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## The Sport Business Industry

“Sport has the power to change the world. It has the power to inspire. It has the power to unite people in a way that little else can. Sport can awaken hope where there was previously only despair.”

—Nelson Mandela, Laureus World Sports Awards Ceremony 2000

### INTRODUCTION

Welcome to one of the world’s largest and most popular industries! The sport business industry is certainly among the top largest industries in the United States. In many other countries, regions and territories around the world, sports (and thus the sport business industry) is also one of the largest industries. This also means that the profession of sport management (also called sport business management) is one of the largest professions in the world. This is because wherever sports are being played, there are numerous people working to organize, manage, service, broadcast, officiate, build, facilitate, promote, finance, and produce them.

The underlying reason is the popularity of sports for people. People everywhere engage in or with sports in a number of different ways. In fact, in the U.S., we are literally surrounded by sports. Many of us are touched daily in some way by sports, whether we realize it or not. Sports events and news about sports are mentioned in nearly every newscast on TV and radio, and are blasted to our computers and cell phones. Moreover, there are countless television and radio channels and companies, newspapers, magazines, websites, and varying forms of social media whose business is covering sports and sending sport-related information around the world.

Secondly, many of us participate in sports or engage in fitness and/or recreational activities of all kinds. Some do this daily, while others engage either weekly or at least monthly. Table 1.1 shows 2010 participation rates as researched and reported by the National Sporting Goods Association (NSGA; [www.nsga.org](http://www.nsga.org)). Figure 1.1 shows information from the United States Department of Labor revealing that in an average 24-hour work day, employed individuals aged 25–54 with children engage in sports and leisure activities 2.6 hours per day.

Participant sport is comprised of all sports activities in which amateurs participate. That is, if an individual is not paid as a professional to participate in a sports activity, then that individual is part of the participant sport industry segment. As you can ima-

gine, this is the segment comprised of all of those millions, probably like you the reader, who participate in sports activities. Millions of individuals are walking; hiking; camping; boating; playing soccer, softball, and basketball; climbing; fishing; kayaking; biking; working out; hang gliding; swimming; playing tennis, volleyball, and golf; and participating in yoga, aerobics, weight training, and scuba diving. And those are only a few of the multitudes of sports, recreation, leisure, and fitness activities around the world. Thus, it is easy to see that the largest segment of the sport business industry is participant sports.

For example, consider the following information about a few participant sports. The Outdoor Industry Association (OIA) is one of many sports-related organizations that conduct research and track sports activities. This particular organization, however, tracks just eight outdoor activities. Their research can be accessed for free online at [www.outdoorindustry.org](http://www.outdoorindustry.org). The eight sports activities are bicycle-based, camp-based,

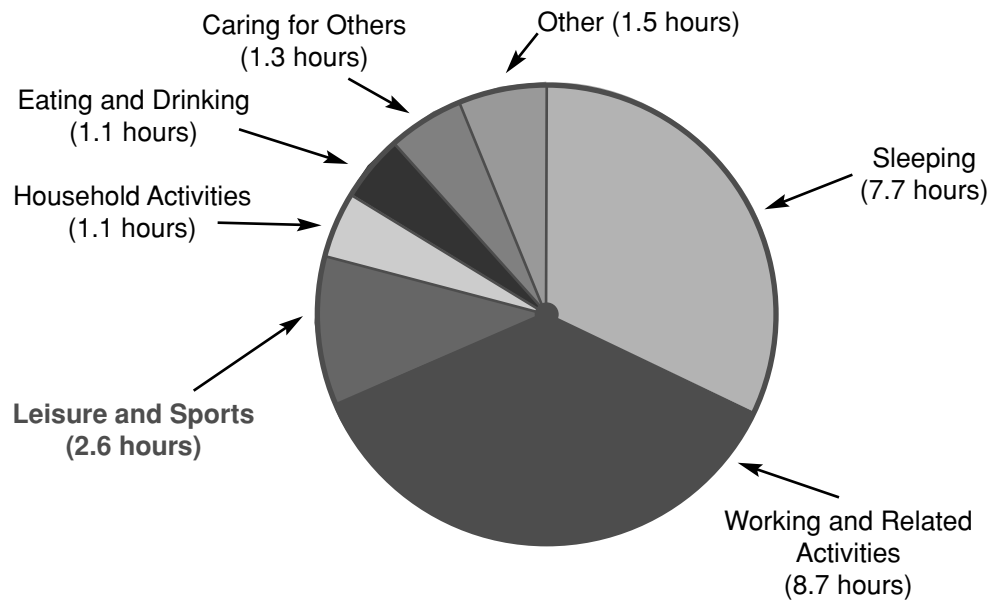
**Table 1.1. 2010 Sports Participation—  
Ranked by Total Participation**

Sport	Total (in millions)	Percent Change *	Sport	Total (in millions)	Percent Change *
Exercise Walking	95.8	2.6%	Backpack/Wilderness Camp	11.1	-9.3%
Exercising with Equipment	55.3	-3.4%	Softball	10.8	-8.4%
Swimming	51.9	3.4%	Volleyball	10.6	-1.0%
Camping (vacation/ overnight)	44.7	-12.0%	Dart Throwing	10.5	-14.1%
Bicycle Riding	39.8	4.3%	Football (tackle)	9.3	4.8%
Bowling	39.0	-13.3%	Skateboarding	7.7	-8.5%
Aerobic Exercising	38.5	16.3%	In-Line Roller Skating	7.5	-5.4%
Hiking	37.7	10.9%	Scooter Riding	7.4	-9.4%
Workout at Club	36.3	-5.3%	Skiing (alpine)	7.4	5.6%
Running/Jogging	35.5	10.3%	Mountain Biking (off road)	7.2	-13.5%
Fishing	33.8	2.8%	Archery (target)	6.5	-8.3%
Weight Lifting	31.5	-8.8%	Paintball Games	6.1	-2.7%
Basketball	26.9	10.1%	Snowboarding	6.1	-1.2%
Billiards/Pool	24.0	14.8%	Kayaking	5.6	14.8%
Golf	21.9	-2.0%	Target Shooting—Air gun	5.3	2.4%
Yoga	20.2	28.1%	Hunting w/Bow and Arrow	5.2	-16.7%
Boating, Motor/Power	20.0	-16.2%	Water Skiing	5.2	0.6%
Target Shooting (net)	19.8	0.3%	Gymnastics	4.8	23.5%
Hunting with Firearms	16.3	-13.5%	Hockey (ice)	3.3	7.9%
Soccer	13.5	-0.3%	Muzzle Loading	3.1	-19.6%
Table Tennis	12.8	-3.7%	Wrestling	2.9	-0.9%
Baseball	12.5	8.9%	Skiing (cross country)	2.0	19.5%
Tennis	12.3	13.2%			

Note: Participated more than once; Seven (7) years of age or older; \*Percent change from 2009.  
Source: National Sporting Goods Association, [www.nsga.org](http://www.nsga.org)

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**Figure 1.1.** Time use on an average workday for employed persons ages 25 to 54 with children: Sports and Leisure activities is 3rd largest reported.

NOTE: Data include employed persons on days they worked, ages 25 to 54, who lived in households with children under 18. Data include non-holiday weekdays and are annual averages for 2009.

SOURCE: United States Department of Labor; Bureau of Labor Statistics. 2009. <http://www.bls.gov/tus/charts/>

paddle-based, fishing, hunting, snow-based, trail-based, and wildlife viewing (Outdoor Industry Association, 2011). As part of their research, the OIA reports that “Nearly half of Americans ages 6 and older, or 137.9 million individuals, participated in at least one outdoor activity in 2010, making 10.1 billion outdoor outings,” according to the *2011 Outdoor Recreation Participation Topline Report* (see Table 1.2). The research shows significant increases in adventure sports such as kayaking, backcountry camping and climbing, as well as slight increases in youth participation among those individuals ages 13–24.

Moreover, it’s not just the large number of individuals that make the “participant sport” segment the largest segment of the industry, it’s also the amount of money involved. The OIA has reported that these eight outdoor activities account for a contri-

### A Few Segments of the Sport Business Industry

- Participant sport
- Sporting goods manufacturing and retail: Equipment, apparel, footwear
- Sports facilities: Design, construction, management
- Athlete management companies
- Professional sports
- High school and college sports
- Outdoor sports
- Sports governing bodies
- Sport management education
- Sport business advertising
- Sport sponsorship
- Sports tourism and travel
- Sports law
- Sports betting/gambling
- Sports media: TV, Internet, radio, mobile devices
- Sport marketing
- Water and marine sports
- Sports media and broadcasting

**Table 1.2. The Outdoor Industry Association Study:  
Participation Rates of 8 Outdoor Sports**

Outdoor Sport	Participation
<b>1. Bicycle-based Recreation</b> —on paved roads or off-road	60 million
<b>2. Camp-based Recreation</b> —RV, tent, or lodge at a campsite	45 million
<b>3. Paddle-based Recreation</b> —kayaking, rafting, canoeing	33 million
<b>4. Fishing</b> —all types	13 million
<b>5. Hunting</b> —all types	24 million
<b>6. Snow-based Recreation</b> —cross country or Nordic, downhill, telemark, snowboarding, and snowshoeing	16 million
<b>7. Trail-based Recreation</b> —trail running or day hiking on an unpaved trail, backpacking, climbing ice or natural rock	56 million
<b>8. Wildlife Viewing</b> —wildlife watching, birding	66 million
Note: Nearly half of Americans ages 6 and older, or 137.9 million, participated in at least one outdoor activity in 2010, making 10.1 billion outdoor outings.	
Note: There are significant increases in adventure sports such as kayaking, camping and climbing as well as slight increases in youth participation ages 13–24.	
* Source: Outdoor Industry Association (2011). <a href="http://www.outdoorindustry.org">www.outdoorindustry.org</a>	

bution of \$730 billion USD annually to the U.S. economy! The outdoor recreation industry of these eight activities, according to the research, provides nearly 6.5 million jobs in the U.S., generates \$88 billion in annual state and national tax revenue, and generates \$289 billion annually in retail sales and services (Outdoor Industry Association, 2011). Further, as was previously mentioned, sports are part of our everyday lives, whether we realize it or not, and the OIA report shows that this industry segment “. . . touches over 8 percent of America’s personal consumption expenditures—more than 1 in every 12 dollars circulating in the economy”(p. 3).

The second largest industry segment is the “sporting goods” industry. The many people engaging in different sporting, recreation, and fitness activities all need equipment, clothing, uniforms, socks, and shoes. These three product categories—equipment, apparel, and footwear—comprise the sporting goods industry. According to current research, this industry has an economic value of \$114.2 billion USD in the United States alone (Plunkett Research Ltd., 2011; see Table 1.11).

And let us not forget about our beloved spectator sports, which in this country are primarily comprised of professional, college, and high school sports. Millions of Americans are fans of these sports and can be categorized on a continuum from what we call the “hardcore fanatical fan” to the “I’m just here for the party fan.” Even though some professional and college sports enjoy massive media coverage while other spectator sports receive only minor coverage, spectator attendance drives the existence and popularity of spectator sports. That is to say, if it were not for spectators, professional and college sports might not exist. It can easily be argued that sports’ very purpose is to pro-



Without the dedication of fans, sport businesses would be unable to thrive. Courtesy of stockphotography.com

vide a form of entertainment. Hence, many scholars argue that professional and college sports are nothing more than an entertainment pastime. Regardless of their spectator attendance, media coverage, or economic impact, professional, college, and high school sports are also big business.

The sport business industry consists of numerous other segments, some of which are sports tourism, semi-professional sports, recreation, high school and college sports, outdoor sports, and sports service businesses such as sport marketing firms, sport sponsorship management companies, and sport governing bodies. In addition, each of the segments is comprised of a plethora of sub-segments. Throughout this chapter, as well as the rest of the book, we will present a multitude of these segments to illustrate how large and varied this industry is. This is important for many reasons. First, anyone who will be working in this industry should understand its scale and complexity. Second, by introducing as many segments as possible, you might be introduced to one that will interest you and which could become your future career area.

### **JOBS AND CAREERS IN THE SPORT BUSINESS INDUSTRY**

Jobs and careers in the industry are seemingly endless and are as varied as the segments and businesses that comprise the overall industry. For every sports activity, such as a college basketball game, the number of sport management professionals required to produce it can range from as few as five or six to as many as thousands. For instance, consider how many workers are needed for a simple basketball game, from a local recreation game to a university Division I level game. The local city recreation women's basketball

league requires a facility, which in turn requires workers who designed it, workers who built it, and workers who maintain and manage it, as well as the workers who are coaches, officials, and staff for the game. For the college basketball game, the same types of workers are needed, but professionals are also needed for sport marketing, sports information, sports medicine, sport finance and budget, sports law, sponsorship, supporters, sports ticket businesses, game-day operations staff, fan gear merchandising, fan gear licensing, traffic control, parking facilities, food and drink workers for concessions and restaurants, luxury suite workers, and security. Additionally, because this game might be televised or transmitted in other media—radio, web, social media—professionals are needed in sports media, journalism, photography, production team, electricians, lighting, sound, on-camera announcers, and Web producers. Further, several industries are critical to the game as well. They are the stakeholders—those who have a “stake,” or vested interest, in the success of the production of the game. This includes whole industries such as the transportation industry for airline flights and local transportation such as buses, subways, or taxis; the hotel industry for places for spectators, teams, media, and workers to live during the event; the restaurant industry for food and drink for everyone; and sponsors for provision of much-needed items such as funding, promotional items, advertising dollars, and a variety of gifted equipment or materials. Therefore, the number of jobs needed for a simple basketball game can be in the hundreds!

At yet another level are sports events that are called “sports mega events.” These include such events as the Winter and Summer Olympic Games, the Men’s and Women’s World Cup championship tournament, the World University Games, or the World Equestrian Games. These are called “sports mega events” because they are of an enormous size in relation to all other sports events in terms of years of preparation, facilities needed, marketing efforts, organizations involved, volunteers needed, sponsors and sponsorship dollars needed, governments involved, and the number of paid sport management professionals needed. Consider how much is involved in organizing one of these events.

Moreover, this is an industry in which a person can often find success by linking an interest in sports with an interest in something else. It is a unique industry in which you can have two loves—one being sports and the other being something else—and there is most likely a job that incorporates both of them. For example, an individual loves sports, but also loves photography. That individual does not have to choose between the two because there are plenty of jobs for sports photographers. As another example, an individual loves to write computer programs, but also loves sports. Again, that individual does not have to choose one or the other—there are plenty of jobs in the sport industry for individuals to write computer programs for sports equipment, such as the fitness workouts on screens on treadmills or rowing machines; for keeping up with one’s fitness workouts at a fitness center; for programming a Jumbotron for digital displays at a large sports arena; or for gauging the air drag of race cars, speed-skating suits, or bobsleds. Essentially, in the sport business industry, there are numerous jobs that combine two interests into one job. There are not many other industries in which that is true.

## **SPORT MANAGEMENT IS A POPULAR COLLEGE DEGREE PROGRAM TODAY**

With the widespread love of sports and the sport business industry's size, variety, and flexibility, it is no wonder that sport management is a fast-growing and popular college degree program today. Because so many students want a career in the sport business industry, many colleges and universities are adding degree programs in sport management. Although sport management programs are more typically found in a department including other sports-related degree programs, such as sports medicine, physical education, and exercise science, there has been a recent increase in the number of programs being offered in departments or colleges of business. But despite the constant increase in the number of programs, there are still too few programs and too few students in sport management to fill all of the jobs in the sport business industry. Additionally, there are still many jobs in the industry for which a degree in sport management is not yet required. It will be perhaps several years, probably decades, before there are enough students trained in sport management programs to fill all of the available jobs.

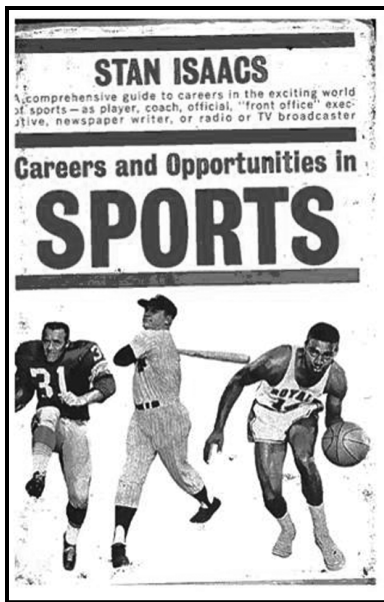
## **EVOLUTION OF SPORT MANAGEMENT**

There is plenty of evidence that humans have created and played sports and recreational activities throughout their history. The proof can be found in a number of historical records and artifacts, such as sculptures, monuments, carvings, paintings, depictions, artifacts, equipment, clothing, and facilities.

In fact, the word "sport" is derived from the Old French word "desport," which means "leisure" (Desport, 2011). The oldest use of the word "sport" found in English is from the 15th century, and at that time the word meant anything humans find amusing or entertaining (Harper, 2011). Labeled as the oldest "sport" is *Pitz*, the Mayan ball game played by everyone—women, men, and children—dating from around 2500 B.C. (Authentic Maya, 2011). Hundreds of the ancient ball courts, called Halaw, have been discovered in Central America (around 500 in Guatemala alone) where the game was played.

One can easily draw the conclusion that sport management is among the oldest professions. First, where there are sports activities, there are people who are working to organize and govern the events, plan and build the facilities, invent and manufacture the equipment, and design and produce the clothing. Second, if sports and recreational activities were being played, there must have been people who were also teaching others how to organize, build, design, produce, and manage sports activities, equipment, clothing, and events. Thus, sport management was being practiced at the very beginning of human sports. Therefore, humans have been participating in sport management ever since sports have been played. It can readily be concluded that this makes sport management among the oldest professions on Earth (Pitts, 2008, 2011).

In the United States, the evolution of sport management as an academic field can be partially attributed to a course in physical education titled "Administration and Organization of Physical Education and Athletics" in the early 1950s. It was the only course a



The 1964 Sports Careers Book  
by Stan Isaacs

college student could take with any content about the management of sports. Eventually, students demanded more and the “college athletics administration” course was created. Soon after, more courses were developed. For several years, and unfortunately still today, some programs were “. . . primarily physical education curricula with a sport management title” (Pitts, 2001, p. 6).

In response to greater and increased varied interests in all of the different segments of the sports industry beyond college sports, other courses were added with a much broader focus. Many courses, years, curriculum standards, and sport management associations later, that first course has evolved into the academic field of study that exists today. Most programs are housed in physical education, health, and exercise science departments, some programs comprise their own departments, and more recently some programs are housed in a

school of business or a department or school of hospitality, entertainment, and tourism (Mahony, 2008; Schwarz, 2010).

It is intriguing, then, that even though humans have been practicing sport management ever since humans have played sports, sport management as an organized and named academic area of study is rather new. In fact, it has perhaps only existed for a few decades! There has been no organized study to determine the historical development of sport management as a degree program. Some sport management scholars credit Ohio University having the first sport management program in the U.S. in 1966 and with perhaps coining the term “sports administration.” In fact, a recent discovery reveals that perhaps the first known use of the term is found in a book published in 1964 (Isaacs, 1964; Pitts, 2008). In this book, titled *Careers and Opportunities in Sports*, Stan Isaacs has a chapter titled “Careers in Sports Administration.” Further, Isaacs describes a sport management degree program titled “Baseball Administration School” that was offered from 1949 to 1959 at Florida Southern University. That curriculum had courses very similar to sport management programs today with courses such as “Legal Responsibility and Insurance,” “Daily Game Operations,” “Park Maintenance,” “Tickets and Tax Laws,” “Finances, Accounting, and Payroll Systems,” and “Player Contracts and Related Paperwork” (see Isaacs, 1964, p. 183 [Appendix IV]). Table 1.3 presents those courses and their course descriptions. As you can see in the course descriptions, they are very similar to courses offered today in sport management programs. Additionally, the chapter in Isaacs’ book lists and discusses various sport management jobs such as general manager, public relations manager, lawyer, commissioner, scouting, traveling secretary, statistician, ticket director, groundskeeper, and even batboy.

**Table 1.3. The Florida Southern University Courses in 1949**

## Appendix IV

The curriculum of the Baseball Administration School operated at Florida Southern University from 1949 to 1959 is of interest in its reflection of the details involved in sports administration.

## DETAILS OF CURRICULUM

1. THE NATIONAL AGREEMENT—Since all functions of club management are based upon the rules and regulations of the National Association Agreement, a comprehensive and analytical study of this governing instrument {is undertaken}. In conjunction with this study, there will be an analysis of the general structure of organized baseball and the relationship of the minor leagues to the major leagues.

2. PLAYER CONTRACTS AND RELATED PAPERWORK—All player contracts and related paperwork must be written and processed according to the precise rules established in the National Association Agreement. So that class members may familiarize themselves with these forms and processes . . . extensive emphasis {is} placed upon the subject, with active drills being conducted on forms supplies by the National Association of Professional Baseball Leagues.

3. TICKETS AND TAX LAWS—A study of the correct pricing of tickets and the taxes thereon; kinds of tickets; ticket sales and promotions. Sample tickets and problems are used in the classrooms.

4. LEGAL RESPONSIBILITY AND INSURANCE—Students thoroughly discuss workman's compensation, hospitalization, robbery and liability insurance; responsibility to employees and spectators; dual responsibility in city-owned and -leased parks; and responsibility of sub-contractors.

5. FINANCES, ACCOUNTING, AND PAYROLL SYSTEMS—Sample budgets, social security and withholding tax regulations, proper handling of tax funds and tax reports.

6. PARK MAINTENANCE—Importance of neatness and cleanliness. Clubhouse and restroom facilities. Suggestions for proper layout and upkeep of the playing field and lighting system.

7. DAILY GAME OPERATIONS—Stadium personnel; reserved- and box-seat sales and reservations; game reports; public address and scoreboard operations; ball boys; barking and traffic problems; police protection; checking tellers in and out.

8. CONCESSIONS—Program advertising and layout; sale of concession items; commissions to vendors; inventory and records; sales personnel.

9. PROMOTION AND PUBLIC RELATIONS—Press and radio, T.V. relations; use of passes; year-round promotional programs; special nights and group ticket sales; the value of off-seasons promotions—hot-stove meetings and home-plate clubs; use of baseball films; importance of working with youth and women's organizations." (page 183)

The program at Florida Southern was focused on the business of baseball. The catalog described it this way: "Florida Southern College, recognizing that baseball business management was a profession in which no training at the college academic level had heretofore been offered, instituted at the Baseball Administration School to provide students an opportunity to study and learn at first hand the major problems of the baseball business executive" (Isaacs, 1964, p. 136).

It is important for all students in sport business management to know and understand as much as possible 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 positively affect the student's success in a chosen career in any sport industry segment.

The application of sport marketing fundamentals to the sport business 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.

Throughout this chapter, the student will learn about the sport business industry. Toward this goal, it is first essential to understand the "sport business industry" as it is being defined in sport business 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.

### WHAT IS AN INDUSTRY?

An "industry" is a market in which similar or closely related products are sold to buyers. 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 whose needs, wants, desires, or demands may change over time. 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 that is composed of many different but related products. It includes 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 aquatic sports, camping activities, and soccer apparel. Keep in mind, however, that local sporting goods stores do not carry goods for every sport that exists. For example, to find equestrian or rodeo equipment, one 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 aquatic sports department, for example, you will find 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 tennis racket 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