

# The Role of Sports Industry in Urban Development

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**Abstract:** Sports industry is an important part of the national economy, and the development of the sports industry is closely related to the development of economy, society and culture. It is of great significance to explore the promoting role of sports industry on urban development to realize the synergistic and sustainable development of sports industry and city. Based on literature research and case analysis, the role of sports industry in promoting urban development is manifested in promoting urban economic development, optimizing urban economic structure, promoting urban employment, and promoting urban transformation and regeneration. At present, the sports industry needs to actively cultivate new quality productive forces, and promote the optimization of the sports industry structure from the development of sports service industry and sports manufacturing industry. Combined with the level of urban economic development and the economic structure, the sports industry should be brought into the framework of urban development through constructing sports service complex, building sports goods brand and developing high technology.

**Keywords:** Sports Industry; City; Economy; Sustainable Development; Structure Optimization

## 1. Introduction

Sports industry is an important part of the national economy, and the development of sports industry is closely related to the development of economy, society and culture. In the United States, Japan, Australia, the United Kingdom, and other developed countries, the sports industry accounts for more than 1% of the GDP, becoming a pillar industry of the national economy. In the modern economic system, the sports industry plays an important role in promoting urban

economic development, optimizing urban economic structure, and promoting urban transformation and regeneration. Sports industry has very high economic derivative benefits and employment multiplier effect, its role in economic growth, employment promotion and other aspects exceeds some traditional industries, has become an important force to promote urban economic development. In China, under the promotion of the Olympic Games, Asian Games, National Games and other major events, the sports industry has become an emerging growth point of urban economy and a powerful booster for the transformation of urban economic structure and upgrading [1]. Sports industry not only helps to promote the development of urban economy, but also enriches the connotation of urban culture, and plays a positive role in promoting the construction of urban social civilization [2].

## 2. Sports Industry and Urban Economic Growth

According to Chenery model, in the middle and late stages of industrialization, the tertiary industry will accelerate its development and gradually occupy a dominant position in the economy. From 1950 to 2000 in the United States, the proportion of the secondary industry in the economy dropped from 37% to 21.5%, while the tertiary industry rose rapidly from 54.5% to 78.5%. The sports industry is known as the "new gold mine" of the city. Through the linkage with many relevant industrial departments, especially many relevant departments of the tertiary industry, the sports industry has a multiplier effect on urban economic growth. The multiplier effect increases the driving effect of the sports industry on the overall economy. According to the 2024 economic report released by DFL, German professional football earned more than 5 billion euros in the 22-23 season, and Bundesliga and Bundesliga 2 have contributed more than 12.6 billion euros in taxes in the

past decade. Many sectors of the economy have benefited from the recovery of professional football. According to relevant research, the added value of 100 euros in the German professional football industry can generate about 240 euros in other sectors of the German economy. If the derivative impact is considered, this value will rise to more than 300.

In the urban economic system, there are many industries closely related to the sports industry, including construction, electronics, electrical equipment, real estate, finance, insurance, tourism, exhibition, commerce, transportation, health, entertainment, etc. Therein, tourism, transportation, construction, health and entertainment are the most closely linked. On the one hand, the industrial correlation of the sports industry is reflected in the direct or indirect consumption relationship between the industry and other industries, and on the other hand, it is also reflected in the marginal intersection of the industry and other industries. For example, the combination of sports and tourism has spawned the sports tourism industry [3-4]. With the continuous integration of sports and cities, the sports industry, as a part of the urban social and economic life, plays a more and more obvious and prominent role in the urban economic development [5]. Also, in the process of digitalization and smartization, the sports service industry constantly improves the quality of the sports industry and optimizes the urban industrial structure [6].

### **3. Sports Industry and the Optimization of Urban Economic Structure**

The basic trend of economic development is that the proportion of the primary industry is declining, the proportion of the secondary and tertiary industries is increasing, and the growth rate of the tertiary industry is much higher than that of the secondary industry, which occupies an absolute proportion in the economy. The main body of the sports industry is the sports service industry. The expansion of the sports service industry plays a chain effect through the value chain of the sports industry, and vigorously promotes the proportion of the tertiary industry in the urban industrial structure. As an important industry driving urban economic growth, sports industry promotes the innovative development of

industrial structure by enhancing the attraction of consumption and giving full play to regional resource advantages [7]. The sports industry helps to optimize the urban economic structure by strengthening industrial integration, promoting industrial linkage and industrial upgrading [8].

In countries with relatively developed sports industry, sports service industry has become the real main part of the sports industry, and the proportion of sports service industry has exceeded 50%. With the increasing of sports service industry and the decreasing of sports goods manufacturing industry, the biggest part of the sports industry structure has realized the transformation from sports goods manufacturing industry to sports service industry. The sports industry turned from low added value industry to high added value industry. The decline of the sports goods manufacturing industry does not mean the degeneration of the sports goods manufacturing industry. In the process of automation, technologization, and green revolution, the sports goods manufacturing industry moves towards the upgrading road of Servitization, and further promotes the optimization of the urban industrial structure.

### **4. Sports Industry and Urban Employment Promotion**

As the growth point of emerging economy, sports industry has become the emerging sector of labor force transfer and the absorber of urban employment. Most of the products provided by the sports industry are labor-intensive, so the sports industry has a high employment elasticity. Take the event operation and management as an example, the preparation, operation and management of the event require a large number of personnel, and a large event can bring tens of thousands of jobs directly related to the event. The role of sports industry on urban employment is not limited to the sports industry itself, it has a strong employment multiplier effect. Industries related to the sports industry, such as construction industry, catering industry, tourism industry, cultural entertainment industry and education industry, are also labor-intensive industries. The related development of these industries undoubtedly provides a large number of opportunities for the employment of the urban labor force. In

particular, the sports industry and its related industries have little technical content and low employment threshold, which is conducive to providing jobs for a large number of unskilled labor in cities. Due to the strong employment multiplier effect and high employment elasticity, the sports industry has a very important practical significance to relieve the increasingly prominent urban employment pressure.

Take German professional football for example, professional football offers more than two-thirds of jobs provided by the German DAX 30 index companies, and offers a wide range of part-time jobs. Less than 10% of the jobs offered by German professional football really come from professional football itself, such as German professional football clubs or German professional football league. Professional football has spawned more than 10,000 full-time jobs in bars, hotels and restaurants, and more than 1 percent of the employees in the media industry are related to professional football. German professional football is not only seen as an industrial branch of hiring high-income professionals, it also provides jobs for many low-quality people.

### **5. Sports Industry and the Urbanization Process**

From the perspective of the natural evolution process of the city, the city characterized by agglomeration provides relatively dense consumer groups with high purchasing power for the development of the sports industry, thus generating the demand for event exhibition, fitness and entertainment, and sports training, thus promoting the development of the sports industry in the city. The development of sports industry also promotes the improvement of urban facilities, attracting the population and productive factors to further concentrate in the city, thus promoting the process of urbanization with high quality. With the development of sports industry, along with sports venues construction and events operation, sports venues and events have become a name card of the city, continuing to strengthen the attraction of the city to the population and related industries, so that the aggregation benefits of the city can continue. The enhancement of urban agglomeration benefit induced by the sports industry, is not the repetition of scale

expansion in the process of industrialization, but the enhancement of urbanization connotation. That is the overall improvement of urban facilities and urban life, the enhancement of urban life quality, and the continuous improvement of urban economic, social and cultural subsystem, which promotes the city moving forwards to modernization stage.

During the development of city and sports industry, it is not uncommon for the sports industry to get preferential development. Sports industry is not derived from the demand of urban development, but the booster of urban development. This type of development is usually the result of governmental actions or quasi-governmental actions. In underdeveloped areas, the government will develop the sports industry by investing in sports industry bases, sports venues and large-scale sports events, and attract various productive factors through sports brands and their huge added value. Sports service products cannot be stored, so its production, exchange and consumption are simultaneous, which makes the sports service industry has a internal aggregation function, therefore forming the aggregation of productive factors and population within a certain range in a short term, and accelerating the urbanization process in this region. If the sports service industry is located in the suburbs of the city, it is likely to promote the suburbanization, drive people to migrate from urban to suburb. The city surrounding areas expand pushed by sports services industry. Residential areas in satellite cities develop rapidly, thus promoting the development of urban group with the big city as the center.

### **6. Sports Industry and Urban Transformation/Regeneration**

After experiencing industrialization, nowadays cities are faced with the impact of globalization, industrial structure adjustment and knowledge economy. Decaying cities began to think about how to achieve economic transformation and regain their vitality. The development of sports industry has become a development strategy of urban transformation and regeneration. Its purpose is to rely on the sports industry, especially with the help of event services and sports leisure and entertainment services, to create a new name

card of the city, regain the attraction of the investment and consumption, and set foot on the track of urban development [9]. Taking the sports industry as the leader to promote urban transformation and regeneration has become an important strategy for urban redevelopment in many developed countries. The sports industry, especially the sports events and sports leisure and entertainment, has brought super high attention and popularity to the city. Various productive factors gather again in the city and flow quickly. The urban economy gains an emerging economic growth point, and the number of employment was able to increase rapidly. The strong correlation of the sports industry drives the development of other relevant industrial departments in the city, and the urban economic system is reconstructed. The sports industry promotes urban economic, social and ecological transformation by giving full play to its economic, social and ecological benefits [10].

As an old industrialized country, Britain is facing the problems of industrial structure adjustment and urban aging in the process of urbanization. The industrialized cities, once the proud of the industrial era, have now become obstacles to the urban vitality regeneration and function reconstruction. Since the 1980s, many British industrialized cities have started the development strategy of sports city, promoting urban transformation and regeneration through the development of sports industry. The core of the sports city development strategy is to develop the sports service industry, which is to build modern sports venues, hold high-level international events, encourage and support the development of professional sports and clubs, and build a new sports and leisure tourism destination.

Sheffield, located in the heart of Britain, was originally an industrial city known for its steel manufacturing. From 1950, with the upgrade and transformation of iron and steel industry, the city of Sheffield began to transform, but struggled. In the 1970s, some small steel plants began to shut down. In the early 1980s, the entire steel industry began to collapse, leaving lots of debris and pollution. People were extremely dissatisfied and disappointed with their unemployment. In the late 1980s, the government began to discuss what kind of city Sheffield can become through 20 years of

construction before 2000. In 1987, Sheffield won the right to host the 1991 World Universiade, began to build a large number of modern stadiums on the ruins of the factory, and formed the Sheffield International Stadium Management Group responsible for the development and operation of the venues. After the event, Sheffield City was left with a high level of sports and leisure complex, which promoted the upgrading and transformation of the industrial form of the whole city. After more than ten years of unremitting efforts, the city formed a complete industrial chain with high-level sports events as the leading role, mass fitness consumption and youth sports training as the basis, high-level training base as the support, and sports leisure tourism as the supplement. In 1996, the British government awarded Sheffield the title of "National City of Sports". At present, Sheffield has a complete sports industry chain, and 2.5% of the citizens are employed in the sports industry. Because of sports, Sheffield has achieved good economic, social and environmental benefits. Today, Sheffield has not only become one of the fastest growing cities in the UK, but also be recognized by the international community as a model city for successful urban transformation and regeneration through sports.

## 7. Conclusions

The role of sports industry on urban economic development is profound and multi-directional. The sports industry promotes the overall growth of the urban economy through the investment and consumption multiplier. Through the industrial value chain with the related industry departments, the sports industry vigorously promotes the development of the urban tertiary industry, improves the internal structure of the sports industry, and optimizes the urban economic structure. Sports industry belongs to the labor-intensive industry, with great employment elasticity. Through the employment multiplier effect, the sports industry promotes urban employment, and especially creates a large number of jobs for the urban primary labor force. Sports industry has the internal aggregation function, which can strengthen or generate the aggregation effect of cities and accelerate the process of urbanization. As a new name card

of the city, the sports industry can promote the transformation and regeneration of the city. The relationship between sports industry and urban development is two-way. There is an interactive relationship between sports industry and urban development. Sports industry promotes urban development, and urban development provides the economic basis for the sports industry's further development.

As an emerging growth point for urban development, the sports industry needs to actively cultivate new quality productive forces, from the side of sports service industry and the side of sports manufacturing industry, to promote the optimization of sports industry structure. Considering the economic development level and economic structure, city should integrate the sports industry into the urban development framework, through the construction of sports service complex, the building of sports goods brand and high technology development. City should give sports industry more preferential policies and supporting policies on approval, investment, financing, operation, and tax.

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