

# ***Analysis on the Impact of Foreign Players on the Chinese Basketball Association from the Perspective of the Sports Economy***

**Xinhao Liu<sup>1,a,\*</sup>**

<sup>1</sup>*Ulink College of Suzhou Industrial Park, Suzhou, 215000, China*

*a. 1922700176@qq.com*

*\*corresponding author*

**Abstract.** Established in 1995, Chinese Basketball Association (CBA) is the first-tier professional men's basketball league in China. CBA opening doors to foreign players has brought a lot of changes to the Chinese professional men's basketball league. By reviewing previous research, this paper conducts further analysis on the impact of the introduction of foreign players on CBA from the perspective of the sports economy, and gives suggestions on the future development of CBA. Finally, this paper draws a conclusion that the introduction of foreign players increased salary expenditure, ticket income, and the number of sponsors. However, it may also create obstacles to the balanced development of Chinese players and different CBA teams, as well as weaken their advertising value. Therefore, apart from foreign players, there is also a need for CBA to add more talents for better management in team operation and intangible assets, thus establishing a stable system and promoting the maturity of the Chinese basketball market.

**Keywords:** foreign players, CBA, sports economy, professional men's basketball league.

## **1. Introduction**

Basketball was introduced in China in 1895. Since then, it has been widely spread in China and become one of the most popular sports. Later, basketball has become a professional sport in many countries, especially in the United States. At that time, the National Basketball Association (NBA) was the most developed basketball league in the world. However, as professional players were not allowed to participate in the Olympic Games, the process of basketball professionalism has not been valued by many countries, thus limiting the development of basketball. In 1988, the International Olympic Committee approved professional players to participate in the Olympics, and the development of basketball changed dramatically. Due to worldwide recognition, many countries gradually pay more attention to basketball professionalism. The Olympic Games popularized the concept of professional development of basketball internationally. At that time, China had been reforming and opening up for more than a decade. People's lives were greatly improved and they were no longer satisfied with basic material needs. It can be said that the CBA league is produced under the dual action of the influence of the international environment and the people's demand for spiritual civilization. It also has a close relationship with economic development. In this paper, the author summarized the research of the sports economy in China and abroad, analyzed the impact of

foreign players on CBA from the perspective of the sports economy, and gave suggestions on the future development of CBA, thereby providing enlightenment to the development of China's basketball industry.

## **2. Literature Review**

### **2.1. Research of the Sports Economy in China**

Yang Yue mentioned that China's sports economy is a combination of industry and business. The development of China's sports economy not only needs to draw lessons from the development of foreign sports economy but also has to consider China's macro-control environment [1]. In Li He's paper, he explained that the Chinese professional men's basketball league belongs to the complete monopoly market structure, and the American National Basketball Association (NBA) is a representative of the complete market monopoly [2]. Lin Xiangyang held that human capital theory cannot be used as the theoretical basis in the study of the Chinese sports economy. Preparing the connotation of the sports industry is the premise of formulating sports industry policies, and the development of intangible sports assets is the weak point of China's sports economy at present [3]. Zhang yan stated that, with the development trend of integration and internationalization of the Chinese sports economy, the basic theory and applied research of the current Chinese sports economy needs to be strengthened [4]. Bai Yaodong et al. pointed out that there are many problems in the development and construction of the Chinese sports economy. Training and communication need to be strengthened for an early build of the sports economy in China [5].

### **2.2. Research of the Sports Economy Abroad**

The development of sports economics in foreign countries shows that sports consumption can optimize the structure of the national economy and promote the improvement of social productivity. Sports consumption is a manifestation of the social civilization degree. Therefore, enhancing sports consumption has important economic significance and social significance [6]. The sports industry in developed countries has developed into a large-scale industrial economy and played an important part in driving the growth of the national economy. With the growing demand for sports consumption, the industry has attracted more and more attention, and the vitality of the sports industry is more vigorous and strong. From the perspective of the development process of the sports industry in developed countries, the sports industry in the world is increasingly developing in the direction of standardization, professionalism, and marketization. The sports industry will become the core force to promote GPI [6]. It is generally recognized that the sports industry can indirectly enhance people's physical fitness and improve people's work efficiency, which has formed a virtuous circle in developed countries, thus promoting the improvement of the national economy.

## **3. The Impact of Foreign Players on the CBA from the Perspective of the Sports Economy**

### **3.1. The Impact on Club Expenditure and Chinese Players**

After CBA opened its door to foreign players, the biggest change is from the foreign player's salary. Foreign players have a great impact on the handling of the salary of CBA players, and the impacts can be summarized from the following two aspects. On the one hand, the salary of foreign players rises too fast, which brings great pressure to the clubs; the expenditure of the clubs is too large, which seriously affects the development of Chinese players, especially young players. On the other hand, the addition of foreign players has largely stimulated the Chinese basketball market and increased ticket revenue. Besides, strong publicity by the media has raised the profile of the CBA

league. In summary, it can be said that the CBA league has provided a good platform for foreign players' development, and the addition of foreign players also gives the Chinese men's basketball team a good opportunity to become stronger. Only by dealing with the adverse effects brought by the addition of foreign players to the development of Chinese young players can we ensure that the sustainable development of Chinese professional basketball will not be disturbed.

### 3.2. The Impact on the Title Sponsorship

Due to the lack of experience in international competitions and slow conversion of attack and defense, the development of CBA teams is very limited. At that time, clubs did not attract the attention of large companies. However, after the CBA opened its door to foreign players in 2004, the Chinese professional men's basketball teams started to shine greatly and also attracted a lot of attention. By 2011, the number of CBA sponsors had reached 22. It can be said that the current CBA teams have formed their own scale, and the biggest heroes are foreign players. The arrival of foreign players not only brings the advanced concept of basketball technology and business philosophy but also increases the number of sponsors, thereby promoting the integration of CBA teams with the world and driving their development. However, the gap among sponsors also creates obstacles to the balanced development of CBA teams. In summary, the title sponsorship issue is complex. Fundamentally speaking, the sponsorship has virtually weakened the advertising value of the Chinese men's basketball team itself. Only when the Chinese men's basketball team is in the stage of establishing its own brand can it has a broad development prospect.

### 3.3. The Impact on the Ticket Income

At present, the main income of CBA clubs can be divided into three categories: sponsorship, ticket income, and franchise product income. Generally speaking, sponsors' investment amount does not change largely and the franchise product business is still in its infancy since the market is not being promoted. Therefore, ticket revenue is the most unstable factor affecting the club's income. The general ticket revenue can account for about 1/3 of the club's total income. A good team and good publicity are the premises of high ticket revenue. Due to the limitations of the number of outstanding local players in China, many clubs focus on the development of foreign players. The arrival of foreign players has greatly improved ticket revenue. It can be seen from Table 1 that the introduction of foreign players has significantly stimulated the Chinese basketball market, and the gradual increase in the club's ticket sales has relieved the club's great pressure.

Table 1. The official income list of CBA teams before and after the introduction of foreign players in 2022 (annual average of ten thousand Yuan).

Clubs	Before the introduction of foreign players (the ticket income)	After the introduction of foreign players (the ticket income)
Guangdong Hong Yuan	98±11	245±21
Shanxi Fenjiu Group	75±5	220±8
Qingdao Double Star	42±15	130±2
Jiangsu Zhongtian Iron & Steel	50±12	150±2
Tianjin Ronggang	65±14	100±28
Bank of Zhejiang Chouzhou	23±6	80±9
Shandong Gold	45±8	132±21
Xinjiang Grand Auto	90±6	220±11
Beijing Jinyu	65±7	155±1

Table 1:(continued).

Marco Polo Dongguan	50±3	90±1
Liaoning Hengye	45±10	110±9
Foshan Youcheng Finance	13±3	87±10
Zhejiang Mingkai Lighting	48±7	110±11
Jilin Jiutai Rural Commercial Bank	26±3	60±1
Shanghai Margis	27±5	112±6
Bank of Fujian Quanzhou	25±2	85±1

#### 4. The Future Development of CBA Teams

China is a big sports country, and almost all the costs of basketball sports facilities and the development of basketball players are paid by state finance. It did not change until a lot of foreign players joined the Chinese basketball market. With the establishment of the socialist market economic system, Chinese basketball began to enhance its professionalism and marketization. If a company intends to grow, it must first form a certain scale and then compete with others in the same industry. At present, the Chinese professional basketball market has formed a certain scale in China due to the convenience of national policies. To have a certain impact on the world market, the current Chinese professional basketball market must form a stable system and work hard on team management and operation. The current Chinese professional basketball market has only been around for more than a decade, so it is only in its early stages. However, the basketball market in developed countries has been operating for many decades and accumulated a successful mode of operation, which fully reflects the contribution of the basketball industry to the national economy. In particular, the American NBA is a role model for the world basketball industry. A large amount of management knowledge and a large number of talents accumulated in developed countries are most urgently needed for Chinese basketball teams.

Although China has now introduced a lot of foreign players, the introduction of management is still lacking. Therefore, China should increase its efforts in introducing foreign talents to basketball operations and management, and pay attention to market management, the development of intangible assets, and talent training. With the maturity of the Chinese basketball market, it is not a problem for the Chinese men's professional basketball team to form a certain scale, and develop toward a multi-channel, multi-form, and multi-level direction.

#### 5. Conclusion

To conclude, after CBA opened its door to foreign players, the expenditure on salary rose fast, which brought a lot of economic pressure on clubs, but the introduction of foreign player also improves the process of professionalization and standardization of CBA teams. Besides, it brought more sponsors and ticket income for CBA teams, increasing the development of China's professional basketball market and providing a stable material basis for the healthy development of the team [7]. In the future, the investment of sponsors should be balanced among different CBA teams, and the sponsorship should be gradually canceled to establish the teams' own brands. The CBA league should strengthen the standardized requirements of the basketball market, the training of high-quality talents, and the development of intangible assets in the professional basketball market. With the gradual improvement of the maturity of the Chinese basketball market, the CBA league will form a certain scale. Future research can pay attention to the management of patents, logo, naming rights, TV broadcast rights, and players' portraits and reputation rights in basketball.

## References

- [1] Yang, Y. (2003). *Research on the development of Chinese sports economy under the market economic system* (Graduate School of Chinese Academy of Social Sciences). <https://kns.cnki.net/KCMS/detail/detail.aspx?dbname=CDFD9908&filename=2004044143.nh>.
- [2] Li, H. (2009). *Theoretical analysis of the market structure of sports subjects*. *Journal of Chifeng University (Natural Science Edition)* (11),108-109.
- [3] Lin, X. Y. (2004). *Discussion on some theoretical problems in sports economics*. *Journal of Jilin Physical Education Institute* (03), 10-24.
- [4] Zhang, Y. (2003). *Trend and suggestions for the development of sports economics in China*. *Journal of Chengdu Institute of Physical Education* (06), 12-14+19.
- [5] Bai, Y. D., Fan, X. J. and Xu, C. B. (2006). *Research on the development status and countermeasures of sports economics in China*. *Sichuan Sports Science* (04), 4-7.
- [6] Tollison, R. (2015). *Book Review: The (peculiar) economics of NCAA basketball*. *Journal of Sports Economics* 16(8).
- [7] Propheter, G. (2012). *Are Basketball Arenas Catalysts of Economic Development?* *Journal of Urban Affairs* 34(4). DOI:10.1111/j.1467-9906.2011.00597.x.