

Practical Challenge and Countermeasures of Improving the Resilience of China's Sports Industry Chain under the Background of "Dual Circulation"

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Abstract: *Under the background of domestic and international two-way circulation, improving the resilience of China's sports industry chain is not only the basic guarantee to build a modern sports industry system and cope with the upgrading of mass consumption, but also an important measure to enhance the discourse power of China's sports industry under the background of economic globalization. Based on the actual development and demand conditions of China's sports industry, this paper analyzes the practical challenges of improving the resilience of the sports industry chain from the external environment such as supply and demand, international market environment, as well as the internal factors such as industrial mechanism and industrial chain foundation. The following optimization paths are proposed: stimulate the market vitality of the sports industry, consolidate the circular foundation of the industrial chain, build the collaborative governance platform of the industrial chain, improve the linkage mechanism of the sports industry subject, optimize the spatial layout of industrial clusters, enhance the effect of industrial collaborative agglomeration, promote the integration and upgrading of the sports industry, and enhance the discourse power in the international market.*

Keywords: *"dual circulation"; sports industry chain; resilience*

1. Introduction

The "14th Five-Year Plan" and the Outline of the Long-Range Goals for 2035 further indicate the need to promote the construction of a new development pattern characterized by the "dual circulation" with domestic circulation as the mainstay and domestic-international circulation reinforcing each other, in order to achieve high-quality economic development. In this context, it is essential and urgent to maintain the stability of industrial and supply chains and enhance the resilience of the industrial chain in the new development stage.

To promote the high-quality development of the sports industry and realize a virtuous cycle in both domestic and international markets, it is important to scientifically optimize the internal division of labor and connections within the industrial chain. Furthermore, there is a need to enhance the internal resilience and risk resistance capacity of the industrial chain. Industrial chain resilience refers to the ability of the industrial chain to maintain stability, self-repair, self-improvement, and prevent disruptions.

Based on the macroeconomic demand for the development of the sports industry under the new development pattern, this paper explores the inherent logic that should be followed to strengthen the resilience of the sports industry chain. It analyzes the practical issues faced and discusses how to further enhance the resilience of China's sports industry chain, providing academic references for improving China's overall sports strength and achieving high-quality development of the sports industry, taking into account the pros and cons.

2. Real Challenges in Optimizing the Resilience of China's Sports Industry Chain

2.1 Prominent contradictions in industry supply and demand, insufficient domestic market development

According to the *Classification of Sports Industry Statistics (2019)* (National Bureau of Statistics Order No. 26) ^[1], the main consumption in China's sports industry is public sports consumption, which

is primarily funded by government financial resources and policy-supported financing ^[2]. A significant contradiction in the imbalanced supply and demand of domestic sports consumption lies in the polarization of consumer groups and consumption levels, as well as the imperfect product distribution channels and imprecise allocation. Intense homogenous competition within the industry and unreasonable spatial distribution of the industry further exacerbate the supply-demand contradiction in the sports industry ^[3]. In the United States, sports consumption ranks as the fourth-largest category in household expenditure after food, housing, and transportation. However, in China, the per capita disposable income in 2022 was 36,883 yuan, and the top five components of per capita consumption were food, housing, transportation and communication, medical care, and education, culture, and entertainment, accounting for 86.2% of total expenditure ^[4], with sports consumption not being individually accounted for.

2.2 Need for improved industry mechanisms, limited government-enterprise communication and collaboration

Currently, China's sports industry chain consists of sports events resources, media communication, and derivative industries ^[5], with the derivative industry being the main segment that generates economic and cultural value in the sports industry. Policies related to the sports industry mostly focus on macro-level guidance, lacking sufficient power delegation and path guidance, and the integration and coordination with other administrative departments or enterprises inside and outside the industry are difficult. For example, policies related to land supply for sports industry development, tax subsidies, and foreign trade have not been effectively implemented. The relatively generalized sports industry system lacks proactive political inclusion and active responses from individuals ^[5]. There is a disconnect in information exchange between the government, enterprises, technological innovation, and market demand, and unclear delineation of rights and responsibilities in terms of organizational management and benefit distribution between the upstream and downstream of the industry chain, leading to various issues in mechanisms, such as conflicts in operational strategies, and resulting in resource waste and disorder in the derivative industries ^[1].

2.3 Weak foundation of industry cluster, urgent need for enhanced industry rooting

As of September 2023, the General Administration of Sport of China has designated and recognized 50 national sports industry demonstration bases nationwide ^[6], covering both sports manufacturing and sports service industries. However, among the recognized sports industry bases, the majority are concentrated in the Yangtze River Delta, Beijing-Tianjin-Hebei, and other coastal areas, with fewer distributed in central and western regions. Various resources such as technology, talents, and policy benefits tend to be biased towards developed cities within China, resulting in a tendency towards homogenization in the structure of the sports industry and the failure of advantaged regions to exert a radiating effect on relatively weaker regions ^[7]. There are differences in infrastructure, factor supply, and industrial focus between the sports industry demonstration bases in different regions of China, and there is a lack of leading enterprises in the sports industry chain ^[8], resulting in an imbalance between enterprises and spatial structure in the sports industry chain and increased market segmentation, which is not conducive to achieving specialized division of labor and regional integrated and coordinated development in the sports industry ^[9].

2.4 Restructuring of international industry chain structure, increased difficulty in external industry exchange

With the continuous changes in the world's political and economic landscape, since 2012, the low- and middle-end manufacturing industries have been continuously shifting towards the Southeast Asian market with lower manufacturing costs, exerting dual pressures on the upstream and downstream of China's industrial chains ^[10]. This is aimed at restricting China's resources circulation, talent development, technological innovation, and other aspects globally, making it difficult to ensure the security, stability, and innovative development of China's sports industry chain. Some of China's outward-oriented sports goods enterprises have been impacted internationally, and both the sports manufacturing and sports service industries face multiple pressures in terms of investment, production, and consumption. From 2017 to 2019, China's total imports of sports services trade amounted to 418.966 billion yuan, while exports amounted to only 115.964 billion yuan. The exports of sports goods and equipment mainly rely on OEM (Original Equipment Manufacturing), ODM (Original Design Manufacturing), and processing trade, with weak core resources and technological innovation

capabilities in the sports industry ^[11], which has had a negative impact on China's international sports cooperation projects and the internationalization of the sports market.

3. Strategies for Enhancing the Resilience of China's Sports Industry Chain

3.1 Stimulating the vitality of the sports industry market and strengthening the foundation of the dual-cycle industrial chain

The market not only serves as the main environment for sports industry consumption but also plays a crucial role in connecting the government, enterprises, and consumers within the sports industry chain. A favorable market environment and market vitality are important indicators of the stability of the internal structure of the sports industry chain and the positive development of the industry. The primary step to stimulate market vitality is for the government to strengthen its supportive and leading role by implementing a series of supportive measures and policy guidance to promote diversified development within the industry, including sports manufacturing, sports services, and sports technology. Government agencies and industry associations should collaborate to improve market supervision in the sports industry, detailing regulations on entry conditions, internal division of labor, and the responsibilities of stakeholders ^[12], in order to create a fair market competition environment. Subsequently, market forces should be allowed to play a decisive role in resource allocation within the sports industry. The close feedback and communication between consumers and the market enable the market to have more rights in resource allocation. This not only stimulates the rapid operation of the market but also facilitates the accurate identification of consumer demands, helping companies allocate resources more efficiently to produce products and services that meet social needs. This, in turn, promotes diversification in the supply of final sports products and rationalizes the structure of the sports industry chain ^[13]. Expanding domestic market demand for sports consumption and strengthening public awareness of healthy lifestyles and correct sports consumption are essential. With the acceleration of population aging in China and the impact of the COVID-19 pandemic, there is an increasing urgency for the public to engage in healthy physical activities. Therefore, on the demand side, it is necessary to increase the number of public sports facilities nationwide, providing more exercise venues and equipment, while also helping improve the elements of the sports product manufacturing industry and facility construction within the industry chain ^[14]. Furthermore, exploring various forms of healthy physical activities for different population groups, promoting the integration of the sports industry with other industries, or advancing the development of the sports industry through digitization and network-based consumption are crucial for enhancing the adaptive capacity of the sports industry chain, meeting the diverse and multi-level sports consumption demands of the public.

3.2 Establishing a collaborative governance platform for the industry chain and improving the linkage mechanism among sports industry entities

Enhancing the driving mechanism of the industry and timely regulating the direction of its development are important for promoting the resilience of the sports industry chain and building a modern, high-quality sports industry chain. It is necessary to clarify the relationship between the government and other entities, fully leverage the market's decisive role in resource allocation, and guide government investment and innovation in the industry ^[15], encouraging more social capital to participate and invigorating enterprises' involvement in industry innovation and upgrading. This will help establish a new sports industry system that features effective market mechanisms, vibrant micro-entities, and precise industry policies. Stakeholders and builders within the industry chain should integrate their resources through multi-party collaboration, guided by their respective interests, in order to optimize the development of the industry chain in a healthier and more harmonious public governance environment. Market consumption should be the guiding principle, ensuring the scientific and efficient allocation of various production factors to different sports sub-industries, promoting the free and orderly flow and efficient allocation of resources, and improving the mechanism for resource circulation. Attention should also be given to actively constructing a sports market regulatory system based on relevant laws, regulations, and industry standards, utilizing network technology and the establishment of a national sports industry credit system to create a multi-participant market supervision mechanism ^[16]. This mechanism will facilitate coordinated governance of issues within the industry chain, achieving a win-win development scenario for both social and economic value and the tangible economic benefits of stakeholders. Additionally, establishing a multi-department joint meeting system involving the government, enterprises, and social organizations within the industry chain,

streamlining management and approval processes, integrating the strengths of various entities, eliminating industry and administrative barriers^[17], and establishing a coordinated linkage mechanism among sports industry entities will further strengthen the resilience of the sports industry chain's supply system.

3.3 Optimizing the spatial layout of industrial clusters to enhance the synergistic effect of industry collaboration

To strengthen the sports industry spatial chain, it is necessary to reasonably divide the spatial layout based on the natural conditions, regional advantages, and policy facilitation of different regions. The goal is to help regional economic and industrial development while avoiding the negative effects of overcrowding. Various industries such as technology innovation, sports manufacturing, and sports services should develop together, encouraging and assisting the reasonable aggregation of the sports industry. Strengthening industrial cooperation and communication between different regions and promoting the establishment of cooperation platforms across the country can help overcome challenges such as fragmented industry information and isolated islands^[18]. The goal is to establish a multi-center network city group structure for the sports industry across administrative boundaries, promote the construction of functional zones responsible for sports development, and improve the chain-like layout of sports industries in provincial and national spaces. This ensures the balance of supply and demand and the high-quality development of the sports industry in the domestic market. The construction of sports industry infrastructure is also an important part of optimizing spatial layout. Sound infrastructure can provide better hardware conditions for the rapid aggregation of the industry and communication between regions. To avoid excessive homogeneity in industrial development and the fragility of the sports industry chain, each spatial cluster should develop different policies and strategies based on unique cultural and resource characteristics. For example, the development of national innovation bases, ethnic sports, sports tourism, etc., should promote diversified development in sports innovation, sports manufacturing, sports services, sports tourism, and other areas^[19]. This will help to diversify the sports industry, create regional identities and brand effects, and ultimately achieve gradient coordination and complementary advantages within the industry^[20]. It will also create a self-organized and sustainable development model for the sports industry chain, fully exploiting the synergy effect of comprehensive development in the domestic market.

3.4 Promoting the integration and upgrading of the sports industry to enhance international market influence

Promoting the integration and upgrading of the sports industry is not only necessary for enhancing China's comprehensive strength but also a crucial path to improve the resilience of the sports industry chain in international exchanges and cooperation. Conceptual integration: The sports industry must seize current development opportunities, take the domestic market as the development foundation, continuously improve the concepts of innovation, coordination, green development, openness, and shared development in the sports industry chain, and strengthen the top-level awareness of its development. Technological integration: Promote the integration of new technologies such as digital economy, big data, and artificial intelligence with the sports industry. Transform and upgrade all aspects of the sports industry through digitalization, intelligence, and efficiency-oriented new production technologies^{[21][22]}. This will help the sports industry occupy the international forefront market with new technologies and high-quality services. Industrial integration: Promote the integration of the sports industry with other industries, bringing new vitality and development opportunities to the sports industry through industrial integration. For example, deep integration of sports with engineering, health, culture, education, tourism, and other industries can broaden the development scope and market of the sports industry^[23], promote the "multi-chain" development of the sports industry, and strengthen the stability and strength of the sports industry chain. Based on this, seize the opportunities of the Belt and Road Initiative, consolidate cooperation with international markets such as Europe, the Middle East, and Southeast Asia, and leverage China's large market size, diverse sports industry, and rich sports culture to enhance the status and influence of the Chinese sports industry. While expanding internationally, it is also important to actively attract foreign investment and create a favorable investment environment to encourage more multinational sports industries to invest and establish a presence in China. Promote the internationalization, authority, and standardization of the Chinese sports industry, overcome the challenges of the external circulation of the sports industry chain, and further enhance the cyclic development strength and resilience of the sports industry chain.

4. Conclusion

Enhancing the resilience of China's sports industry chain is of significant importance in developing it into a pillar industry and promoting the transformation of our country's market economy. In the face of the current unpredictable political and economic situation, the first priority is to ensure the steady progress of the domestic circulation and promote the diversified development of China's sports industry. This will help weaken the impact of external factors on the sports industry chain and achieve independence and controllability. At the same time, it is crucial to strengthen the foreign trade cooperation capabilities of our own sports industry. Building upon the strong domestic market and prominent advantages in the sports industry, active engagement in international cooperation is necessary to seize international market share and enhance China's international discourse power in the sports industry. Efforts should be made to make Chinese standards the world standards. By continuously expanding the development space of China's sports industry and enhancing the resilience of the industry chain, we can steadily promote the high-quality development of the sports industry and strive to achieve the goal of becoming a sports powerhouse at an early stage.

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