanjing, are listed companies that publish their annual financial reports, and Nanjing is always at the bottom of the league, its business philosophy is different from other teams and its fans are scarce. Only Guangzhou's annual financial report is selected here as a reference.

Chinese soccer clubs have been in a state of unprofitability, running clubs only to increase corporate exposure, so it isn't very meaningful to judge by the financial reports of soccer clubs. Therefore, this paper selects the number of wages paid by Guangzhou Evergrande, the best performing soccer club in China, in the years before and after the epidemic to determine the epidemic's impact on Chinese professional sports.

2.3 Data Analysis

This study will use comparative analysis to analyze the data collected by arranging the data by year. At the same time, this paper will compare the amount of profitability or payroll of teams before and after the epidemic to visualize the changes in the data due to the epidemic.

2.4 Results Hypothetical

This study proposes the following hypothesis regarding the impact of COVID-19 on professional sports in China.

H1: The first hypothesis is that the impact of COVID-19 on professional sports in China is enormous. Because the spectators cannot come to the game, they lack a lot of ticket revenue and reduce the game's atmosphere. Because the sponsors are cash-strapped due to the epidemic, they cannot provide enough sponsorship for the athletes. Also, the spectators' income is reduced due to the epidemic, which reduces the sales of peripheral products. So the influence of COVID-19 on professional sports in China has been huge.

H2: The opposing hypothesis is that COVID-19 will have little impact on professional sports in China. People are spending more time at home due to the epidemic, which will increase the number of online viewers. The increased online viewing revenue makes up for the previously mentioned losses.

3. Result

This study is about the impact of COVID-19 on professional sports in China, and professional basketball and professional soccer are analyzed separately because the data types selected are different.

3.1 The impact of COVID-19 on professional sports in CBA

According to the profit data published by Guangzhou Basketball Club for the three years before and after the epidemic, as shown in Figure 1. We can see that in 2019, after the epidemic, its profit dropped significantly. Although in 2020, its profit recovered to a level close to that of 2018, in 2021, its loss was huge, exceeding the sum of the profits of the first three years. The epidemic still has a great impact on CBA teams [6].

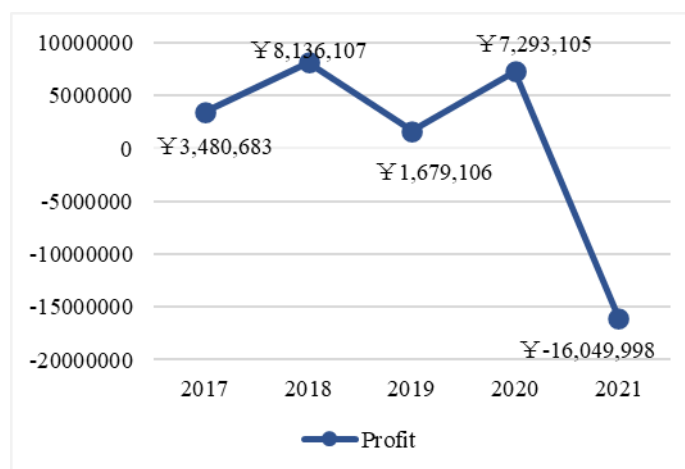


Fig. 1 The published profit data of Guangzhou Basketball Club

3.2 The impact of COVID-19 on professional sports in the Chinese Football Association Super League

The average salary paid by Guangzhou Evergrande Football Club in the years before and after the epidemic, the outbreak is shown in Figure 2. It can be seen that when the epidemic had not yet emerged, its salary income was very high, with a considerable increase every year. However, it was reported that after 2020, when the epidemic appeared, the Evergrande Group behind the epidemic could not provide the players' wages due to economic pressure, so there were unpaid wages, so the figure shows 0. It can be seen that the impact of the epidemic on professional soccer in China is huge, even more than the impact on professional basketball [7].



Fig. 2 Average salary paid by Guangzhou Hengda Football Club

3.3 The impact of COVID-19 on Professional Sports Audiences

The data shown in Figure 3 and Figure 4 were obtained through a questionnaire survey of a specific group of people who have the habit of watching the game.

Figure 3 shows whether the epidemic had an impact on the viewing experience. Of the 100 volunteers who participated in the survey, 91 said that the epidemic impacted their viewing experience, with the majority giving the reason that games without spectators lacked atmosphere.

Figure 4 shows how the number of games audiences watched has changed since the outbreak, with those who watched fewer games still in the majority for the same reason as the previous question. Therefore, from the interviews with the spectators, we can understand that COVID-19 greatly impacts this professional sport and affects the spectator's experience and desire to watch the game.

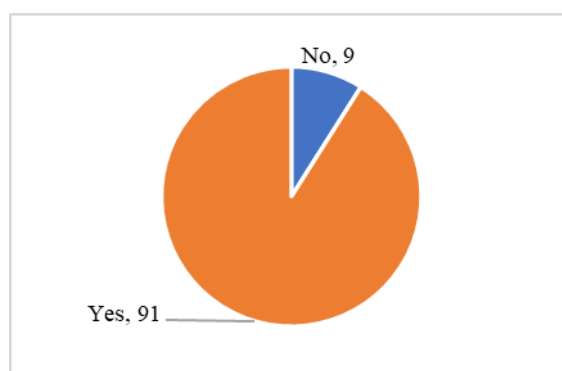


Fig. 3 The epidemic's impact on audiences viewing experience

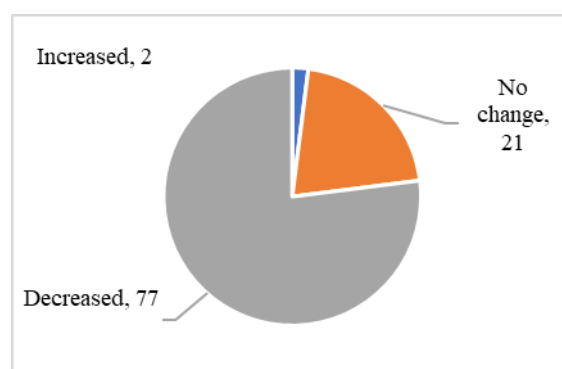


Fig. 4 The change in the number of times audiences watch the game after the epidemic

3.4 Hypothesis Comparison

According to the profit data published by Guangzhou Basketball Club for the few years before and after the epidemic, the average salary paid by Guangzhou Evergrande Football Club in the years before and after the epidemic outbreak. The data were obtained through a questionnaire survey of a specific group of people who have the habit of watching the game to conclude that the impact of COVID-19 on Chinese professional sports is significant, which is consistent with the hypothesis of H1.

4. Discussion

4.1 Reasons analysis

The impact of COVID-19 on professional sports in China has been tremendous, probably for several reasons. First of all, during the COVID-19 crisis, Chinese companies faced the challenge of poor cash flow, which significantly impacted the commitment of the companies behind the teams to

the teams [8]. Without investor investment, teams face financial crises on multiple fronts, such as the inability to pay their players, not being able to provide training space, and even risking dissolution. Second, many people have lost their jobs because of this epidemic [9-10]. Losing jobs means losing revenue; without revenue, viewers will spend less or nothing on professional sports. Then teams lose revenue from tickets, peripheral merchandise, and advertising. Third, playing in a closed arena makes the game less enjoyable and leads to losing interest.

It is a fact that the impact of COVID-19 on professional sports in China has been increasing over time, and the government and league administrators should bring the game back to normal as soon as possible. According to the annual reports of teams in the Chinese soccer and basketball leagues and the questionnaires of spectators, more teams will face a serious financial crisis and lose more spectators if the closed format of the game continues.

It should be noted that the data used in this article is based on a survey of some teams and a questionnaire survey of some people. Since only listed teams publish their annual financial reports, it is not possible to collect data from all teams, so there are limitations in this data. Secondly, it is impossible to survey all the viewers, so the data from the questionnaires also has limitations.

4.2 Development strategy of China's professional Sports industry in the post-epidemic period

As a major emergency, COVID-19 has brought unprecedented impact and influence to professional sports events worldwide.

Athletes, staff, and audience groups face serious health risks. Many professional sports events have been delayed or canceled, and a large economic loss has been made to professional sports interest subjects. For the follow-up schedule formulation, player wage adjustment, all kinds of breach of contract and a series of involving sports, finance, management, legal issues, The relevant bodies of professional sports have also provided a series of targeted response measures to minimize the impact of the epidemic.

Managers of professional sports in China shall follow disease development conditions to coordinate all parties' interests. Review and reflect on developing a conducive to professional sports events and related industry fast recovery strategy and this crisis, and improve the compensation system in developing professional sports buildings. In addition, adopting digital technology integration development will lay a foundation for the long-term development of professional sports events in China in the post-epidemic era.

In addition, this paper proposes goals and deepens the idea of win-win cooperation. Under the guidance of China's professional sports management model, the current development goals of professional sports should be accurately positioned. Managers should actively conduct in-depth research and fully understand the difficulties faced by professional sports related subjects, as well as their appeals and opinions in the face of the suspension of events. At the same time, we should encourage all parties to strengthen coordination and communication, foster a sense of "community of shared interests" and the idea of "win-win cooperation", reduce conflicts, and work together to form a cohesive force and jointly overcome difficulties.

Finally, vigorously develop the integration model of "Internet Plus" and "sports plus". Integrating "Internet +" and "sports +" has become a significant trend in developing the professional sports event industry. Although it is impossible for spectators to enter professional sports events in China due to the epidemic, it also gives the media more important communication responsibility and broader development space. With the developed Internet media industry in China, the number of viewers of professional sports has reached hundreds of millions, and the development potential of the professional sports market is infinite. CCTV is still the main broadcasting channel for professional competitions in China. Regarding signal production and commentary quality, CCTV is China's main broadcasting channel for professional competitions. The gap between TV and some modern network media and CCTV is obvious. The broadcast market urgently needs more media to participate, especially the network media, which has the advantages of interactivity, mobility, convenience, and flexibility. Professional sports and online media should deepen cooperation and actively build and

improve the “Internet +” and “sports +” integration. Multi-media participation of the broadcast network, constantly meet the demand of domestic and foreign audiences, further enhance the market competitiveness of professional sports in China.

5. Conclusion

This study found that COVID-19 caused serious financial losses to professional teams and degraded spectators' viewing experience. The team's decrease in revenue due to the epidemic was not compensated by the fact that viewers had more time and frequency to watch games online, which the following facts can explain. In sports, ticket sales typically make up the largest portion of revenue (32.6%), followed by sponsorship (28.8%). Media rights, which broadcasters pay for the right to air sporting events and related programming, account for 24.1% of the revenue produced by the sports sector. As you can see, the percentage of revenue from online broadcasting is very small for professional sports, which is not enough to compensate for the lost revenue from tickets, sponsorships, and peripheral merchandise. Secondly, according to the questionnaire survey, people who have the habit of watching the game. The closed stadiums due to the epidemic make the game lack the atmosphere of the past, which has a very bad impact on the spectator's experience, which leads to a decrease in the spectator's desire to watch the game and thus reduces the time of watching the game online. Therefore, the impact of COVID-19 on Chinese professional sports is significant.

This study objectively analyzes the impact of COVID-19 on professional sports in China, which facilitates the recognition that the current strategies made by the professional sports industry in response to the epidemic are inadequate and do not consider the economic pressure caused to teams as well as athletes.

Finally, the research in this paper does not consider in sufficient detail what should be done in the future to bring professional sports back to normalcy and enable teams to improve their economic situation. As stated in the review of this study, our country has won the battle against the epidemic, and a moderate recovery in professional sports would help the economy. At the same time, a full return to normalcy, as usual, would inevitably lead to an accelerated virus spread and render the country's previous efforts in vain. In the future, the question of how to return to normal play while ensuring that the epidemic is under control could be further refined to further research on the subject.

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