

Analysis of the Advantages and Disadvantages of Commercializing Sports Leagues Based on NBA Alliance

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Abstract: Through the analysis of the advantages and disadvantages of commercialization in the NBA league, the conclusion drawn in this article is that the increase in the degree of commercialization of the league has a significant impact on the league's visibility, commercial value, economic income, and overall competitive level. It can also drive the development of the entire sports industry and the formation of a country's sports culture. In the process of commercialization, corresponding problems also arise. From the perspective of fairness, certain matches in the league may be affected by commercial interests in the terms of the fairness of referee calls and penalties. Sometimes, concessions may be made for the sake of the viewing and smoothness of the game, which can damage the interests of one team and violate the spirit of fairness and justice in sports. In addition, gray industries such as gambling and soccer are constantly emerging, which have a great impact and harm on society and are difficult to completely avoid. After decades of development, the NBA has successfully captured the development dividends of the media and Internet era, completed its own brand building, and pushed the NBA to the world. The NBA continuously improves its internal rules, introduces a series of policies, works closely with sponsors in various fields, and make it the world's number one professional basketball league. In order for China's professional basketball league to develop and grow on the path of professionalization and commercialization, in addition to learning and drawing on the NBA business model, it is also necessary to combine its own basic national conditions and basketball development status, formulate basketball league and culture with Chinese characteristics.

Keywords: Professional league, Commercialization of NBA, Basketball culture, Brand building

1. Introduction

Since the merger of NBL and BBA in 1966, the NBA has complied with the development trend of the times, In addition to the continues improvement of internal rules and the creation of basketball stars, people have made full use of the development opportunities of the Inter era and economic globalization to create their media and actively cooperate with TV media, online media. The NBA league also collaborates with sponsors from various fields to carry out NBA related activities and games around the world, The synchronous construction of NBA brands online and offline has greatly increased the NBA's visibility and attention globally, attracting a large number of fans and expanding overseas markets.

To this day, the NBA has become the highest-level professional basketball league in the world and also the most commercialized basketball league. The NBA's brand building, business operation model, and strategy have become the object and benchmark for professional basketball leagues around the world to emulate.

After more than 70 years of development, the increase in commercialization of the NBA league has a huge impact on the league level. While improving the league's competitive level, it can also generate huge economic benefits. The article explores the experience and methods of the NBA in brand building and promotion, event sponsorship, profit methods, management system, and commercial operation through the study of the commercial mechanism of the NBA league. The advantages and disadvantages are also explored. The successful experience of the NBA league in the process of professional and commercialization is borrowed and absorbed, and combined with China's basic national conditions and the current development status of professional basketball league, theoretical references and references are provided for the commercial development path of Chinese basketball professional leagues and how to improve the league level, promoting the development of China's basketball industry.

The article mainly uses literature analysis to search for literature related to the commercialization of the NBA, mainly exploring how the commercialization process of the NBA leagues has developed, what aspects it includes, and the relationship between the competitive level and commercialization level of the NBA league. It analyzes and identifies the advantages and disadvantages of commercialization in sports professional leagues.

The main content of this article starts with the introduction and improvement of rules within the NBA management team. Secondly, the NBA's methods and measures in brand building and promotion.

2. The Construction and Promotion of NBA Brand

On November 7, 1896, the Trenton basketball team from New Jersey defeated the visiting Brooklyn YMCA basketball team. This game became the first professional match recorded in historical records. In 1898, the establishment of the American League became a landmark event in professional basketball in the United States. The American Basketball League (ABL) was established in 1925. The establishment of ABL is a true national league in the United States and has significant implications for the development of professional basketball in the country. The Midwest Basketball League was established in 1935. In 1937, it was renamed as the National Basketball League (NBL). The operation of NBL was the most successful in the early American league, laying the foundation for the establishment of the NBA [1]. The early professional basketball league in the United States had a small and unstable number of teams, a small league size, and distinct local and regional characteristics in the cities where each team was located. The first basketball league in the United States, NBL, had a total of six teams, known as the National League. In fact, the teams were all located near Philadelphia and were announced to be dissolved five years later. Afterwards, the Eastern and Central leagues were established, and the distribution of teams in these leagues was very concentrated [2].

Since the establishment of the NBA in 1946, the completion of each stage's goals has laid the foundation for the next stage's plans. From 1946 to 1984, the NBA focused on building local brands and merged with another basketball association in the United States, ABA, to expand the league's team size from ten to 22. It also changed the distribution of teams in the previous league, breaking through regional and local limitations. While expanding the size of the league, the introduction of black athletes into the NBA fully utilizes the athletic ability and performance talent of black athletes, which not only enhances the league level, but also increases the confrontational, ornamental, and attractive nature of the game. In terms of competition rules, multiple modifications have also been made, such as the introduction of the three-point rule and the 24 second attack rule. While ensuring

fairness in the game, this has made the scoring methods more diverse and the game rhythm smoother [3]. At the same time, television broadcasting technology has greatly developed, and with the popularization of television and radio in the United States, the NBA also seized the opportunity of this period and collaborated with multiple television stations and broadcasting companies, earning considerable broadcast fees. Live streaming of NBA games not only expanded the influence of the league, but also produced many well-known star players to attract a large number of fans, increase topics and traffic. At this stage, the NBA completed local brand building, and the media still plays an important role in promoting the NBA to this day.

Since 1984, the brilliant achievements of the NBA are inseparable from David Stern's reforms. He became the NBA President in 1984 and began implementing a global promotion strategy after taking office. He started from the inside, improved the internal rules, created a series of systems such as free player system, salary cap, labor agreement and the first anti-drug system in professional sports, created NBA entertainment company and asset company, and introduced NBA as a commodity to the world through the Internet and satellite. NBA launched the star-making program, which has a deep foundation for the cultivation of basketball stars. George McKen is the first superstar in NBA history, and his outstanding performance on the court and influence in the basketball industry have led the rise and development of the NBA. But the stars will eventually age, and the emergence of new kings from generation to generation is the eternal theme of the NBA. Magic Johnson, Big Bird Larry Bird, and others have been renowned around the world, and the emergence of basketball god Michael Jordan has pushed the NBA's popularity to its peak, fully unleashing the "star effect" and attracting a large number of sponsors and media attention. In addition to the development of domestic American football stars, the NBA draft has also increased the addition of international players and the development of international stars, such as Nowitzki and Yao Ming, in order to expand overseas markets. Organize and carry out various marketing activities around the world, such as NBA care events NBA training camps, overseas performance games, and so on have become a reality. Finally, the cooperation between the NBA and television stations is also continuing, and Stern's strategy of promoting the NBA to the world is being realized from multiple perspectives [4].

3. The Profit Model of the NBA League and Teams

Through research on the development process of the NBA, the NBA's profit model can be roughly divided into ticket revenue, television broadcasting rights, sponsorship and advertising, as well as authorized product franchising and new member franchise fees. The ticket system of the NBA league can be traced back to the basketball league before the merger, which had already formed a commercial operation for fans to purchase tickets and watch games in the early stages [5]. Nowadays, the NBA has developed into a big team with 30 teams, and the NBA's ticket market has advantages such as more game venues, more stadium seats, including many VIP seats and luxury private rooms, and a large fan base covered by ticket prices from low to high. The added value of food and beverage products during the game can also expand profits. During each season, teams from different regions compete with each other, and there are some intense battles scheduled during American holidays, such as Christmas Day, the NBA will take the opportunity to expand its traffic and promote it, creating highlights to enhance the atmosphere of the game. At this time, tickets are often more expensive than usual, and prices will rise accordingly.

NBA television broadcasting has been going on since the 1950s, the first television broadcasting contract of the NBA was signed with Dumont Television Broadcasting Company, which pioneered the global promotion and television broadcasting revenue of the NBA later on. After the 1980s, with the rapid development of media and the emergence of NBA star making programs, world superstars like Jordan emerged, the NBA has entered a golden period of development. From newspapers and magazines to television broadcasting, and now to video live streaming and online short videos, The

NBA has gradually gained a huge fan base and market, and its commercial value is even greater than before. More companies have partnered with the NBA to obtain broadcasting rights, such as ESPN, Tencent from China, Migu [6].

The cooperation between the NBA and sponsors can be said to be a perfect win-win situation, and for the NBA, the first and foremost issue is to solve the funding problem. There are many types of sponsors cooperating with the NBA, distributed in different fields. Sports brand giants Adidas and Nike have both signed jersey sponsorship contracts with the NBA. In addition to cooperating with the NBA league, each brand can also sign contracts with stars to promote products and gain profits by endorsing their popularity and influence. In the blank space of the jersey, each team can collaborate independently with other sponsors, print their own sponsor's logo on the jersey, and conduct advertising and marketing, in order for the team to receive sponsorship fees. The NBA usually has two forms of regional and global partnerships, with the vast majority being Fortune 500 companies such as Nike, Adidas, Reebok (acquired by Adidas), Coca Cola, Budweiser, Toyota, FedEx, Southwest Airlines T-Mobil and other world-renowned enterprises, as well as Chinese companies such as Mengniu, Harbin Beer, Lenovo, Tsinghua Tongfang, Haier, Li Ning, Peak, Hongxing Erke, China Mobile, and Hongnai Wood Industry.

The franchise of NBA products is also one of the major sources of revenue, the NBA itself does not participate in product design and development, but rather sells its team's logo, mascot, and other intellectual property rights to manufacturers in different industries. After manufacturers complete product production, they can sell them in their original sales channels or NBA stores. There are many types of NBA products, in addition to common products such as jerseys basketball, casual wear, and commemorative clothing, there are also daily necessities such as water bottles, pens, umbrellas, forming a product system. The emergence of NBA authorized products not only increases the NBA's profitability, but also indirectly integrates into the public's life, expanding the NBA's influence [7].

The NBA has evolved from a small league to a major league with 30 teams, and the scale of professionalization and commercialization has been expanding. However, in order to avoid malicious competition and more teams sharing market share, the NBA has strict restrictions on the increase of team numbers, and paying franchise fees is one of them. As early as the first year of the NBA's establishment, the league required 13 teams at that time to pay a fee of \$10000 to cover league expenses and CEO salaries. In 1974, the New Orleans Jazz paid a franchise fee of \$6.15 million. In 1979, the Dallas Mavericks paid a franchise fee of \$12 million, becoming the 23rd team in the league. In the following thirty years, seven teams joined the NBA, each paying a huge franchise fee [8]. Nowadays, the NBA has a stable team size of 30 teams, distributed in different cities and regions, competing with each other in a healthy manner, with a quantity that matches market share.

4. The Advantages and Disadvantages of Commercialization of Professional Sports Leagues

All highly commercialized professional sports leagues in the world have the characteristics of a complete professional organizational structure, reasonable management, efficient operation, high global recognition, high level of league competition, and the ability to create huge economic value, such as the well-known English Premier League, Bundesliga, NBA, etc [9]. Taking the NBA as an example, in the early days, the number of NBA teams was small, the league size was small, the influence and reputation were low, and there was no formulation and improvement of policies and regulations that would help the development of the league, resulting in most early American basketball leagues being unable to develop and grow. After decades of development, it can be said that there has been a revolutionary change in the commercial operation of the NBA. The success of the NBA is closely related to the level of the league and the excitement of the games from the perspective of the audience, the NBA improves basketball rules, introduces international and black players, intensifies competition among teams in the league, enhances the viewing experience of

league level games, and encourages viewers to pay for tickets, allowing the league to generate revenue and continue to operate. As the NBA gradually stabilizes its revenue and increases its popularity, more and more teams join the league, leading to an increase in the number and scale of NBA teams, and an increase in the commercial value of the league.

From an economic perspective, the commercial operation of the NBA, in addition to its four main profit models, is of great help in promoting the development of sports related industries. In terms of equipment, NBA athletes have higher performance requirements for basketball shoes, and sponsored sports brands need to continuously research and improve basketball shoes to promote the development of shoe technology. Secondly, there are various types of protective gear, such as tight-fitting clothes, knee pads, ankle protectors, etc., and brands need to constantly design products with better functions. The sports rehabilitation and sports healthcare industries have also benefited to some extent from the NBA, NBA players often suffer from injuries and require professional medical teams to provide support. Medical staff need to constantly learn, and medical equipment manufacturers need to produce more advanced medical equipment in a timely manner. The NBA has also created many job positions for stadium staff, such as security and cleaning. The team's staff, such as players and coaches. Trainers, journalists specializing in reporting on the NBA, etc.

From a political perspective, competitive sports have political functions in peacetime, the commercial operation of the NBA has greatly improved the level of the league, not only improved the basketball level of the United States, but also driving the development of world basketball and leading the trend of world basketball development. Thanks to the development of the NBA, the American men's basketball team has super strength, and it is difficult for any country in the world to compete with it, also known as the "Dream Team". In the world championships that the US men's basketball team participates in, such as the Olympics and the World Men's Basketball Championships, they are often champions and there are few instances of a comeback. The Dream Team has had a profound impact on the national pride of the American people [10]. The NBA has become a business card of the United States, and the public is very concerned about whether they can win or defend the championship and defend national honor. Fans in cities with NBA teams often only support their own teams, but when the US men's basketball team gathers, they will choose to support their national team, which is very beneficial for deepening national identity and unity.

From a cultural perspective, the basketball culture of the NBA has a profound impact on the world. Classic American heroism, Mamba spirit, and others are widely spread, which has taught many NBA enthusiasts to work hard, never give up, learn from their idols, and constantly improve.

But affairs always have two sides, the NBA is no exception, as it creates enormous economic value while also facing drawbacks. The essence of the NBA is a commercial league, and during the game, in order to ensure the smoothness and viewing of the game, the referee's blowing scale may be inconsistent, which affects the fairness of the game. Secondly, there is the emergence of gray industries such as gambling and illegal criminal activities. News often reports on situations where gambling leads to property destruction and family destruction.

5. Conclusion

Through research on the professionalization and commercialization process of the NBA, the degree of commercialization of professional sports leagues is positively correlated with the overall level of the league, league revenue, and other aspects. In order to improve the level of commercial operation of Chinese professional sports leagues, in addition to increasing investment in brand building, efforts should also be made to increase the openness of the league, spread Chinese traditional culture and sports culture to the world, and form China's own league characteristic culture. Actively integrating into globalization economically, utilizing the international market to leverage the economic functions of leagues, driving the comprehensive development of China's sports industry, drawing on and

learning from the successful experiences and methods of NBA leagues and game operations, learning from each other's strengths and weaknesses, and integrating them to create a professional basketball game operation and management system that is suitable for oneself in one's own country or region. These measures will have an important positive impact on China's professional basketball league and even professional basketball leagues around the world, which is conducive to the development of basketball in China and the world. In addition to the above aspects, there is a lack of research on the commercial development laws of professional sports leagues in this article. It is hoped that in future continuous research, the commercial development laws of sports leagues can be identified, and more excellent commercial development models of sports leagues can be summarized.

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