

Sports Industry – An introduction

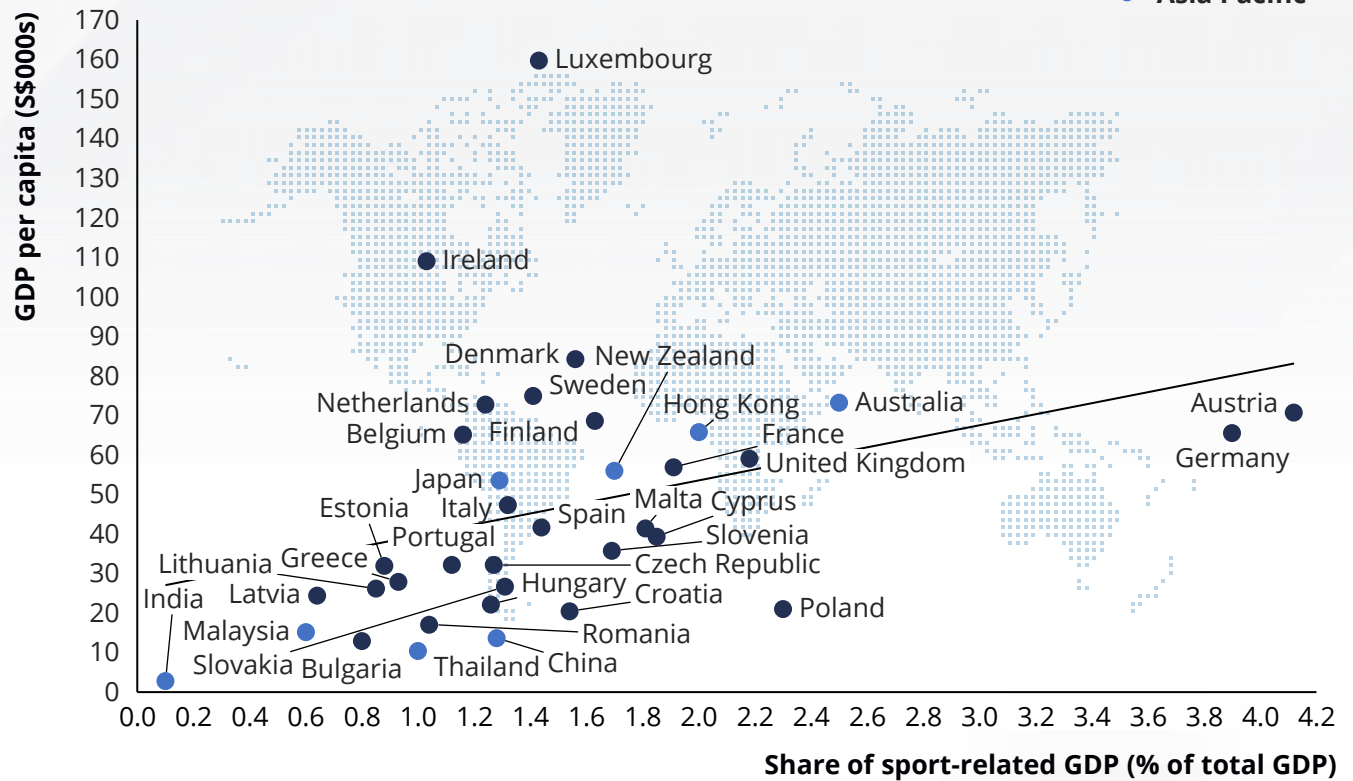
Overview

Sport and physical activity have historically been valued as drivers of community and social development. Governments are, however, increasingly starting to appreciate the potential of sports to contribute to economic growth.

With strategic support, investment and effective policies into the right sub-sectors, the Sport Industry can become a significant contributor to total GDP and driver of employment. In order to maximise growth, Governments should consider not only global growth trends, but identify and leverage any competitive advantages. It is also critical that governments quantify the contribution of sport to GDP, in order to generate buy-in and investment from both the public and private sectors.

Current situation

SPORT-RELATED % TO GDP PER CAPITA IN BENCHMARK COUNTRIES (2018)



TAKEAWAYS

01

Caution should be taken when comparing sport-related GDP due to nuances in valuation methodology

02

Global Sports Industries typically contribute between 1-2.5% of total GDP

03

There is a positive correlation between share of sport-related GDP and GDP per capita

04

Of benchmarks, Austria has the highest share of sport-related GDP at 4.1%

Case Studies

Numerous governments have either directly invested into strategic areas of the Sports Industry, or enabled its growth through legislative changes

Denmark: Pledged ~US\$1.5M (2019-2022) to support local Danish gaming and esports industry growth

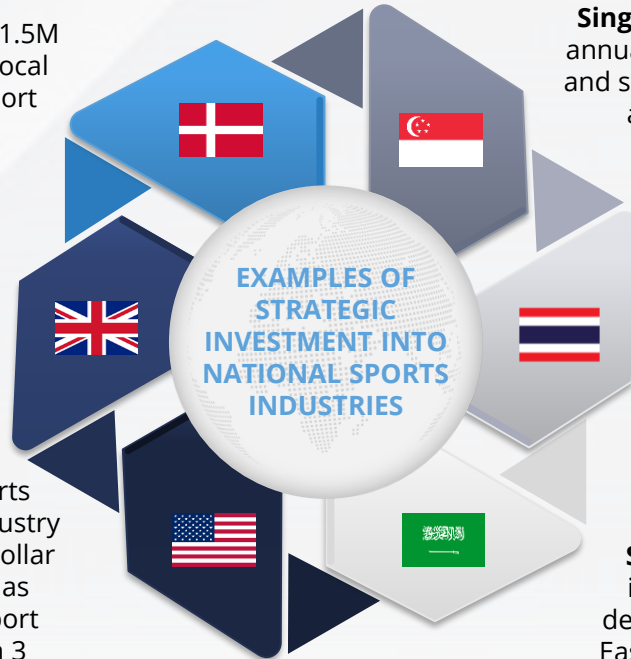
Singapore: ~US\$300 million annual investment into sports and sports development, such as programmes and infrastructure

UK: 2020 budget included commitment of ~\$US40 million a year by 2023/24 to support primary school PE teaching and help schools make best use of their sports facilities

Thailand: National Sport Development plan (2017) aimed to grow the sport industry by more than 5% annually, to a total market value of over ~US\$3billion by 2021

US: Legalisation of sports betting and gambling industry has led to multi-million dollar deals (e.g. NBA alone has signed more than 20 sport betting partnerships in 3 years)

Saudi Arabia: US\$2.2Bn invested since 2017 into developing nation as Middle East's sport and tourism hub



Challenges & Recommendations for Policy-Makers

To leverage the sports industry as a driver of economic growth, a clear framework for assessment and strategy is required in order to define, value, compare and grow a sports industry

CHALLENGES

Defining and valuing a sports industry, due to different categorisation and presentation of data

Assessing a sports industry due to lack of data available

Cross-comparability with other global sport industries for benchmarking

Choosing where to invest and prioritise

Dying sub-sectors facing structural disruption

Workforce capacity and capability constraints

RECOMMENDATIONS

- Utilise common definitions where possible e.g. *European Commission framework*
- Consider additional sub-sectors and tailor framework for local context and needs

- Utilise both quantitative and qualitative metrics for comprehensive assessment
- Consider triangulating sources, utilising proxies and leverage industry experts

- Ensure comparing like-for-like by modelling common index metrics
- Consider local context and nuances

- Create a clear strategy to focus efforts
- Conduct rigorous analysis to identify sub-sectors to generate maximum ROI against all objectives *see Part 2 on Fuelling Growth*

- Identify strategic initiatives and policies to support the adaption or transition of sub-sectors

- Develop a detailed workforce strategy to upskill the current workforce, identify gaps in current and future demand and future-proof supply of talent