

Analysis on industrial organization and policy trend of Chinese golf industry

Authors: Xinhuan Zhan Ph.D, associate professor, master's tutor (1), Chenglong Ji (2)

Institutions:

1. School of Sports, Jiangxi University of Finance and Economics, Nanchang 330013, China
2. School of Finance and Taxation and Public Administration, Jiangxi University of Finance and Economics, Nanchang 330013, China

E-mail: jxcdzxh@aliyun.com

Fund Project: National Social Science Fund Project: Chinese golf industry organization: theory and policy (Project number 11CTY017)

Aim of abstract/paper

Golf originated from 14th century in Europe, it attracts more and more participants simply because the unique sports culture and charm. Now Golf has been evolved into an important industry in many developed countries. The formation and evolution of Chinese golf industry are closely related to China's reformation and opening. The speed-up of economy paves the way for the competence of Chinese golf industry. In 2013, there were 1.8 million golf population in China, 9.1 million rounds were played in 467 golf courses, Chinese golf industry gross output has reached 6.02 billion RMB. On 121th IOC conference held in Copenhagen, golf and rugby were passed by a majority of votes and got the approval to be the event of 2016 Olympic Games. Thanks to the entrance to Olympic Games for golf, we see the increasing number of golf population in China, especially the teenage. In these years Chinese golf industry develop rapidly, however, Chinese golf is in accompany with the negative information such as aristocratic-oriented, land occupation, water wasting, luxury consumption and corruption, so that Chinese government has issued many district policies to limit the growth of Golf industry. The starting point and foothold of this paper is in-depth discussion of industrial organization characteristic of Chinese golf industry on the basis of the theory of industrial organization, especially market concentration and market performance, and the relationship between the two variables, try to propose measures to each market subject, better meet the needs of the growing golf lovers under the premise of conforming to the relevant policies.

Literature review

"Study of Golf in Scotland" (1991) written by Cobham Resource Consultants was the first golf industry document in Scotland. Since 1990s, NGF released US golf industry development report quarterly. Hee-Jooh Shin (2003) Analysis Economic Recession On the Golf Industry in the United States. Since 2005, First Research released annual report of US golf industry, used the SCP analysis framework to analysis "market structure - behavior - performance" of US golf industry briefly. Murat Cuhadar (2013) has carried on the investigation and study on Turkish golf tourism, statistical analysis related industries index from January 2001 to April 2013, and forecast the future development trend for Turkish golf tourism industry.

Methodology

Based on the industrial organization theory, this paper adopted researching techniques such as statistic, expert interviewing and comparing analysis, conducts a research to the industrial organization characteristic and policy trend of Chinese golf industry.

Statistic

Used econometric analysis method to establish the econometric model of effect relationship between market concentration and market performance, collect data (including 1993-2012 enterprise scale, rounds played, gross output) and draw conclusions by using EXCEL and EViews5 statistics software.

Expert interviewing

Interviewed with related officials of National General Administration of Sports, China Golf Association and Beijing Golf Association, directors of golf clubs in Beijing, Shenzhen and other cities, to explore the existing problems and policy trend of Chinese golf industry.

Comparing analysis

Compared Chinese golf industry with golf industry in United States and United Kingdom, draw lessons from foreign experience, combined with China's national conditions and characteristics in the development of golf industry.

Results

The result shows that: The national market concentration degree appears the dispersion competition, but the monopoly competition degree has obvious topicality difference. Chinese golf industry market structure decides the multiplicity of enterprise's pricing conduct. Whole operation effectiveness of Chinese golf industry is not high since long, but in the recent years the round played and gross output of golf courses increased year by year. Market performance and concentration degree assume the reversed direction change. In short and medium term, policy environment of Chinese golf industry won't change tremendously, but the golf enterprise may act according to economic situation change and government policy adjustment, seeks for the development space indirectly.

References

- Melvin (2000) . Golf Course Market Analysis: Structural Hedonic Demanded Supply Estimates. *International Journal of Sport Finance*, 3, 23-40.
- Hee-Jooh Shin (2003) . An Analysis of Economic Recession On the Golf Industry in the United States, UMI.
- Matthew T. Brown (2007). Treatment of Travel Expenses by Golf Course Patrons: Sunk or Bundled Costs and the First and Third Laws of Demand , *International Journal of Sport Finance*, 2, 45-53.
- First Research (2008). *Golf Courses Industry 2008*.
- Murat Cuhadar (2013). Development of golf tourism and golf tourism demand forecasts in Turkey: a study of Belek region, *International Journal of Human Sciences*, Volume 10 Issue 1, 1620-1639.