

THE COMING REVENUE REVOLUTION IN SPORTS

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Along with the U.S. population, [sports'] fanbase has grown enormously in the last half century, as new professional leagues sprouted, media mushroomed, and professional sports became thoroughly assimilated into the entertainment industry. Fans are the geese who have laid the golden eggs for pro athletes, team owners, sports broadcasters. Meanwhile, that same flow of cash has altered the relationship between spectators and the contests. A newfound distance, which can verge on alienation, separates the audience from athletes and teams. Choices made within the sports and political establishments over the next few years may determine whether pro sports' dizzy growth continues, or if those golden orbs will turn into goose eggs.¹

Sports as a business has matured at an accelerating pace in the past two decades.²

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some form of competition, media, merchandise, etc.) through similar production methods (i.e., play the game).⁶

Sports is among the largest and fastest growing industries both in the United States and abroad. An excellent source that taps into the pulse of the industry as a whole is the Street & Smith's Sports Business Journal Annual Survey.⁷ In the S&S Annual Survey one finds some eye-popping numbers. For example, the sports business industry generated over approximately \$213 billion in revenue.⁸ That makes the sports industry twice the size of the automobile industry.⁹ The S&S Annual Survey further breaks down the source of revenues. These sources include advertising at \$27.43 billion; endorsements at \$897 million; sporting goods at \$35.62 billion; facility construction at \$2.48 billion; internet at 239.1 million; licensed goods at \$10.50 billion; media broadcast rights at \$6.99 billion; professional services at \$15.25 billion; spectator spending at \$26.17 billion; sponsorships at \$6.4 billion; medical spending at \$12.6 billion; travel at \$16.06 billion; multimedia at \$2.12 billion; gambling at \$18.90 billion; and operating expenses (other than travel) at \$22.98 billion.¹⁰

Although not the focus of this article, the manufacture and sale of sports equipment and clothing shares a symbiotic existence with sports entertainment. Thus, sales of sports equipment and clothing may serve as a reasonable barometer of sports enthusiasm. That enthusiasm, if captured effectively and efficiently by the various professional leagues, may translate into revenues. According to the National Sporting Goods Association, sales for all athletic and sports clothing for 2002 were almost \$10 billion.¹¹ Additionally, sales for athletic and sports equipment were over \$21 billion.¹² Moreover, receipts from spectator sports events for 2002 were over \$1.5 billion.¹³ These numbers, among other data, suggest that large

6. WILKOFSEY GRUEN ASSOC., GLOBAL ENTERTAINMENT AND MEDIA OUTLOOK: 2005-2009: FORECASTS AND ANALYSIS OF 14 INDUSTRY SEGMENTS (6th ed. 2005).

7. Street & Smith's Sports Business Journal, <http://www.sportsbusinessjournal.com/index.cfm?fuseaction=page.feature&featureId=43> (last visited May 31, 2006).

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