

(SP) AN ANALYSIS ON THE MARKET STRUCTURE OF PROFESSIONAL SPORT

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Introduction

The professional sports league is an institutional arrangement that developed during the growth course of professional sports in western countries. Nowadays, China is exploring the way for the development of professional sport, to analysis the market structure and the nature of professional sports league is very important for us to understanding the operation rules of professional sports.

Methods

This thesis utilized the theory of industry economics and institutional economics , analysis the nature of professional leagues and market structure of professional sport.

Results and Discussions

1. The professional sports industry can be defined as the collection of franchises which provide sport games and performances in order to meet the needs of audience.
2. The core product (sport game) determines that the process of production requires all franchises to work cooperatively, and the franchises should maintain their independent status of a corporation respectively in fairness to the games. The natures of game decide that the production of professional sport should be organized by sport league.
3. As a kind of resources collocate system, professional sport league is a special intermediate organization established by some franchises, which play games together. It possesses the characteristics of both market and enterprises.
4. On the characteristic of enterprise, professional sport league is a whole and sole enterprise providing services to consumers, the market structure of professional sport belong to monopoly. In order to maintain the uncertain outcome of the games, professional sport leagues must distribute resources among the franchises by inner regulations, such as draft system and salary cap.
5. On the characteristic of market, professional sport league is an oligopoly organization. The franchise compete each other in the market as an independent corporation, such as they bid on players in the labor market.
6. As an industry organization, sport league is a new form, which are different from both cartel and corporation groups.
7. The differences of professional sport league between U.S and Europe are: In U.S, the professional sport clubs have less independence and the leagues such as NBA, have more characteristics of enterprise, the market structure is monopoly. In Europe, the professional sport clubs have more independence and the leagues have more characteristics of market, the market structure is oligopoly.
8. Currently, we haven't founded the reasonable market structure of professional sport in china, the main problems existed in Chinese professional sport are: the government still

dominate the professional sport games, there is no real professional sports league in China, the professional sport market is shrinking; excessive competition among sports franchises and low effectiveness in operation. Hence, it is imperative to reform the sports system further and establish a professional sports league in accordance with the regulation of market economy and the nature of professional sports.

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