

# ***Revenue Model of Professional Tennis Players Signed under IMG Sports Brokerage Firm***

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**Abstract:** In the context of the flourishing professional tennis leagues and the increasing prominence of commercial value, how to effectively cultivate and promote tennis players has become a focal point for the sports industry and the agency sector. Employing case analysis and literature review methods, this research delves into the training costs and income sources of tennis players, as well as the role of sports management companies in this process. The study initially points out that nurturing a top-tier tennis player requires substantial financial input. However, once the athlete achieves significant success, the returns are highly lucrative, primarily deriving from competition prize money, brand sponsorships, and revenues from commercial activities. Sports management companies, such as IMG, play a crucial role in the selection, training, and commercial promotion of athletes. Through their professional operations, they significantly enhance the commercial value of the athletes. The study provides a detailed analysis of how sports management companies systematically cultivate athletes and maximize their commercial value through diversified means. The findings indicate that the involvement of sports management companies is crucial for enhancing the commercial value and competitiveness of athletes. Addressing the current situation of training and agency management for Chinese tennis players, this paper proposes several recommendations, including improving the legal framework, promoting diversification in sports training, and implementing a "trinity" training mechanism, etc. These recommendations aim to promote the holistic development of Chinese tennis players and advance the standardization and professionalization of the tennis agency industry.

**Keywords:** Professional Tennis Players, Sports Economics Companies, Tennis Player Commercial Value

## **1. Introduction**

Cultivating an elite tennis player is an intricate process. It requires substantial economic investments in various aspects, such as facilities and sports equipment, and in developing athletic tactics, physical fitness, and psychological qualities—all of which entail significant financial costs [1]. However, the returns can be quite substantial if a player achieves commendable results. Presently, the professional tennis circuits, ATP and WTA, rank over a thousand players globally, with the men's rankings extending to 1,932 and the women's to 1,181. The tournaments include, for example in the year 2023, four Grand Slam events with an average total prize money of USD 50 million, nine Masters

tournaments with prize money ranging approximately from USD 7 million to USD 19.5 million, ATP/WTa 500 events with total prize funds roughly between USD 2.25 million and USD 11.75 million, and ATP/WTa 250 events with prize funds approximately between USD 1 million and USD 5 million. In addition to competition prize money, athletes can increase their income through brand sponsorships and participation in commercial activities. Most players opt to sign with sports economics companies to manage these affairs, allowing them to devote more time and energy to training and competing. IMG (International Management Group) is a leader in this industry, operating in over 30 countries and regions across the entertainment, sports, fashion, and media sectors. The company represents some of the top stars in the global sports and fashion industries. In the realm of tennis, IMG manages notable players like Novak Djokovic, Maria Sharapova, Serena Williams, and Venus Williams. Moreover, IMG also manages and represents several major tennis tournaments globally, including the Sony Ericsson Open, the Australian Open, the Chennai Open in India, and Wimbledon, among other renowned events. Current research on the revenue models for professional tennis players presents two main perspectives within the academic community. The first perspective argues that these athletes rely on competition prize money and brand sponsorships. It is believed that professional tennis players must be directly linked to winning top-tier events, with substantial prize money distributed based on ranking. The second perspective holds that participation in commercial activities also constitutes a significant source of income for these tennis players, suggesting that an athlete's market impact and commercial revenue typically emerge within a professionalized context. The enrichment of media channels, such as television networks, enhances the visibility of tennis players while also providing opportunities to generate greater profits. The author notes that current literature lacks research on the business model involving tennis players signing with sports management companies, such as how some players are contracted to IMG Sports Economics Company, and how IMG effectively develops a player from youth to a professional career. This study primarily analyzes how tennis sports management companies cultivate tennis players and endow them with commercial value, and how China should develop and regulate tennis sports management companies. The author has reviewed a substantial amount of literature and information, and discusses the findings as follows.

## **2. The Maximized Commercial Value of Tennis Players**

Many professional tennis players choose to sign with sports economics companies to receive assistance with competitions, training, and brand endorsements. Taking the renowned Chinese female professional tennis player Zheng Qinwen as an example, she signed with the top sports economics company IMG at just 11 years old and moved to the IMG Academy in Florida, USA, for training. Shortly thereafter, she secured a clothing sponsorship deal with Nike. As Zheng Qinwen's performance in international competitions improved, and under the management of IMG, she successively became the spokesperson for multiple international brands such as Rolex, Wilson, Alipay, and McDonald's. After the 2022 season, Zheng's year-end WTA ranking rose to 25th, which enabled her management company IMG to secure more sponsorship contracts for her. In addition to the previously mentioned sponsors like Alipay, Nike, Wilson, and Gatorade, she also attracted endorsements from brands like Yili and Svish, significantly enhancing her commercial value. IMG meticulously developed the commercial value of Zheng Qinwen, enabling her to match the number of commercial sponsorships of Coco Gauff, who was ranked 6th, when Zheng was ranked 25th in the WTA annual standings. According to Forbes, at that time, Zheng Qinwen's commercial value had already exceeded USD 2 million. By the 2023 season, Zheng's WTA year-end ranking had further improved to 7th place, and her annual income reached USD 7.2 million, of which USD 1.7 million came from competition prize money, while the remaining USD 5.5 million was entirely from the

support of brand sponsors. This fully demonstrates the success of IMG in developing Zheng Qinwen's commercial value.

IMG has always paid close attention to the commercial potential of its athletes. On September 28, 2009, IMG announced the signing of China's top tennis player at the time, Li Na. Two years later, after Li Na won the French Open and achieved a historic breakthrough for Chinese tennis, IMG acted swiftly to assist her in signing endorsement contracts with up to 13 top brands, including internationally renowned brands like Rolex and Mercedes-Benz. These lucrative endorsement contracts, coupled with prize money from various tournaments and income from commercial activities, propelled Li Na to the top of the 2011 Forbes China Sports Wealth list with an annual income of 138 million RMB.

### **3. Case Analysis**

#### **3.1. Financial Status and Career Challenges of Tennis Players**

Currently, professional tennis players in the league fall into three financial categories, the first includes players ranked within the top hundred who directly qualify to participate in the highly profitable Grand Slam events and can also play in major tours (ATP or WTA tours). These players earn enough to cover their expenses and sustain themselves through professional tennis. At this absolute peak, there is a significant disparity among the top players. However, this is evident in many winner-takes-all sports, where the absolute top players achieve superstar status. This phenomenon has been widely accepted by athletes in the sports industry. The second financial category includes players ranked between 200 and 250 in the league. These players are eligible to participate in the qualifiers for Grand Slam events and ATP or WTA tours, as well as in ATP Challenger Tour events or ITF Women's Circuit matches. Consequently, they earn a modest income, which more or less covers their expenses. Players in the third financial category are typically ranked below 250th. Their financial situation remains below the break-even point, and they suffer losses from playing professional tennis. Staying in this condition for an extended period without any signs of breaking through could mean investing in one's career without adequate returns. This would create an unsustainable financial situation and a significant financial burden [2]. One potential reason for this scenario is that the total prize money available is diluted among too many professional players under the current model. Specifically, approximately 200 players (regardless of gender) earn a reasonable income from professional tennis, yet this creates an untenable economic model for over 4,000 players who continuously face financial losses. Of course, professional tennis league organizations cannot and need not be responsible for the income of all players, which is determined by the revenue generated from their fan base. What they should focus on instead is ensuring that players who perform well and have potential can secure a stable income.

#### **3.2. International Trends and Domestic Status of Tennis Commercialization**

In the commercial aspect of professional tennis circuits, sponsorships, television broadcasting rights, and prize money are crucial for the prosperity and advancement of professional tennis. Sponsorships not only provide financial support for tournaments, players, and league organizations but also serve as an important window for brand promotion and exposure. Television broadcasting rights enable the matches to be widely disseminated, attracting fans from around the globe, and these rights also generate substantial revenue through advertising and media partnerships. Tennis has a massive global footprint, in addition to professional players, there are an estimated 81 million amateur players worldwide. Sporting goods manufacturers sell billions of dollars' worth of equipment on the back of tennis icons, and companies pay hefty fees to prominently display their logos on international television broadcasts [3]. Prize money serves to motivate players to give their all and ensures that

tennis remains an attractive career choice. A fair distribution of prize money enhances the inclusiveness of the sport, thereby promoting the comprehensive development of tennis. These commercial elements collectively build a bridge for players, sponsors, broadcasters, and fans to engage with tennis, laying the foundation for the sport's global influence and sustainable growth [4]. Unlike team sports such as basketball and soccer, tennis is a highly professionalized and commercialized individual competitive sport. Therefore, many tennis players are targeted by brands at a young age. For some outstanding young players, major brands quickly secure their commitment through early contracts. Even if players achieve sudden, remarkable success and their market value skyrockets years later, these major brands not only retain the athletes but also possess the capability to match any offers. Some particularly successful young tennis players directly sign contracts with sports economics companies. Major agencies possess abundant resources and advanced experience in finding and selecting sponsors, negotiating contracts, managing and shaping the player's brand image, as well as planning competition schedules, training facilities, and assurances, even providing access to top specialist physicians for the players.

### 3.3. Development and Challenges of China's Tennis Brokerage Industry

However, this model has not yet become widespread domestically. Under China's state system for managing tennis athletes, the sports management system is not fully marketized, and most Chinese tennis players are managed by the government, with their personal freedoms restricted. In contrast to the comprehensive domestic system, tennis sports abroad generally involve athletes independently bearing economic risks and possessing financial independence. Compared to this, domestic tennis in China is in a semi-professional state, with athletes largely supported and funded by the state. Currently, there is a lack of top-tier sports economics companies in China that can assist players from their youth in finding sponsorships, providing training conditions, and planning their career paths. Currently in China, agents are primarily concentrated in the entertainment industry and are relatively skilled. However, the situation differs significantly when it comes to sports agency, particularly in the field of tennis management. Due to limited growth opportunities in the Chinese sports agency industry and contradictions between the training of agents and their practical work, the management system for tennis agents is not yet mature, and there is a lack of self-discipline within the industry. As a result, the tennis agency sector in China is still in its nascent stage, with few practitioners, and their professional competence and business capabilities need further enhancement. Compared to large international agencies, there is a lack of competitiveness [5]. The training model for tennis players in China primarily relies on state-led initiatives, with enterprises, society, and families providing supplementary support. Thus, domestic athletes must pay a significant portion of their winnings and endorsements to the Tennis Management Center. Moreover, during the entire training process, due to the monopolistic control over resources by various training units, these entities form interest blocks and operate from a self-interested perspective. They do not view the different developmental stages of athletes as a system but rather fragment them, using athletes as vehicles to achieve their financial goals [6]. Thus, more institutions similar to IMG are needed to help Chinese tennis players' transition from youth to professional careers through systematic training, sponsorship, and planning.

## 4. Suggestion

China is currently experiencing rapid socio-economic development and a booming sports industry. The Chinese government's high level of attention and support for sports provides great opportunities for professional tennis. The rise of sports economics, proactive promotion of sports industry policies, and growth in national income create a favorable macro environment for the development of professional tennis in China [7]. However, there is a need for enhanced management and

standardization in perfecting the system of professional tennis economic agencies and training outstanding tennis agents. The training method for Chinese tennis players, which has distinct Chinese characteristics, has contributed significantly to the enhancement of China's competitive tennis levels. Nonetheless, it cannot be denied that this athlete training and management system, heavily influenced by a planned economy model, is increasingly unsuitable for adapting to the demands of the global tennis market, which is characterized by marketization, professionalization, and commercialization [8].

#### **4.1. Mechanism for Agent-Athlete Trust and Market Standardization**

Relevant departments should further perfect the legal framework related to tennis economics companies, ensuring that all systems are effectively operational. The government, by establishing and improving mechanisms to prevent conflicts of interest, sets clear guidelines for the conduct of sports agents and stipulates that they cannot simultaneously hold management positions in clubs. This fosters a strong trust relationship between sports agents and athletes. Additionally, the supervision and management of the sports market should be strengthened. This includes improving the disciplinary system for misconduct, establishing ongoing training and continuous learning mechanisms for practitioners, and enhancing the transparency of financial management and investment information. Through these measures, the strategic requirements of the "Guidelines" can be better implemented, ensuring that the relevant systems fully exert their intended effectiveness.

#### **4.2. Dual-layered Regulatory System for Tennis Agents**

With the advancement of China's socialist market economic reforms and the trend towards socialization in institutional reform, the management of tennis agents should involve a dual-layered organizational structure encompassing both government and society. The government management structure should include the General Administration of Sports, the State Administration for Industry and Commerce, and various project management centers, as well as the sports and industry and commerce bureaus of each province and city. The societal organizational structure should include various individual associations, agent associations, and specialized tennis agent associations. To ensure standardized management of tennis agents, sports agency companies must be jointly supervised by these two types of organizations.

#### **4.3. Enhancing Tennis Agent Professionalism via Strict Standards and Training**

Tennis agents must pass specific qualification assessments to obtain their credentials. The government needs to standardize training management to enhance the professionalism of tennis agents. The Tennis Agents Association should verify the qualifications of practitioners, and only those who have passed the assessments administered by the State Administration for Industry and Commerce can be accepted as members of the association. Additionally, the association should also regularly conduct training and qualification certification activities [9].

#### **4.4. Diversified and Collaborative Sports Training for Mutual Success**

Within the sports training system, aside from independent education and training by sports colleges, the government can also collaborate with economic or other comprehensive institutions to create a diverse, multi-channel, and multi-type training system. Moreover, the state should actively encourage sports agents to engage with universities, promoting contracts between students and sports agents to facilitate meticulous planning for the students' future development. Utilizing the extensive social



resources available to sports agents, students can more easily access professional clubs, thus contributing to the talent pool for China's ambition to become a strong sports nation.

#### 4.5. "Trinity" Mechanism for Recruiting and Developing Tennis Elites

In the training of athletes, with the premise of maintaining national interest and balancing various interests, relevant departments adhere to the principle of "selecting elites and training broadly." They implement a special "trinity" mechanism for the selection, training, and management of talented tennis players, providing specialized training at the national level for athletes with extraordinary potential [10]. To attract more youth to tennis and allow them to share and realize personal benefits, relevant organizations have established multi-level, performance-based interest protection mechanisms to address the most pressing, direct, and realistic concerns of tennis athletes.

### 5. Conclusion

Currently, what sports management companies in China need is not simply clients and markets, but the ability to analyze environments and markets, grasp the trends of the times, and possess exceptional strategic foresight. The collaboration between IMG and professional tennis players represents a win-win business model. Through sponsorships, endorsements, product partnerships, and event collaborations, IMG can effectively empower professional tennis players, enhancing their visibility and commercial value. Moreover, this partnership model also aids IMG in boosting its image and expanding its market share. In future developments, the collaboration between IMG and professional tennis players will become even closer and more diversified, jointly advancing the development of the sports industry. Given the current characteristics of China's tennis market, the prospects for tennis agents are exceptionally broad. This paper provides reference information for young tennis players considering a professional career and uses examples of some players to demonstrate the immense commercial value of the ATP/WTA professional circuit, while also recommending that nations systematically and sustainably cultivate professional players. However, there are deficiencies in the collection of player income data in this study. Therefore, future research can further analyze and study the financial situation of some lesser-known tennis players.

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