

# Characteristic of globalization sport economic assignment

Sociology



**ASSIGN  
BUSTER**

Compared with other economic sciences, sports economics mainly discuss the relationship between sports and economics, and about how limited sports resources are effectively allocated. Sports this special cultural phenomenon has the inseparable connection with social and economic phenomenon. Economy is the foundation of sports emergence and development, whose development restricts sports development. At the same time, the scale and development level of sports can reflect the status and level of economic development.

Sports economic is an art which discusses about how limited sports resources is effectively allocated and also about dealing with the problem in sports field by using the knowledge of economics, which full lay shows the sports characteristic, that is we cannot mechanically apply the term and regularity in the economic field to the sports field. We should discern economic law and economic concepts to clarify its economic phenomenon according to the characteristics of the sports fields and combining practices. Sports economic operation standardization, minimization and industrialization.

In a market economy intuitions, the sports economy of operation, essentially sporting needs and the sports producers between sports product exchange. It includes the purchase and sale of sports products two opposites processes. On the one hand, Sports demander by paying some money to purchase sports products to get experience and enjoyment in a variety of sports activities. On the other hand, sports producer will sell sport products to sports needs, to get some income. The sports product is a service-based products.

Therefore, the constituent elements of sports products can be used repeatedly and provided. Thus, contributing to sport economics as a separate economic development and maturation. Nowadays, sport economy are stepping into globalization. The most globalizes features of the sports economy today are represented by: (1) sports shows (2) sports mega-events. Since the beginning of XX century there has been a rapid growth in the number of world or big international sport events per year: there were 20 sports events in the year 1912, 315 events in 1977, 660 1987 and 1, 000 in 2005. The audience of such events is increasing on a global scale thanks to TV broadcasting. In the near future the question shall be to know whether or not an exponential growth in the supply of global sport events would exceed the demand of 6 billion potential TV viewers. The first signs of stagnation in the ratio of sporting audience have already emerged in the US. Globalization of sport events reaches its highest point with genuine global sport events such as the Olympic Games and football (soccer) World Cups.

Nowadays, their economic significance is more precisely delineated. To the contrary, the economic spill-over of global sporting events in the host countries too often mains the fallacy of sensational and publicized over-evaluation taking its roots in methodological tricks or even crude mistakes. One example is the ex-ante announcement that the rugby World Cup 2007 would have led to a Euro 4 billion economic spill-over to the French economy.

An ex post evaluation, underpinned by more sound methodological elaboration places this value at Euro 1 common knowledge that, since

London was awarded the rights to host the 2012 summer Olympics, its actual cost keeps on rising by the day and is currently greater than any expected benefits there from. In the worst case, studies on the economic impact of sport events simply do not rely on any scientific methodology or any analytical approach of investment decision making. In the best case, they resort to Keynesian multipliers. Unfortunately they often reflect an insufficient check of double counting, omitted opportunity costs (i.e., the return of an investment project alternative to hosting the Olympics), substitution effects (a number of consumers would have paid for another show in the city had the Olympics not been hosted), and crowding out effects (normally, tourists avoid Olympic sites due to traffic jams, pollution, etc.) while the local population's willingness to pay is not carefully assessed. A candidate city waits for a study exhibiting an economic gain from hosting a global sport event in order to win the bid against other candidate cities. And this applies to all candidates.

Consequently, all consulting companies are eager to provide the expected results, i.e., never a loss, always an ex ante significant economic gain derived from the event. Ex post, it nearly always appears that the event's final count is in the red. This is an exemplification of the 'Winners curse' in sports economics. TV broadcasting generates or reinforces differentiation, or even discrimination, across the various sport disciplines: for instance, football always retains the largest coverage. By the same token, a number of less popular disciplines are simply outmatched from the TV screens.

No econometric study has established a clear cut correlation between TV audiences and number of participants dragged by a given sport discipline so far, at either a domestic or global level. An intuition is that such a relationship does exist but it still has to be empirically verified (or falsified). Another feature of the global market for sport broadcasting is that it operates under imperfect competition. All depends on whether the market is in short supply (excess demand) or short demand (excess supply). The short side of the market usually imposes its transaction conditions to those competing together on the long side of the market.

The different forms of the sport broadcasting market are: (a) a monopoly when only one organizer supplies his/her exclusive sports event to competing TV Hansel (consider the OIC offering Olympic Games, the FIFE with the football World Cup). In a monopoly market, price is relatively high, broadcasting rights are expensive and revenues accruing to the organizer are big; (b) an oligopolies monopoly when only one event organizer is facing very few potential buyers – TV channels (FAA Champions League, French football championship).

Broadcasting rights are still high though lower than in the monopoly case due to fewer competitors on the demand side; (c) a bilateral monopoly which was often the current situation when a single public TV channel monopolize the demand side of a domestic market or when a European cartel of public channels (ERE) merged all demands for a sport event to be broadcast on a European scale.

In the case of bilateral monopoly, economic theory teaches that the transaction price is determined by the relative bargaining power (not necessarily economic or financial) of the monopoly and the monopoly. Usually the price is lower than the price emerging in the presence of a pure or oligopolies monopoly; (d) a monopoly when professional clubs are competing for the sale of heir individual broadcasting rights to a single TV channel (French outfall championship in the asses) instead of the league pooling the rights for all clubs.

All the dimensions involved in globalization of the sports economy, in particular the fragment of professional sports, shows how promising this area is for a research on sports economics. Even if the latter is now covered by the Handbook of Sport Economics, and by an increasing number of articles in economic Journals, the issue of economic globalization in the sport sector remains somewhat unheeded and calls for further publications.