

Research on the Factors of NBA Income Development in the Chinese Market Since 2007

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Abstract: This article mainly studies the developments and income increase of the National Basketball Association (NBA) in China over the past 16 years from 2007 till today, as well as those new factors that have led to the increase in income. This research summarizes and sorts out various factors that affect the NBA's income in China, and offers some suggestions to improve the development of the NBA in China. This paper mainly reviews some articles and constructs mind maps to summarize the key determinants. This study examines the continuous increase in factors' statistics and the rise of overall income of NBA in China. According to the research findings, the additional factors such as network broadcasts in recent years has indeed increased the overall revenues of the NBA in China by 5 to 6 percent. These factors make the overall NBA revenues in China rise in an efficient way. According to the result, this article provides some helpful suggestions, such as integrating NBA peripheral products with Chinese culture, co-branding NBA with short video platforms, and combining NBA with digital software. These are all suggestions to help the NBA develop better in China.

Keywords: NBA, income, Chinese markets

1. Introduction

The National Basketball Association (NBA) has an impact on the Chinese market in various aspects, such as the impact of NBA culture on the tactical quality of Chinese basketball players. Based on the research on such an emergent sport in an expanding country seems inevitable, in this case, the NBA in China. China has seen a spike of fandom towards the NBA in the last 2 decades, and today has obtained the attention of nearly 70 million viewers [1].

Under the influence of NBA culture, it can effectively improve the tactical quality of our basketball players, which has a significant effect, or the profound influence of the NBA on Chinese youth basketball. The training mode of Chinese youth is deeply influenced by the NBA. Since the introduction of the NBA to China, the Chinese league has been greatly influenced by it and is constantly moving closer to it. The impact of the NBA on China's basketball league. The NBA also sets a good example for the basketball league in my country. These are some of the previous people's sorting out of the significance of the introduction of the NBA to China, but few people will conduct statistics and research on the income of the NBA in China, and find out which factors are involved lead to higher income levels, so for this paper, it mainly focuses on the rising income of the NBA in the Chinese market. This paper focuses on the NBA's revenue growth in the Chinese market in the past 16 years from 2007 til today and the factors that affect the situation.

Aiming at the improvements of the NBA's income in China within 16 years from 2007 proposed in the paper, the paper sorts out the literature. There are reasons and factors related to the increase in income, as well as the specific increase in the NBA's income in the Chinese market and the percentage of the NBA's own income within a 16-year span from 2007 to today. Using these evidences and data, this paper studies the NBA's revenue increase in the Chinese market. First of all, the income is usually divided into three main sources of income. The first is the network broadcasting rights, which allows the NBA to easily earn 320 to 350 million US dollars per year in broadcasting revenue. The second and third are the operation of the event and peripheral products.

Secondly, the NBA's income in China is also completely different in 2007 and today. In the early stage, the development of NBA China was relatively slow. A study finds that after the retirement of Yao Ming in 2012, NBA's revenue in China still reached around \$150 million, while the overall annual revenue of the NBA globally in 2012 was about 3.7 billion U.S. dollars [2]. In today's NBA, according to Yahoo Finance, it has been widely reported that the NBA league's global revenue is closing in on \$10 billion in 2019. Within that, China is the most significant growth market and revenue coming from China is nearly 10% of the total revenue [3]. Although the latest data is from 2019, it can still show that China has achieved a significant growth as well as a dominant commercial position in the NBA with its revenue growing from 4% of the entire pie in 2012 to 10% in 2019.

2. Case Study on Expansion of NBA in the Chinese Market

2.1. The Development of NBA China

Growth of China's sport industry has brought tremendous opportunities to sport and non-sport organizations domestically and globally; nonetheless, the enlargement has also raised many challenges [4].

The NBA has experienced considerable developments in China, and the earliest historical background can be traced back to Wang Zhizhi's difficult start in the NBA, to Yao Ming's rapid growth in Houston; from Battelle's embarrassing NBA championship ring, to Yi Jianlian's head-on collision "Rookie Wall". While the NBA brought different fates to outstanding Chinese basketball players, it also tore apart the painful or joyful basketball feelings of Chinese fans.

Since the spring of 1987, NBA Chairman David Stern has been on China Central Television, free "promotion" of NBA game video tapes, until the first Chinese game kicked off in Shanghai in 2004; NBA products extended from the All-Star Game, Basketball Carnival, Basketball without Borders, NBA training camps, basketball caravans, and so on, to "NBA China" was formally established, and the former Microsoft China CEO Chen Yongzheng "led the leading role" in the "NBA China drama". The NBA has sneaked into the Chinese market with an all-round attack. With the continuous improvement of China's economic development and national competitive sports, the NBA Not only has its forward-looking vision and unique operation mode achieved great commercial success in the Chinese market, but it has also made basketball popular and popular in China faster and wider, presenting a win-win trend of simultaneous development of sports and business [5]. However, the development of the NBA in China can be reflected in many ways, such as the promotion of income in business, or the in-depth dissemination of NBA culture in China, or to meet the entertainment needs of the public. The presence of the NBA in China has greatly remolded the previous norms of Chinese basketball and sport culture [6].

In this section, this paper will summarize the NBA's income in the Chinese market in the past 16 years from 2007. In this case, the focus of this study assumes that the income of the NBA in China has shown an overall upward trend in the past 16 years from 2007. At the same time, various factors and variables have contributed to the income of the NBA in China in the past 16 years from 2007. Contributing to income, regarding the existing problems, the study needs to summarize those different

factors that have led to the increase of the NBA's income in China in the past 16 years from 2007 under the premise that the predecessors have had an impact on the development of the NBA in China. In order to study this part of the problem, the paper will list the factors that affect the development of NBA China's income in 2007 and 2023 later in tabular form.

2.2. The Development of NBA in China in the Early Periods

The authority of the National Basketball Association (NBA) over the past decade has actively internationalized the game by recruiting potential international players and expanding overseas markets [7]. The development of the NBA in China in the past 16 years from 2007 has also been assisted by many factors.

The first point is TV broadcasts. The exclusive TV broadcaster of the NBA in China is CCTV Sports Channel, and the annual TV broadcast fee is about 70 million US dollars (about 500 million yuan). Then, the second point is advertisements. NBA stars will have many opportunities to endorse advertisements in China. For example, in 2015, Peak signed Dwight Howard with a total price of 150-200 million. Peak's total profit in the first half of 2015 was 176 million yuan, which is equivalent to signing Howard and making a profit for half a year. Anta signed a 10-year, \$80 million contract extension with Klay Thompson. In the 2012 season, Li Ning directly signed Dwyane Wade with a 10-year, \$100 million contract. The NBA endorsed by stars will get a certain advertising share [8]. When the paper discusses the current NBA China income, there are more variables that will affect the increase in income.

Meanwhile, Figure 1 shows the determinants of NBA china in early periods

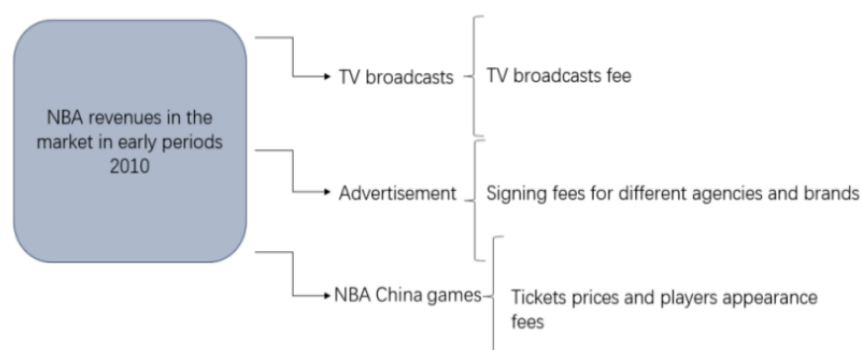


Figure 1: The determinants of NBA China in early periods.

2.3. The Development of NBA in China Nowadays

The NBA has experienced a long development in China, and now, there are more factors that can contribute to the NBA's revenue in China. Figure 2 perfectly demonstrates these factors.

The first development is the NBA China Game. The factors not only have the original CCTV broadcast rights and advertising brands, but also some modern determinants. In China Held NBA-related activities and NBA China Games, NBA Carnival. Game income mainly includes on-site tickets, limited production advertisements and broadcast rights. Ticket income is not a small income. On October 14, 2015, the NBA China Game Shanghai Station Hornets versus Kuai. The face value of tickets for the boat race can reach up to 16,888 yuan. When the Warriors and Timber wolves participated in the China game in 2017, the most expensive tickets reached 18,888 yuan, and it is hard to find a ticket, not including tickets that have been fired by scalpers for several times the price.

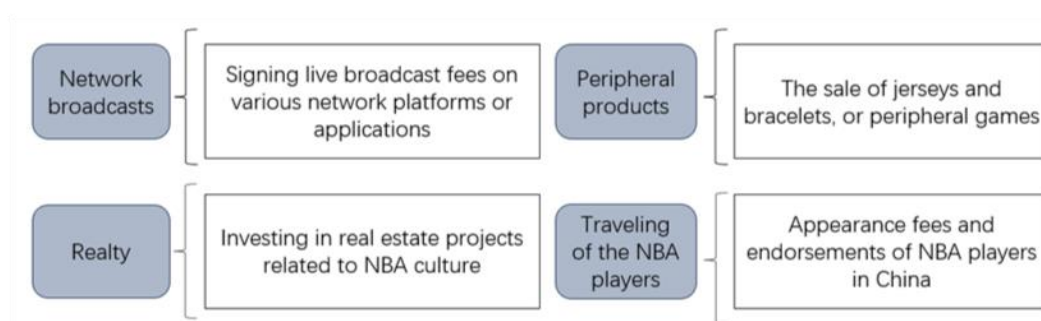


Figure 2: The factors of NBA China’s revenues in modern societies.

The second effort is network broadcasts. At the same time, the NBA’s network broadcast rights are a huge cake, as can be seen from Tencent Sports. Tencent Sports is the exclusive official partner of the NBA’s digital media in China, and has cooperation in NBA live broadcast, on-demand, short video and other fields. In 2019 In July, Tencent Sports has completed the renewal of the contract with the NBA. It is reported that the renewal amount is 1.5 billion U.S. dollars for 5 years, or about 10.3 billion yuan, which is three times that of the previous signing cycle.

The third project is peripheral products. The other item is the China Games and Sales of NBA peripheral products, as well as games derived from NBA games. At present, the NBA2k series and NBA Live series are relatively popular. This is a game based on the personal data of NBA players playing on the court and the latest data on various physical fitness. The purpose is to sell more game products through professional and sophisticated game experience, thus increasing the income of NBA in China. At the same time, the NBA also makes use of the star's popularity in China to produce and sell peripheral products, such as NBA players’ jerseys, pants, hats, and even bracelets and towels. These products can attract the attention of many teenagers in China. At the same time, the NBA will also produce star cards for stars, and a card may be worth tens of thousands of RMB. Such peripheral products have added a lot of support to the NBA’s income in China. Given that the NBA has such a large number of fans in China, the annual income of this area should not be less than 100 million U.S. dollars. Also, the NBA still has a huge layout in the Chinese market, which is real estate investment.

The fourth factor is realty. A few years ago, NBA President Stern confirmed at a press conference that the NBA will select 12 cities in China to build basketball stadiums in the form of shareholding and cooperation. It will be built by the developer of the city where it is located, and the NBA will be responsible for the operation.

The Fifth factor is the travel of the NBA players. Finally, many NBA stars will choose to travel to China during the summer or off season, using their fan base to earn income during the parade. It is true that today’s NBA not only has these factors, but also may have more detailed changes, but these are already the increase of the main income.

2.4. The Total Income of NBA in China since 2007

According to “Sports Illustrated” in 2010, the NBA’s annual revenues in China reached 150 million to 170 million U.S. dollars at that time, while the overall annual revenues of the NBA in 2010 was about more than 2 billion U.S. dollars, which was barely able to reach the level of 7-8% [9]. Based on this data, the paper can conclude that the development of the NBA in China in the early days was still relatively difficult.

Now the number of NBA fans in China has reached about 350 million, and the NBA’s annual revenues in China has reached about 180 million US dollars [10]. In fact, 180 million US dollars, or about 1.0-1.5 billion yuan, is also a considerable amount of income in the NBA’s overseas market.

Therefore, in today's NBA China market, more factors and determinants have been used to achieve higher revenues.

3. Discussions and Suggestions

Through the analysis of the case part, the paper got two main information. First of all, the development of the NBA in China has indeed undergone a change. From the very beginning, there were only advertisements and TV broadcasts to today, and there are more factors that can affect the development of the NBA in China. These factors have also become the focus of this paper. When the paper analyzes the total revenue of the NBA in the Chinese market in the past 16 years from 2007, the paper finds that the revenues of the NBA in China has increased by 3 to 4 percent from 2007 to 2023. Therefore, this also means that the updates of determinants and factors in the past 16 years from 2007 are pushing forward the incomes of the NBA China market. Therefore, these new factors have indeed created positive and long-term support for the NBA's incomes in China.

At the same time, based on the above, this paper will also give some suggestions for the NBA Chinese market. First of all, the NBA can add more Chinese elements to peripheral products and games. The current case study concluded that when facing the current challenges, the NBA needs to bring authentic American cultural commodities while adding Chinese characteristics to accommodate local fans [2].

Secondly, NBA can design more digital applications or electronic products. With the advancements of technologies, more viewers like to look up NBA-related games or information on electronic devices. Therefore, it is a new opportunity to increase the customer base involving digital applications.

Finally, NBA companies can try to co-brand with short video platforms. In today's fast age, people prefer to obtain more information in a short period of time, so letting more Chinese audiences know about the NBA and buy some NBA's products through short videos is a very good way to increase income.

4. Conclusion

The purpose of this article is to summarize and sort out some factors for the better development of the NBA in China in the future, and to make targeted suggestions through the emergence of new factors and variables. In the main part of this article, the factors of NBA development in China are summed up into two parts: early and modern. Studies have shown that in the modern NBA Chinese market, the total income can be increased through factors such as peripheral products, Chinese games, real estate investment, network communication, NBA players' trip to China, and advertising communication. Therefore, the paper also makes suggestions based on these factors, such as peripheral products with Chinese elements, joint plans for short video platforms, and digital APP developments. These are of great help to the development of the NBA in China.

This article also has some limitations, such as objective factors, data, and the use of models. First of all, when selecting the influencing factors of the NBA in China, this article cannot fully identify all the factors that may lead to the increase of the NBA's income in China, which leads to some mistakes in discussing the overall income increase and giving specific suggestions. Secondly, the data used in this article is still relatively small, because the reasons for the increase of variables are mainly discussed, and the specific data of the increase of variables are not reflected too much. Also, this article does not use complex mathematical or statistical models to estimate and predict the NBA's revenue increase in the Chinese market, but only compares it by revenue percentage. Therefore, for future studies, more mathematical data and models can be used to accurately increase and decrease

the NBA's income in China. These data and models can become the main research goals of the next project, plus more variables provided by literature. I believe that the next topic will be more exciting.

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