

# Commercialization of Football in China

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**ABSTRACT.** Football has grown in popularity to become an economic industry with different sectors that appeal to specific demographics. This was until the government decided to increase its investment within the industry to promote growth from both foreign and local organizations. The national Chinese league has been reinstated as a source of pride within the Chinese football. In its efforts to tap into the potential of the football industry, the Chinese government built many football stadiums. However, there are several issues that venues face including high operational costs, competition from media outlets, low returns on investment and rigidity in terms of purpose. To help solve these issues, the stadiums management must prioritize consumer experience to entice more people to visit the stadium.

**KEYWORDS:** Chinese football, Football industry, Stadium management

## 1. Chinese Football Environment

Sports have grown from being leisure activities to economic activities owing to the changes in technology and globalization. It has become easier for people to share information between different countries due to the popularization of smartphones and increased internet access in global regions. This means that sports activities now have a global audience and shareholders view this as an opportunity to generate income. Sports clubs make income through various ways including selling viewership rights, merchandise, tickets, sale of commercial rights, corporate logos or team jerseys, parking, concessions and non-football events if the stadium is designed to accommodate them. Moreover, the rapid expansion of the sports industry has promoted the development of other industries like betting which also generates income for different companies. The government can collect revenue from all these companies and use the funds for development projects. One of the largest sectors in the sports industry is the football market which boasts of worldwide fans. There are many football leagues across different continents and most of them are in countries that have an impeccable infrastructure. The major leagues are mostly found in Europe but there has been a recent surge in the construction of dedicated MLS football stadiums in the US.

### 1.1 Chinese Football Leagues

The football league system in China is interconnected and consists of over 100 leagues with over 2220 teams (Hong & Zhouxiang, 2013). The leagues are interconnected by the principle of promotion and the top three levels have one division each and this allows smaller clubs to ultimately rise to the top of the league table. The hierarchical system is progressive and penetrates different geographical locations within China. The league is fairly new because it was founded in 2004. According to Tan & Bairner (2010), the Chinese league system was declared the 12<sup>th</sup> highest paying league in a survey conducted by the Global Sports Salaries Survey. China's government was committed to overhauling the economy which was previously under-developed and problematic. One of the ways of revamping the economy was through investment in different activities including sports. This article aims to examine the Chinese sports industry including the country's facilities. The following essay will examine the football stadiums including the progress that the facility has made and the problems that it is facing. The essay will also suggest different approaches that can be incorporated to improve the situation.

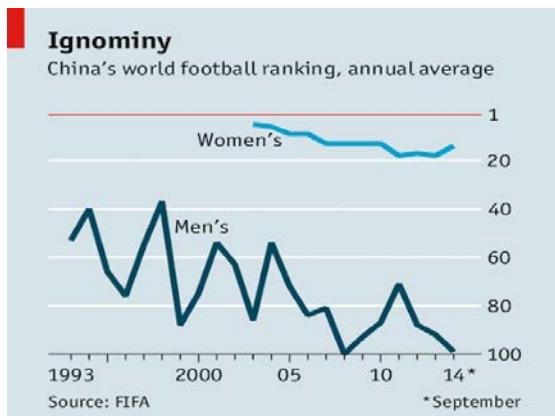


Fig.1 Above Shows the Global Ranking of Chinese National Football Teams from 1993 to 2014. While Both Men and women's Team Remain on the Top 100 Teams, the women's Team is Performing Better.

### 1.2 Chinese Football History

The Chinese people claim to have invented football as images dating back to 206 B.C show people playing a game likened to football with a ball filled with hair (Gong et al., 2015). China participated in its first international football game in Asia in the year 1913. Ten years later, the Football Association of the People's Republic of China and joined FIFA in 1934 (Tan et al., 2015). However, China dropped out of FIFA in 1958 in protest because Taiwan was permitted to play in the games under the name of China. However, China was readmitted into the FIFA federation in the year 1990. During this time, fans began to lose interest in the national football leagues because of China's unsatisfactory outcome in intercontinental competitions. It was during this time that the Chinese fans developed an interest in international basketball competitions. As Connell (2018) recounts, the Chinese national league was mismanaged at the time and plagued with issues like lack of equipment and poor pay for the players. This had implications on the presentation of the national team in transnational competitions and led to a loss of interest in the fans. China's socialist government clashed with a lot of other international forms of governance and the country resorted to isolation which made it worse for the football teams (Zhang, 2015).

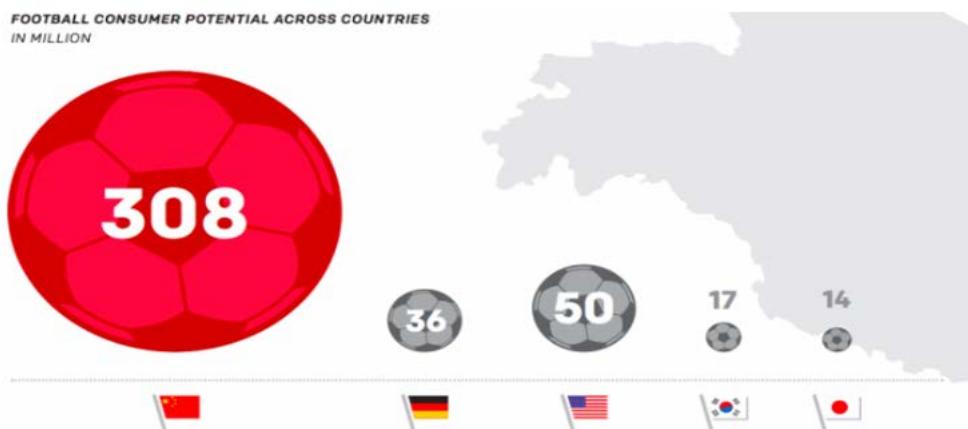
### 1.3 Problems within Chinese Football

The lack of fan interest in football points to a much deeper issue within Chinese society. Cornelissen (2010) argues that on a deeper level, the male Chinese fans were unhappy with their country's performance because they view football as a source of national pride. Since the team was not very good, the level of frustration increased and the fans started looking for alternative sports activities to support instead of football. The women's team managed to win many of their competitions in the Asian regions and this further frustrated the country's male aspect. According to Zheng et al (2018), Chinese men were baffled as to why their women were performing better than them in the football field. The poor performance that China recorded for a long time drove its citizens away from football to other sports. It was only when the government decided to pay more attention to the development of sports that China began showing signs of improvement. The country's investment in the football sector paid off as it helped to restore the pride that fans had in the sport. Furthermore, the country finally gained international recognition as it started expanding economically and this attracted international football players which helped to increase the fan ratio.

China only managed to partake in the world cup in 2002 and the country barely got beyond the group stages. This inspired the government to implement changes that would put Chinese football on the world map. An ambitious action plan was put in place to help change the situation in the medium term. During the regime of Xi Jinping in 2015, a publication of Program for the Reform and Development of Chinese football was created which included a memorandum of 74 paragraphs that outline the plan for changing the sports scene in the future (Hong & Zhouxiang, 2018). The document aims to communicate China's goals of turning the country into a sports station, outlining the strategy that would be used and explaining the social and political importance of creating a strong football industry.

Li et al (2011) cite that the plan is to raise the investment of the government in sports and encourage private investment in the same to ensure that by 2025, 50 million Chinese people play football. The government invested in scenarios that would train coaches, popularize sports activities in schools and optimize facilities to help improve the state of the country's sporting sector.

The efforts by the government and the private investors led to the development of the most self-motivated football industry in the world. Zhang & Kang (2011) assume that football will soon develop into the most prevalent sport in China given the trends and its rising popularity since 2000. The government is ambitious about its plans to dominate the football scene and has invested in the development of the sport. However, it seems as if the Chinese folks are only concerned with partaking in football as fans contrary to the plans made by the government. A study steered by Gong et al (2015) indicates that at least 308 million people in China watch football matches once a week and 237 million of them consider football as their preferred sport with regards to consumption. The figure below compares the consumption of football in China to other major markets all around the world. From the image, it is evident that China is the chief consumer of football and the Chinese owe their loyalty to the national football leagues. This indicates that there is potential for growth within the Chinese football industry due to existing demand.



Source: <https://www.ispo.com/en/markets/football-study-how-fans-tick-china>

Contrary to the increase in consumption, football still falls second to popularity in China behind basketball. However, according to Gong et al (2015) football will soon surpass basketball as the margin is very small with 21 percent of respondents citing basketball as their favorite sport while 17 percent claimed they love football. The typical football consumer is male, middle-aged and prefers to watch the games as opposed to playing himself. For most of these people, their affiliation with football is purely for dramaturgical purposes. Zhan (2013) defines dramaturgy as the theory that speculates that the perception that an individual has about themselves is defined not by their psychology but by their interactions with other members of society. This makes sense seeing as social media has created a new trend whereby people find validation based on their interactions. Therefore, many people have become football supporters because it is trendy and they want to share their experiences with others online. This is also reinforced by the reality that football fans in China have a minimal understanding of the rules of the game (Izzo & Belpassi, 2015). The study conducted by Jie (2010) concluded that Chinese fans are interested in the international star players as opposed to the game itself hence they have little knowledge of their local players. Therefore, the Chinese league would have to put in a lot more effort to compete with other recognized deals in the global context.

## 2. Improvements

### 2.1 Advertisement Changes

One of the changes that will guarantee positive outcomes is changing the way games are advertised to the consumers. According to Tan et al (2015), 65% of the Chinese fans are likely to purchase products from the team's official sponsor and this indicates that the purchasing decisions of Chinese fans are heavily dependent on the

sponsorships and marketing tactics used. This can be an opportunity for football stadiums to market its services to the local customers through informing people about the facilities available within the stadium. Unlike in the west where sponsorships and rigorous marketing tactics are applied to consumers every day, the concept of sports marketing is relatively new in China and this means that there is a lot of market potential for the companies that choose to exploit this aspect. Stadiums can find a way of interacting with the audience and recruiting more fans by emphasizing on creating unique customer experiences which cannot be found at home. This can be achieved through sponsorship or even partnerships with clubs to give fans exclusive one-on-one time with their favorite players.

## **2.2 Utilization of Popular Players**

Stadiums can utilize the popular players of league matches both in China and internationally to help boost the popularity of the venue. According to Tan & Bairner (2010), Chinese fans are unlike their Western counterparts because 76% of them are loyal to the players as opposed to the clubs. This fixation on the players can be used for the benefit of stadiums through player endorsements. The stadium needs to give fans a reason to pay the ticket fees and watch the game within the venue as opposed to at home. Having international players around can help spread the hype about the new stadium and get people excited. This can be achieved even off-season as the management of the stadium can set up an interaction session between the fans and the players to increase the buzz about the stadium. This will get more fans to come to the premises even during off-peak periods and can increase the revenue flow towards the venue. Also, stadiums can partner up with local teams to provide an interactive platform for fans by coming up with activities that the fans can enjoy doing. All this positively contributes to fan experience and helps the stadiums gain more popularity within the local as well as international audiences.

## **2.3 Prioritization of Consumer Experience**

Sports venues are losing their customers to home entertainment systems because of the increasing cost of tickets. The solution for this is to create different purposes for the sports venues that would not only accommodate more businesses but other sports activities as well. Granted, stadiums was created to be a multi-purpose facility but the problem is that the stadium remains empty most of the time. Liu, Zhang, & Desbordes (2017) suggest that venues should collect and optimize data from the fans to find out what they want. Venues rarely research because it is believed that once the stadiums are built, the fans will come because they enjoy the game. Therefore, there is rarely any effort invested in finding out the needs of the consumers and this is a huge mistake. There is no way for the management to determine how to improve the number of fans visiting the stadium. Data is crucial within any economic context because, in the modern-day, it is the customers who have the power in determining the sectors that will be successful (Izzo & Belpassi, 2015). Therefore, all companies must prioritize the needs of their customers and since stadiums falls under the service industry, it must provide optimal customer experience to help convince the customers that watching the game at the venue is the best alternative.

Another solution to the issue of customer interest is the diversification of demographics to ensure that the stadium receives the support of the public. Public support is important in sports because it culminates in funding which provides an alternative source of income for the venues (Liu, Zhang, & Desbordes, 2017). To improve the demographic, the management at stadiums must create more opportunities for the expansion of ticket markets. Furthermore, the management should diversify the type of premium offerings that are granted to different consumer markets. Creating a more diverse social environment and developments that will be active throughout the entire year is crucial in enticing new customer markets (Tan & Bairner, 2010). Stadiums needs to engage the local fans and it can achieve this through government investment. After all, the economic policy in China reaffirms the government's commitment to improving the state of the economy through injecting investments in markets that show the potential for growth. Moreover, since the government invested a lot of capital in the construction and constant maintenance of stadiums, it would be willing to invest more in programs that market the stadium and ensure a constant flow of fans to the venue during different activities.

## **3. Conclusion**

The Chinese are believed to have created football but for the longest time, the country's performance in the sector has remained wanting. Also, stadiums could be struggling to survive for a long time. Under these circumstances,

several advices for both stadiums and football environments was given to point some possibilities to solve these problems. This can be achieved by using sponsorships and advertising to reach more audiences. The football sector in China is very lucrative and has expanded greatly. However, certain aspects must be improved for the sport to overtake others in popularity.

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