

Exploring the Path of Commercialization of Sports Events to Enable the Development of Local Economy

-- A Case Study Based on WTT (World Table Tennis)

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Abstract: In the context of globalized sports industry development, commercialization of sports events has become the mainstream of today's sports event development, a multidimensional industry integrating economic, cultural and social values. This paper focuses on the commercialization practice model of the World Table Tennis Team (WTT), exploring its innovative business model and impact on the local economy through multiple analytical frameworks. The WTT has increased spectator participation through tournament structuring (e.g., tiered tournaments, increased mixed doubles and doubles cross-country teams), star player meet-and-greet, and diversified revenue streams (e.g., tickets, peripherals), which have brought about significant short-term economic gains. In the case of the Chongqing WTT 2024, for example, the data proves that it has been instrumental in promoting significant growth in regional tourism as well as services such as food and beverage, with tournament-related industries generating more than 180 million RMB in local revenue. However, the current problem of over-commercialization highlights the issue of conflict between the profit-making purpose of the business and the competitive nature of the event. This study emphasizes the linkage between balancing the commercialization of sports and the protection of athletes' rights and interests, to effectively achieve a sustainable effect between economic value creation and competitive sportsmanship.

Keywords: Sports event commercialization, WTT, Economic linkage effect.

1. Introduction

Under the continuous development of globalization and sports industry, sports events have gradually transformed from purely competitive events to multidimensional composite industries integrating economic, cultural and social values. This paper discusses the practice of commercialization of sports events represented by the World Table Tennis Team (WTT), which not only reconstructs the operation strategy of traditional table tennis events, but also creates multidimensional economic value through focusing attention and integrating resources. Taking WTT as the object of analysis, this paper mainly focuses on the theoretical analysis of event commercialization and case discussion to explore the linkage effect of sports event commercialization on local economy. By constructing the analytical framework of "Attention Economy-Resource Base View-Economic Linkage", this paper mainly reveals WTT innovative initiatives in business models such as tournament IP innovation and diversification of revenue structure, and at the same time, discusses the challenges and problems arising from the current over-commercialization of players' rights and tournament activities. This paper aims to provide theoretical support and practical inspiration for the high-quality development of the sports industry.

2. Theoretical Discussion

2.1. Theoretical Model of Commercialization of Sports Events

2.1.1. Attention Economy

The core business value of a sporting event is its ability to "focus attention", and the WTT Series has done this by

attracting the world's best athletes through high-profile tournaments (such as Grand Slams and Championships), as well as by increasing the number of on-site doubles teams and introducing mixed doubles to the year-end finals, which enhances viewer immersion and boosts broadcast ratings and advertising revenues. Advertising revenue. This model embodies the core logic of "traffic realization" in the attention economy, i.e., attracting the attention of viewers and their interest in the tournament through the content of the tournament, which can then be converted into commercial revenue.

2.1.2. Resource-Based View (RBV) and Value Creation

In the resource-base view, it is believed that the core competitive advantage of an enterprise comes from its unique internal resources and capabilities, which are scarce, inimitable and non-substitute. In the case of sports events, commercialization will bring sustainable economic rent for the enterprise. Its unique resources are mainly reflected in several aspects, firstly, for top athletes not only represent the high level of athletic ability but also symbolize the image and charm of the event. Star players often have a large fan base and receive extensive media attention, which can bring high exposure and commercial value to the event.

Secondly, sports events can stimulate the emotional resonance of fans, and at the same time, under the effect of star players, a stable audience will be formed. Fan loyalty is not only reflected in ticket sales, but also promotes the development of event derivatives, sponsorship and venue peripheral industries.

2.2. Commercialization and Local Economic Linkages

2.2.1. Direct Economic Channels

Through the aggregation effect, the commercialization of sports events can bring about a surge of tourists in a short period of time, expand the scale of the sports event industry in the host city, enhance the innovation capacity of the sports event industry, bring into play the win-win effect of talent and industry agglomeration, and promote the high-quality development of the sports event industry while winning more multi-dimensional development opportunities for the city. According to the statistics of Chengdu Mixed Team World Cup Organizing Committee, this year's Chengdu Mixed Team World Cup drove consumption of 380 million yuan, an increase of 52% over last year's 250 million yuan, which directly reflects the strong pulling effect of the tournament on short-term tourism consumption.

When large-scale sports events are held, a portion of government investment is used to build urban infrastructure, and then this portion of government investment will be magnified by the investment multiplier effect. The organization of large-scale sports events requires many human resources, which directly boosts employment in the event logistics, security, catering and transportation industries.

2.2.2. Indirect Economic Channels

As seen through the Porter's Diamond Model (Figure 1), the commercialization of sports events is not a single activity, but a systematic economic pull through the upgrading of production factors, expansion of demand, extension of the industrial chain and other multi-dimensional development. By upgrading and optimizing local factors of production, the commercialization of sports events promotes the improvement of local sports facilities and professional talent reserves, which may lead to the development of local science and technology industries.

Porter's Diamond Model

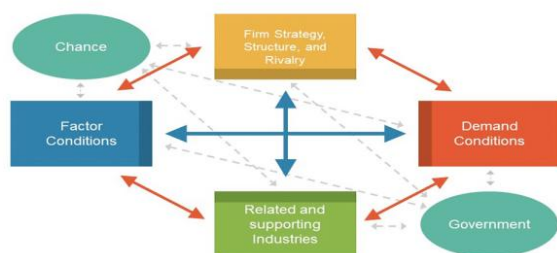


Figure 1. Porter's Diamond Model

Growth in local and external demand is the core driver of economic development. As consumer demand for high-quality sports experiences grows, there is increasing demand in local markets for event experiences, peripheral services and other derivatives. Events attract spectator participation, driving consumption of tickets, food and beverage, accommodation, and peripheral merchandise. Similarly, the organization of international events (e.g. World Cup, F1) will attract global tourists and boost local tourism revenue.

The commercialization of sports events has led to the synergistic development of upstream and downstream industry chains, directly benefiting media broadcasting (advertising revenue), sports equipment manufacturing, event marketing, insurance and other industries. Similarly, sports events may give rise to sports industrial parks and form business clusters. For example, Indianapolis, Indiana, United

States, has been hosting the core events of the Indy Car series for a long time, thus forming a sports technology and manufacturing cluster.

3. Empirical Cases: WTT Commercialization

3.1. WTT Business Model Innovations

3.1.1. IP Innovation: Creating Tournament Classification and Star Players

The WTT competition system has become a ten-tier structure, with clear gradient characteristics throughout the tiers. 6 events in tiers 1-3 constitute the top events (Grand Smash, Championships, Star Challenge and other high-points events), while tiers 4-7 are the main events for professional athletes to gain points, and tiers 8-10 provide opportunities and stages for the new stars of the world of ping pong. For example, the recently-concluded 2025 Singapore Grand Slam tournament topped the WTT series with 2,000 points and a prize fund of up to 150,000 for the winner, reinforcing its benchmark status in terms of both competitive and commercial value.

Recently, the revised brochure also aims to increase the commercial value of the tournament by creating "star players". Olympic champions are directly qualified to participate in the WTT (four-year validity), and an exclusive wild card channel is created for them, which not only guarantees star exposure, but also strengthens the authority of the tournament.

3.1.2. Diversification of the Income Structure

The WTT series has a more diversified revenue stream than traditional sports competitions. Tournament derivatives have gradually become an important source of income for WTT tournaments, and during the 2024 Beijing Grand Slam, T-shirts with official logos, handbags and chocolates, and souvenirs of the Shougang Park were synchronously sold on multiple platforms, forming a closed-loop of "tournament watching + consumption". The "match-watching + consumption" closed loop. According to the estimation, the total box office of WTT China Grand Slam reached nearly 60 million.

3.2. Practical Paths for Local Economic Empowerment

During the 2024 Chongqing Championship, the huge traffic completely brought fire to Banan, not only reaping a double harvest of word of mouth and traffic, but also strongly driving the regional economic growth. According to statistics, the tournament attracted a total of 1,494,900 visitors during the tournament, the surrounding important commercial body sales amounted to 67,156,100 yuan, radiation driven Banan transportation, food and beverage, entertainment, lodging and other related industries revenue amounted to 180 million yuan, greatly boosting the regional consumption, the tournament "traffic" into the economy "Increase".

"Sports events have become an important carrier to drive Banan out of the circle", the event will be run into the scenic spots, neighborhoods, business districts, the race as a medium, to promote the depth of the integration of the development of the body business, culture and tourism, and drive economic growth. To create a "city of events", growing sports industry, from the top design for the high-quality development of sports in Banan empowered to drive the long-term economic development of the city.

Usually to support the organization of the event, the government often introduces special tax incentives. At the recently concluded Harbin Asian Winter Games, the General Administration of Taxation issued relevant tax policies, stipulating that the organizing committee's TV broadcasting rights income, sponsorship income, ticket income, etc. are exempted from value-added tax, the transfer of post-game assets is exempted from land value-added tax, and tariffs are exempted on imported goods for the event.

3.3. Challenges and Controversies in Commercialization

With the development of economic globalization, relying solely on the country's financial development of competitive sports is no longer in line with the international situation, sports development requires the investment of a large amount of money, the synchronization of commercialization and professionalism is the inevitable demand for the development of sports in China. However, the commercialization of sports and the purity of competitive sports are bound to have conflicts and problems, and there are huge controversies in the WTT system, such as the addition of the 4 out of 7 game system to extend the time of the game, the fact that players are not allowed to withdraw from the high-level WTT series of tournaments (if they do so, they will face fines and zero points), and that players have to be interviewed and receive publicity related to the WTT after the tournaments. This has led to criticism of "over-commercialization and exploitation of athletes".

Similarly, culture clashes and localization challenges are also impacting the commercialization of the WTT. Overseas tournaments are intensive, but some of the venues lack a localized table tennis culture, resulting in low interest and attendance in the tournaments. At the same time, the WTT fine system (e.g. withdrawal fines) lacks legitimacy under the European and American legal systems, triggering protests from most overseas players.

4. Conclusion

As the core engine of the development of modern sports industry, the commercialization of sports events has shown a significant dual impact in the practice of WTT in recent years: on the one hand, through the classification of events, match system innovation and the shaping of star players and other innovative initiatives, WTT has successfully built an attention economy-oriented value creation model, attracting a relatively large audience, while the development of its tournament derivatives and sports peripherals has effectively expanded the revenue structure and significantly boosted the

growth of local tourism, business and short-term employment through the combination of "event + consumption"; on the other hand, the institutional rigidity in the commercialization process (such as mandatory player participation), the commercialization process has been a significant boost to local tourism, business and short-term job growth. At the same time, the development of its tournament derivatives and sports peripheral products has effectively expanded the income structure and significantly boosted local tourism, business and short-term employment growth through the combination of "tournament + consumption"; on the other hand, the rigidity of the system in the process of commercialization (e.g., mandatory rules for player participation) and unreasonable fines have exposed the potential conflict between economic interests and the intrinsic nature of competitive sports. In the future, the commercialization of sports events needs to seek a dynamic balance between the realization of traffic and the protection of athletes' rights and interests, so as to better achieve the synergistic development of economic benefits and social significance.

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