Factors Affecting the Regional Strategies for Developing and Advancing the Sports Industry

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Building up the sport industry has been widely employed as a tool in the economic development strategies of cities and regions (Chalip & Leys, 2002; Chalip & McGuirty, 2004). In particular, bidding, preparing, and hosting mega sport events have assumed a stimulating role in urban and regional tourism marketing and even wider urban and regional development strategies in recent years. Influenced by such factors as regional priorities, socio-cultural environments, economic conditions, and sport heritage, the magnitude and pace of developmental strategies for and through sports can vary drastically among geographic regions and communities. According to Hogen and Alexander (2010) and Wang (2014), regional development of the sport industry should embrace and specialize in certain product categories and sport-industrial sectors. Stratagical prioritizations would help enhance the return on investment and sustain the development; with limited resources, it would be disadvantageous for a region or community to simultaneously target on developing all aspects of the sport industry. Previous studies have primarily focused on mainstream urban planning and development strategies and few have been on investing and developing the sport industry for actualizing its long term, regenerative potentials in a region (Coalter, Doherty, & Taylor, 2000; Gratton, 1999; Hall, 2004). In particular, a critical question remains on what to consider when formulating regional or community strategies for sport development.

The comparative advantage theory (CAT) pinpoints the necessity to identify regional development characteristics, utilize comparative advantages, and maximize the effect of resource allocations to achieve regional competitiveness (Porter, 2011). Adopting the CAT theory as a theoretical framework, the purpose of this study was to examine key factors that affect the formulation of regional strategies for developing and advancing the sports industry in China. Due in part to its soaring economic growth, increased business privatization, and over 20% of world population, China has been widely considered the 'next big thing' in the global sport marketplace. Built on its glorified history of athletic success in international competitions, the Chinese government continues to provide substantial supports for the development and growth of its sport industry. The surging sport industry has brought tremendous opportunities for various regions in this country; yet, China has also chartered into unprecedented new sport business territories. It appears apparent that well-conceived regional and community-level strategies are much needed to ensure the sport industry’s healthy development in China.

Guided by the CAT concept, qualitative research procedures were first carried out to identify 20 variables representing comparative advantages that would potentially affect the formulation of regional strategies for developing and advancing the sports industry in China. The procedures included conducting a comprehensive review of literature, interviewing sport administrators and sport management scholars, and examining the content validity by a panel of experts. Each of these items were phrased into a Likert 5-point scale (1 = Low Influence to 5 = High Influence) and included in a questionnaire that was administered to a sample of 75 sport administrators working at various levels and in various sectors of China’s sport industry. The respondents were asked to rate the items in the contexts of five different sectors of the sport industry (i.e., health related fitness, competition events, sporting goods, sport tourism, and elite sport training). Factor analyses with principal component extraction and varimax rotation were conducted to examine the dimensions of items related to regional advantages. Based on the eigenvalues equal to or greater than 1.0 (Kaiser, 1960) and a factor loading equal to or greater than .40 without double loading (Nunnally & Bernstein, 1994), four common factors among the five sport sectors emerged, with all 20 items retained. The factors were labeled as Industrial Environment (7 items), Consumption Level (4 items), Geographical Condition (3 items), and Production Resource (6 items). All of these factors had an alpha reliability coefficient equal to or greater than .70, displaying good internal consistency. Conducting a doubly-repeated measure MANOVA, these factors were found to be significantly (p < .05) different among the five sectors of the sport industry. The Production Resources and Consumption Level factors were more important for the competition event sector; these two factors were also
important for the health-related fitness sector and the sport training sector although the mean scores of the influencing factors within these two sectors were systematically lesser than the competition event sector; The Industrial Environment and Consumption Level factors were most important for the sporting goods sector; and finally, the Geographical Condition factor was the most important for the sport tourism sector.

The findings of this study indicated the importance and relevance of understanding the four comparative advantage factors, namely Industrial Environment, Consumption Level, Geographical Condition, and Production Resource, when developing regional strategies for sport development in China. This consideration should also take into consideration the varying sectors of the sport industry and possibly other contingent variables in the region, community, and local environment. It can be inferred that the CAT model is highly useful when determining regional advantages and developing the selected sector of the sport industry sectors. Instead of taking the “one size fits all” approach, prioritizing the development of certain industrial segments can be a viable strategy for efficient achievement. As this study was exploratory in nature, confirmatory studies are necessary. Also, similar investigations should be conducted in other countries and cultural contexts in order to increase the generalizability of the research findings.