

DEVELOPMENT ANALYSIS OF THE FIELD OF SPORTS ECONOMICS

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Abstract: In earlier periods, sport was limited to services produced by small, non-profit organizations. Such a structure did not fit within the scope of interest of the broader economy. Over the past 20 years, the growing recognition of the connection between “sport” and “society,” combined with increasing commercialization and professionalization trends, has fostered the expansion of for-profit sectors within sport, thereby creating a foundation that aligns more closely with the nature and mechanisms of the economy. Sports economics is a relatively young academic discipline that has been developed to a limited extent and exhibits substantial structural differences across countries. The first systematic studies addressing the economic aspects of sport began in the United States during the 1950s. In European nations, research on sports economics emerged considerably later. While the American approach to sports economics generally reflects a market-driven, typical American style, the German approach emphasizes institutional structuring more prominently.

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Introduction

From the Modern Olympic Games up until the 1990s, amateurism dominated the realm of sport. This understanding applied not only to athletes but also to those responsible for managing sports organizations. Until the 1990s, it was considered inappropriate for athletes to earn money from sporting activities. Subsequently, sport underwent significant structural transformations through commercialization and professionalization. These changes exhibited notable differences in model and style between the United States and Europe. While the United States adopted an approach that prioritized economic gain over athletic success, European countries emphasized values such as amateurism, volunteerism, and public interest. Private television networks played a pioneering role in the commercialization of sport, facilitating a decisive integration of economic structures into the sporting domain [1].

Factors hindering the economic development of sport

Historically, sport possessed a structure that was largely detached from economic processes. Nearly all individuals who completed university-level education in sports became teachers. Sporting services were typically offered within small, member-based organizations. The dominant values were amateurism, solidarity, and volunteerism. The way sporting events were organized, as well as the honorary nature of organized sport, did not align with the fundamental logic of economic models [2].

Commercial approaches within sports organizations were subject to strict permissions. This was because sport saw itself as separate from the world of professions, markets, and monetary gain. Earning money through sport was regarded as inappropriate, and all forms of advertising in sport were heavily regulated. Such attitudes-rooted in maintaining a deliberate distance from economic activities-significantly limited the economic usability and development potential of sport [3].

The Discovery of the economic value of sport

Human needs are unlimited, whereas the resources available to meet these needs are limited. Therefore, decisions must be made in a way that allows existing resources to satisfy

needs as efficiently as possible. Determining alternative uses of scarce resources follows the principle of rationality. The economic principle, in turn, requires obtaining the highest possible output from a given expenditure or achieving the same level of output with the least amount of input.

The fundamental logic of economics has increasingly come to encompass sport, leading to the inevitable commercialization of sporting activities. Whereas in the past sport was organized solely by the state and presented to the masses, the active participation of the private sector has now created new opportunities. Under this new paradigm, the traditionally organized public sports services offered to society can no longer be analyzed through the lens of the old understanding of sport.

- In the new era, the expectations are as follows:
- Sports clubs and federations will continue to provide non-profit services.
- New commercial sports services will emerge (e.g., fitness centers).
- Investments targeting individual sports participation areas will play a greater role in the indirect sports market (e.g., cycling, climbing, skiing, surfing, sailing).
- The sports equipment production market will expand.
- The sports media market will grow (e.g., broadcasting rights, league matches, sports magazines).
- The sports event market will develop (e.g., combat sports).

The diversification and expansion of new employment areas have increased competition within the service spectrum. In a sector where mass communication tools play a central role, questions have arisen regarding whether broadcasting groups shape public demand or societal demand drives the supply. Scholars emphasize a mutual dependency between these forces [4].

The communication sector's strong interest in sport and its economic value has led to the exploration of new markets through technological innovations such as mobile TV and the internet. Parallel to the expanding sports market, sports betting has emerged as a significant new source of revenue. The German betting company Betandwin, for example, acquired the usage rights for Bundesliga matches with a bid of 25 million euros (per match) and announced that it would broadcast these matches through its online portal (www.betandwin.com) when exercising international rights.

Current figures and expectations in the sports economics market

Major events in the field of sport include the Olympic Games and the FIFA World Cup as well as the European Football Championships. Aside from revenue streams such as advertising, sponsorship, sports betting, ticket sales, and merchandise income, the most significant source of financial value in these organizations is the income generated from television broadcasting rights.

Operational expenditures of olympic games organizations (Munich 1972 – Atlanta 1996)

Million USD	Munich 72	Montreal 76	Los Angeles 84	Seoul 88	Barcelona 92	Atlanta 96
Site Expenses	100.3 (18.4%)	39.55 (9.9%)	81.27 (17.4%)	-	222.50 (13.8%)	233.11 (20.9%)
Ceremonies	6.17 (1.1%)	39.34 (9.9%)	-	40.37 (7.9%)	75.52 (4.7%)	-
Culture & Ceremony	24.05 (4.4%)	15.57 (3.9%)	24.28 (5.2%)	50.34 (9.8%)	87.81 (5.5%)	30.59 (2.7%)
Technology	66.73 (12.2%)	32.58 (8.2%)	26.10 (5.6%)	48.25 (9.4%)	240.48 (14.9%)	219.01 (19.7%)
Security	-	-	51.56	77.71	45.31	-

			(11.1%)	(15.2%)	(2.8%)	
Administration	55.79 (10.2%)	59.22 (15%)	159.4 (34.2%)	135.2 (26.4%)	300.41 (18.7%)	201.65 (18.1%)
Public Relations (PR)	17.22 (3.2%)	27.66 (6.9%)	9.69 (2%)	35.39 (6.9%)	63.76 (4%)	38.47 (3.4%)
Unforeseen Costs	-	-	6.35 (1.3%)	-	8.51 (0.31%)	21.41 (4.6%)
Media & Broadcasting	22.53 (4.1%)	59.05 (15%)	-	3.98 (0.8%)	177.06 (11%)	139.03 (12.5%)
Olympic Family	86.55 (15.8%)	-	-	-	-	77.2 (6.9%)
Services	-	57.79 (15%)	17.89 (3.8%)	8.50 (1.7%)	145.54 (9%)	163.12 (14.6%)
Transportation	-	-	15.54 (3.3%)	7.24 (1.4%)	59.85 (3.7%)	-
Olympic Village	82.22 (15%)	31.56 (7.9%)	26.10 (5.6%)	17.93 (3.4%)	153.73 (9.5%)	-
Admissions (Tickets)	-	14.34 (3.6%)	26.70 (5.6%)	11.32 (2.2%)	25.47 (1.6%)	-
Other	84.93 (15.5%)	15.75 (4%)	46.51 (13.8%)	57.36 (11.2%)	-	-
Total	546	399	467	512	1,611	1,115

According to the table examining the Olympic organizations from Munich 1972 to Atlanta 1996

(Moscow 1980 was excluded from evaluation due to the boycott), it is evident that operational expenditures have increased periodically. In the following years, these figures rose even further, and the costs of the 2004 and 2008 Olympic Games became subjects of public debate.

The operational expenditures of the Athens 2004 Olympic Games, initially estimated at 4.5 billion USD, eventually reached 8.95 billion USD, an outcome often cited as marking the beginning of Greece's economic crisis and eventual financial collapse. Similarly, the 40 billion USD expenditure for the Beijing 2008 Olympic Games is argued to be extremely difficult to recover.

The official cost of the London 2012 Olympic Games amounted to 14.4 billion USD. According to the Visa London 2012 Games Expenditure Report, which monitored economic activity during the event, foreign visitors spent 565 million euros via Visa cards during the first week of the Games. Retail, services, and entertainment sectors ranked as the top three categories of expenditures [5].

During the opening ceremony, 27 million viewers in the host country watched the event on television, and beverage sales increased by 8% compared to the same period of the previous year. Expenditures on hotels and restaurants also rose by 2%. Sales of sports equipment increased by 6% compared to the same period of the previous year and by 10% compared to the previous week.

Following the Olympic Games, the most popular global sporting events are football championships. In European football, financial transactions have reached staggering proportions and continue to follow an upward trend.

In its latest report, the Deloitte firm-recognized globally for providing reliable financial data in the field of sports economics-outlined several key indicators of the football economy:

- The collective revenue of the “Big Five” European Leagues increased by 15% in the 2013/2014 season, reaching 11.3 billion euros. Including all European leagues, the total football market has surpassed 20 billion euros.
- The English Premier League, the world’s highest-grossing football league, recorded a 29% increase (735 million pounds) in revenue in the 2013/2014 season.
- In the same season, Premier League clubs earned 171 million euros more from broadcasting rights alone than the total revenues of all La Liga clubs, and 405 million euros more than the revenues of Serie A clubs.
- Among the Big Five leagues, the Bundesliga ranks second, with a 13% increase (257 million euros)-driven primarily by newly signed domestic broadcasting contracts, despite the league having the smallest share among the five.
- During the 2012/2014 period, revenue for La Liga clubs increased by 65 million euros (3%), although revenues for the remaining 18 clubs decreased compared to the previous year.

Between 2014 and 2020, the European football market experienced an average annual growth rate of 8–12%, making it one of the most stable growth segments within the global sports economy. In particular, the rapid expansion of digital platforms-such as OTT services, mobile TV, and online streaming-has fundamentally transformed the revenue structures of football clubs [6].

Within Europe’s “Big Five” leagues (Premier League, La Liga, Serie A, Bundesliga, Ligue 1), broadcasting rights account for 45–55% of total revenues. This strong dependency has tied the economic model of football closely to televised content. Such a structure became particularly problematic during the pandemic, when the disappearance of matchday revenues significantly increased the financial pressure on clubs.

The transfer market is another highly dynamic segment of the sports economy. According to FIFA, the total value of international transfers between clubs reached 7.35 billion USD in 2019, and despite the economic constraints of the pandemic, the market returned to an upward trend by 2023.

The brand value of football clubs also serves as an important indicator of the economic strength of the sports industry. According to the latest rankings by Forbes, the football clubs with the highest global brand value-Real Madrid, Manchester United, and FC Barcelona-each hold assets exceeding 4–5 billion USD.

The integration of sport into the digital economy has generated new revenue streams. For example, e-sports has become one of the fastest-growing sports markets in the world, with global revenues expected to exceed 2 billion USD in 2024. Major football clubs such as PSG, Manchester City, and Schalke 04 have diversified their business models by establishing their own e-sports divisions.

Sports tourism is also a key segment of the global sports economy. Hosting major events such as the Olympic Games, the World Cup, or the Asian Games significantly influences infrastructure development, employment, the hospitality sector, and transportation systems. For instance, during the Rio 2016 Olympic Games, Brazil attracted approximately 1.17 million additional visitors through sports tourism.

Social media and content monetization have become powerful drivers of the sports economic model. Today, one of the strongest revenue streams arises from the economic value generated through clubs’ social media audiences. For example, Cristiano Ronaldo generates more than 50 million USD annually in advertising value through his personal social media brand.

Conclusion

The rapid development of industrialization, digital technologies, and global mass communication has transformed sport from a traditional form of physical activity into a comprehensive economic system. Historically distant from economic processes, the sports sector underwent significant structural changes beginning in the 1990s, driven by commercialization and professionalization. The sharp increase in operational costs of the Olympic Games, the multi-billion-dollar broadcasting contracts of major football leagues, and the substantial market potential of sports tourism and sports media have further strengthened the strategic position of sport within the modern global economy.

Today, the sports economy is shaped by a complex interaction between the public sector, private enterprise, and the global media industry. The emerging economic model formed through the activities of sports clubs, federations, broadcasting companies, digital platforms, and sports-related manufacturers contributes to the stable expansion of the sports market. In particular, broadcasting rights, advertising, sponsorship, e-sports, and sports tourism constitute the most profitable segments of the sports economy.

However, the sustainability of the sports economy also faces several risks, including the escalating costs of mega-events, financial inequalities, uneven revenue distribution, and the heavy economic burden placed on host nations. As demonstrated by real-world cases such as Athens 2004 and Brazil 2016, the same sports sector that drives economic growth for some can generate significant financial risks for others.

Overall, the sports economy has become an integral component of the global economy, with its development closely tied to technological innovation, the media industry, international sporting events, and society's growing demand for sport. In the future, the expansion of the sports market is expected to accelerate further through digital services, artificial intelligence platforms, the e-sports industry, and advancements in global broadcasting technologies. Thus, the sports economy continues to evolve into a multifunctional domain that encompasses not only financial flows and market mechanisms but also the social, cultural, and digital significance of sport.

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