

# The Study on the Impact of COVID-19 on China's Sports Industry

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## Abstract

**The outbreak of COVID-19 in late 2019 and early 2020 had not only impacted China's sports industry, but also brought new opportunities. The article analyzes the impact of COVID-19 on sports' events, manufacturing and service industries. Meanwhile, in the post-epidemic era, to promote the development of sports industry, measures should be taken to increase the input and support of sports industry, strengthen sports innovation.**

## Keywords

**Epidemic; Sports industry; Sports economy.**

## 1. Introduction

The outbreak of the COVID-19 has slowed the development of many industries. In the short term, it will have an impact on China's economic development, affecting all industries to varying degrees, such as transportation, tourism, catering, sports and other industries. Consumption in the catering industry has dropped sharply, according to the data, from New Year's Eve to the sixth day of the first lunar month in 2019, China's retail and catering enterprises achieved sales of about 1005 billion yuan. However, this figure shrank sharply in 2020; During the Spring Festival holiday in 2019, a total of 415 million trips were made nationwide, and tourism revenue reached 513.9 billion yuan. The report on the Trend of Residents' Tourism consumption during the 2020 Spring Festival Golden Week, released by Tongcheng Tourism before the festival, predicts that 450 million people will travel to China during the Spring Festival Golden Week. The tourism market, which should be hot, is frozen instantly due to the epidemic [1]. At the same time, the sports industry has also been one of the hardest hit areas, with the Tokyo Olympics postponed and many major sports events lockout. According to statistics: by the end of 2020, the global sports sponsorship decreased by about us \$17.2 billion compared with that in 2019, capital's enthusiasm for the sports industry dropped sharply, audience participation decreased significantly, and the related surrounding industrial chain was also affected. The increase of operation cost and decrease of profit of sports events have brought great challenges to the benign operation and coordinated development of sports events market. Although many industries in China have resumed work and production under the control of the epidemic, most sports industries are in a state of suspension or semi-suspension due to their agglomeration and non-essential characteristics. As of February 18, 2020, according to the survey of 277 sports companies conducted by the tiyin team, 61.01% of all businesses have been suspended during the epidemic period. Most of the business suspension accounted for 29.24%; A small part of the business suspension of operations accounted for 5.05%; Only 4.69% were operating normally; The remaining data show that 14% of the enterprises without effective measures were greatly affected; 66.67% of the projects were delayed and business stagnated; Only 19.4 percent worked from home and had less impact [2]. Hit hard by COVID-19, the annual growth rate of the sports market is expected to slow to 3.3 percent over the next three to five years, down from last year's forecast of 8 percent growth [3]. But in the long run, the epidemic has provided an important window for China to promote supply-side structural reform, social governance and business operation model

reform. We have also seen the emergence of new opportunities, new business forms and new demands, and the needs and direction of the transformation and upgrading of the sports industry.

Sports industry refers to the collection of the same kind of economic activities and the integration of similar economic departments that provide sports products for the society [4]. Sports products include both tangible sports goods and intangible sports services. In a broad sense, sports industry refers to "all production and management activities related to sports, including the production and management of sports material products and sports service products". In a narrow sense, sports industry refers to "sports service industry" or "the part of sports enterprise that can enter the market and make profits". The object of this paper is the sports industry in a broad sense. The content of the study is the impact of the epidemic on the sports industry, and measures for the optimization and upgrading of the sports industry in the post-epidemic era.

## 2. The Impact of COVID-19 on the Sports Industry

### 2.1. The Level of Sports Consumption Has Decreased

Chinese families were staying indoors to protect their lives during the COVID-19 pandemic. The limits on movement and gathering of people were also changing in response to the evolution of the real-time outbreak. The products and services that enterprises can provide were strictly limited by the natural and social environment, and the sports industry, which took the flow of people and the conversion rate as the key, was seriously frustrated, especially the sports performance industry, which was mainly based on the games. The Chinese Super League, CBA and other leagues all play emptied matches, and the traditional ticketing and the surrounding industries of the games cannot recover in the short term. Although sports fitness, training and other industries were recovering, they were still facing the threat of the epidemic. The instability brought by the rebound of the epidemic in local areas makes small and medium-sized sports enterprises face the risk of adding new injuries to the old ones. The retreat of capital and wait and see restrict the development of the industry. Although the sports manufacturing industry was leading the sports industry with the recovery of production capacity, it was still dominated by single shoes and clothing. Anta's own brand loss money, but it ranked first thanks to the subsidies and discounts of FILA and DESCENTE online e-commerce platforms. Compared with the manufacturing industry, sports event operation and media were struggling: Wanda Sports became the world's largest sports industry company by buying into Atletico Madrid with strong capital, acquiring World Iron Man and Infront Sports Media, etc., and went public in the United States. However, it has been delisted on Nasdaq on January 29, 2021 [5].

After years of development, the industry chain of the sports industry has been continuously improved and expanded, and the correlation between the enterprises in the upper and lower reaches of the industry chain has become more and more high. For example, the development of sports sponsorship, sports advertising, sports intermediary, sports derivative hair, sports media and other businesses largely depend on the holding of sports events. The sales of sporting goods and the rental of venues are also closely related to the development of sports activities. The decrease in sports activities and participation will directly lead to the decrease in the demand for upstream sporting goods and the decrease in the demand for sporting goods sales and other trade. According to a survey conducted by a think-tank team, 43.68 percent of companies saw their revenues fall by 80 percent in January. The number of enterprises whose cash flow can only be maintained within 3 months reaches 43.48% [6]. The suspension of opening of sports venues, parks and sports tourism routes restricts sports participation, and thus affects the consumption capacity and level of sports related fields to a certain extent. Among them, the influence of sports tourism is obvious. For example, according to statistics of

China's ski industry, the number of ski resorts in China reached 770 in 2019, with a year-on-year growth of 3.8%, among which the number of ski resorts with aerial ropeway reached 155, with a year-on-year growth of 4.0%. About 20.9 million ski trips were made in China's ski resorts in 2019, up 6.1 percent year on year. Also affected by the epidemic and weather, the total number of skiing trips in 2020 dropped to around 11 million, down 47.37% year-on-year. The passenger flow dropped off a cliff. Hebei's ice and snow venues received 2.78 million fewer visitors than in 2019. Another restricted offline scene is sports training and fitness business. The closure of the gym means that there is no income, but it still needs to pay the rent of the field, pay the salary of the staff and bear the loss of equipment. According to the data of Three-body Sports, 74.7% of the gyms are closed or transferred due to cash flow rupture [7].

**Table 1.** Events at home and abroad under the epidemic

Table 1 The Situation of Major Domestic and International Sport Events Affected by Covid-19		
Event category	Representative event	How the event organizers should respond
International comprehensive competition system	The 2020 Tokyo Olympics	A one-year delay was announced in March 2020
International individual competition system	EuroCup 2020	A one-year delay was announced in March 2020
	ATP and WTA	Wimbledon was cancelled in April 2020
	A series of tournaments	US Open Tennis Championships was held behind closed door in August 2020
National Professional League	NBA	The suspension was announced in March 2020, and the match was changed to a closed door system in August 2020
	CBA	The suspension was announced in January 2020, and the match was changed to a closed door system in June 2020
	Chinese super league	The suspension was announced in January 2020, and the match was changed to a closed door system in July 2020
	Top five leagues in European football	Suspended in March 2020, The remaining matches in Ligue 1 are cancelled, with the rest of the matches available in May 2020

Note:  
The data will be collected from official websites of the competition, as well as media websites such as Xinhuanet.com, Qq.com and Big Business Sports. The deadline is 2020-08-31.

## 2.2. The Impact on Sporting Events

The most essential attribute of sports is the participation of the body [8], and sports events requiring physical scenes are the areas most impacted by "home isolation". Sports venues were closed, and sports performances were postponed or cancelled (see Table 1). All events before April 2020 have been suspended, nearly 20 major events have been cancelled, more than 50 marathons have been postponed, F1 and the 14th National Winter Games have been postponed, and even e-sports events that need to be completed offline have been affected, and many Olympic qualifiers have been transferred to foreign countries [9]. Large-scale sports events not only help to show the city's image and expand its international visibility, but also create economic benefits and optimize the surrounding sports service facilities. However, the epidemic has led to the stagnation of various international sports events in 2020 [10], causing huge losses to relevant operators. For example, the scale of marathon industry is expected to reach 120 billion yuan in 2020, but due to the impact of the epidemic, more than 50 marathons have been "shut down", and the event companies believe that their losses during the epidemic will amount to more than half of their annual revenue [11]. At the same time, with the end of the epidemic, sporting events are bound to resume in a cluster, and this concentration will lead to higher costs.

## 2.3. Impacts on Sports Manufacturing Industry and Service Industry

Due to the impact of the epidemic, the manufacturing industry in sports has also been affected. Facing temporary stagnation and negative growth, mainly reflected in the sports equipment manufacturing, sales of two aspects. First, because of the relatively slow pace of the delayed resumption, it still takes time for factories to reach their original level of production. Second, consumers of sports goods sales due to sports activities greatly reduced by a certain degree of inhibition, with traditional gymnasium as an example, based on past experience a year after the Spring Festival is a major health care And develop new customers, to renew old customer prime time, period is the key to increase their income, and because of the outbreak this year's new and renewal business to carry out, It's a universal survival shock.

When the epidemic appears a good turning point, the resumption of work and production of sports enterprises shows three characteristics: First, the resumption of work in different regions varies, with some fast and some slow. In some provinces, the rate of work resumption has reached 75 percent; in others, less than 30 percent. Second, the rate of employees on the job is not high, some enterprises, the rate of employees on the job is up to 10%, some less than 25%; Third, different types of enterprises have different schedules. In the sporting goods manufacturing industry, enterprises with high mechanization and intelligence level have faster capacity recovery; in the sports service industry, the resumption rate of the main online business is high, while the resumption rate of sports fitness, sports training and sporting goods sales enterprises is relatively low [12].

The suspension does not mean the end. The epidemic has taken traditional sports away from the noisy field, but technology has opened a door to thousands of sports, and an unprecedented digital transformation is quietly developing in the industry: Traditional gyms were completely shut down due to the epidemic, and the online fitness industry with the support of the Internet was booming, which led to the continuous heating of wearable device consumption. Due to its natural advantages of anti-epidemic endowment, e-sports has received unprecedented exposure and attention, and has achieved anti-trend growth in the global scope, showing vigorous vitality. On the other hand, with the effective prevention and control of the epidemic in China, the supply pattern of domestic and foreign sports events is also changing quietly: due to the effective measures of epidemic prevention and control, major sports events in China have been resumed one after another, while events in other parts of the world have been forced to cancel one after another due to repeated outbreaks. Global sports marketing resources have

also begun to show a trend of transferring to China, and sponsorship capital of many international events has been flowing to China, which has promoted the reform of the sports industry in the post-epidemic era.

### **3. The Promotion Effect of the Outbreak on the Sports Industry**

#### **3.1. increasing People's Awareness of Fitness and Expanding the Market Size**

During the epidemic period, sports professionals, entertainers and the general public used the platform to interactively spread fitness knowledge of health science, which triggered the movement trend of home fitness and triggered strong reactions and responses in the community. In addition, the outbreak of the epidemic also made people pay more attention to their own health, resulting in a very strong demand for physical fitness and physical fitness, and promoted the development of national fitness.

#### **3.2. Promoting the Development of the Internet and Sports**

The development of Internet economy has promoted the upgrading of many traditional industries in China and brought the emergence of new business forms. The same is true for the sports industry. With the promotion of the "Internet +" strategy, online and offline sports also show a pattern of mutual help for development. The sports media industry is in full swing. During the epidemic, people stayed at home more and more, which gave rise to the excessive demand for media products. The cancellation, delay and restriction of participatory sports instead promoted more people to look for alternatives for sports viewing on the media. According to the latest data released by PP Sports, under the dual impact of free live broadcasting and the epidemic, the average number of spectators for PP Sports during the Spring Festival has increased significantly. The average number of spectators for PP Sports during the Spring Festival has increased by 151.4% compared with last year, among which the OTT large-screen "poly Sports" has increased by more than 300% [13].

In 2019, the overall market size of China's esports industry exceeded 100 billion yuan. Despite the impact of the epidemic on the offline links of the esports industry in 2020, the market size of esports will remain on a steady upward trend due to the steady development of the esports market and the revenue growth of game live streaming platforms. Taking "King of Glory", a popular competitive game in recent years, for example, the water on New Year's Eve reached about 2 billion yuan and exceeded 7.1 billion yuan in a single month. "Residential sports economy" developed vigorously [14]. The outbreak of COVID-19 has promoted the development of online training and online sports events. Market players provide online sports training business, and downloads of original online sports apps have increased rapidly. Many competitions have also started online layout, such as using wechat small program to play chess, online ping-pong, mind sports, square dancing, rope skipping and other online events; Online sports and fitness live broadcast and guidance; Scenario (office, living room, building, family, etc.) as a new demand people fitness guidance, which is also derived for sports organization, form a complete set of online sports products and services, online course development, online live broadcast system for online products and services, design research and development and marketing, online sports activities and a series of new content. Online sports sales are polarized between home fitness products and outdoor products. Though the limits the original sports participation, sports population led to the original form of sports goods consumption is reduced, but because curtilage at home for a long time, promote the generation of the numerous "curtilage sports", home fitness, home fitness equipment demand soaring, such as dumbbells, running machine, spinning, yoga MATS, etc. There is an obvious increase online sales, With the experience and cultivation of online shopping, people's recovery and promotion of sports after the epidemic, online sales of sporting goods will be further upgraded.

### **3.3. Promote the Diversified Development of Sports Products**

As the popularity of home fitness continues to rise on the Internet, online fitness platforms have become a potential stock during the epidemic period, and online sports models such as online fitness, online training and online marketing have been derived. It also breeds some unique sports tourism projects, such as the popularity of snow and ice sports in the north, diving and sailing in coastal areas, and horse riding and archery in the vast grassland of Inner Mongolia. The use of natural resources endowment to continue to build and optimize sports tourism projects with regional characteristics, the integration of local culture and sports, endowed with more connotation of sports tourism. According to statistics, during the epidemic period, sports tourism items such as horse riding and sea fishing have attracted significant increase in attention. Compared with traditional tourism items, tourists now pay more attention to travel safety and tend to travel space with broad vision and good ecological environment. Sports tourism is developing towards the direction of health and sports participation. The sports industry should be closely linked with the tourism industry and their advantages should be complementary and superposed to further expand their capacity. A number of sports tourism projects with regional characteristics and natural ecology should be created to fill the gap in the market and meet the needs of tourists.

The overlap between traditional and virtual motion is becoming more and more convergent. With the emergence of hybrid sports mode, the boundary is blurred more and more, and the physical effects of sports and virtual rendering of e-sports are fused together. The value proposition of hybrid sports, which can attract not only online audiences but also a certain amount of offline participants, makes the development of participatory sports more promising. For example, runners and cyclists have very similar training and competitive modes, so they can try a combination of virtual and real sports. Its investment in equipment is roughly equal to the logistical costs of live events. The International Cycling Union, for example, has teamed up with technology provider Zwift to launch its first esports World Championship, which turns real-life sports into virtual competitions.

## **4. Strategies for the Development of China's Sports Industry in the Post-epidemic Era**

### **4.1. Government Support Policy**

The government can try to introduce relevant supporting policies to encourage private economy to invest in the sports industry, including certain support in land use, planning, construction and taxation of the sports industry. At the same time, it is suggested that relevant departments help build the investment and financing platform of the sports industry, broaden the financing channels of the sports industry, and help enterprises to tide over the difficulties. For enterprise, industry support, through financial support, tax breaks and other measures to keep the sports enterprise can rest assured bold to innovation and development, in addition, during the outbreak many revenue resulting in a decline in spending power, at this moment need by coupons or loyalty card to encourage the public to buy online related sports training or training method, Online purchase of related sports equipment and equipment.

### **4.2. Strengthen Technical Innovation of Sports Products to Avoid Product Homogenization**

At present, China's sports industry is still relying on the sports manufacturing industry to increase the overall CONTRIBUTION to GDP, but lags behind in the level of knowledge and technological innovation. Although it can still contribute more to GDP for a period of time, with the increasing aging of the population, the era of enjoying demographic dividend and cheap labor force will never return. Therefore, only the innovation of knowledge and technology in

the core of the industry can promote its healthy development. Break the shackles of the traditional business model and investment direction of the sports industry, vigorously introduce other fields and foreign excellent scientific knowledge, constantly stimulate the development of domestic sports science and technology, increase the support for related sports science and technology enterprises and continue to encourage the innovation of knowledge and technology.

The global outbreak of COVID-19, which has severely undermined sports entertainment, has also highlighted the value of immersive and interactive technology to make up for the visual and social experience of sports. The sports industry needs to make good use of cloud computing, 5G and other high and new technologies in the development process to realize the digitalization and information development of sports, promote sports consumption and entertainment, and promote the reform and innovation of the sports industry.

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