Research on Business Value Development Methods of Top Sports Athletes - A Case Analysis of NBA Players

Chen Li *

Hangzhou High school, Hangzhou, China

* Corresponding Author Email: iris@hzhsid.net

Abstract. With the development of sports, the commercialization model of players is becoming more and more mature. The rise of commercialization has become a prominent trend in the field of contemporary sports, which has a far-reaching impact on athletes and the wider sports industry. Commercial development has a significant impact, not only expanding the sports audience, but also reshaping the role of athletes and the financial structure of the sports sector. This paper studies the means of commercial value development of top sports players, based on the case analysis of NBA players, using case analysis method, literature review method and other methods, taking the famous NBA star Curry, the spokesman of Under Armour, and the basketball legend Jordan as examples, to explore the commercial value of top players behind them. Through the study of the means of personal brand building and maintenance, social media marketing and fan interaction, sponsorship and endorsement, the economic principles behind it and the operation mode of NBA business alliance are summarized, and the conclusion is drawn.

Keywords: NBA; Methods of commercial exploitation; Economic principle; Sports; Commercialization value.

1. Introduction

Commercialization of sports is one of the typical characteristics of contemporary competitive sports. With the rapid development and integration trend of the global sports industry, the performance of a few top sports stars has attracted more and more attention from the global business community and society. In particular, the very famous superstar players like Curry, whose commercial value has been widely developed and utilized. At present, there are some literatures that compare and study his performance in the game and endorsement products with other top stars. This paper adopts the literature method and comprehensive analysis method to comprehensively evaluate the commercial value of these top sports stars. Assessing the commercial value of athletes helps club owners or managers make key decisions, help athletes maximize their commercial value, and bring the greatest benefit to athletes and clubs. Firstly, we discuss the concept and influencing factors of the commercial value of sports athletes, and then analyze the means of developing the commercial value of athletes, taking the NBA case as an example for detailed discussion. Finally, we elaborate on the economic principles behind the commercial value of sports athletes and discuss the future direction and limitations of this study.

Commercialization of sports is one of the typical characteristics of contemporary competitive sports. With the rapid development and integration trend of the global sports industry, the performance of a few top sports stars has attracted more and more attention from the global business community and society. In particular, the very famous superstar players like Curry, whose commercial value has been widely developed and utilized. At present, there are some literatures that compare and study his performance in the game and endorsement products with other top stars. This paper adopts the literature method and comprehensive analysis method to comprehensively evaluate the commercial value of these top sports stars. Assessing the commercial value of athletes helps club owners or managers make key decisions, help athletes maximize their commercial value, and bring the greatest benefit to athletes and clubs. Firstly, we discuss the concept and influencing factors of the commercial value of sports athletes, and then analyze the means of developing the commercial value of athletes, taking the NBA case as an example for detailed discussion. Finally, we elaborate

on the economic principles Commercialization of sports is one of the typical characteristics of contemporary competitive sports. The ascent of commercialization has emerged as a prominent trend within the contemporary realm of sports, exerting a profound influence on both athletes and the broader sports industry. Commercial development has yielded notable consequences, not only broadened the sports audience but also reshaped the roles of athletes and the financial landscape of the sports sector.

To commence, commercialization has forged unprecedented avenues of business for athletes. In the past, athletes predominantly relied on sources of income such as competition prizes and sporting goods contracts. However, the contemporary landscape enables elite athletes to amass substantial earnings through diversified channels, encompassing endorsement agreements, brand partnerships, engagement on social media platforms, and involvement in philanthropic endeavors. This multifaceted array of business prospects empowers athletes to accumulate wealth throughout their careers, transcending sole dependency on their competitive performance.

Furthermore, commercialization has wrought transformative changes upon the economic paradigm of sports. Sport has evolved beyond the confines of mere recreation, evolving into a colossal industry. Sports leagues, events, clubs, and media outlets now derive substantial revenues from advertising, sponsorships, and broadcasting rights. These financial inflows bolster the global dissemination of sporting events and elevate the treatment and compensation of athletes, while concurrently heightening the commercial appeal of sports.

Nevertheless, commercialization is not without its set of challenges. The pressures associated with commercialization can exert considerable physical and psychological strains on athletes as they strive to meet the expectations of fans, sponsors, and media outlets. Furthermore, commercialization may compel certain sports competitions and clubs to prioritize economic gains over the essence of the sport itself, engendering ethical quandaries and disputes over athletic fairness.

In summation, the evolution of commercialization has irrevocably transformed the sports industry and the milieu surrounding athletes. It has opened up new vistas of entrepreneurial potential for athletes and amplified the commercial allure of sports. However, these advances are juxtaposed with an array of challenges that necessitate concerted efforts from all stakeholders within the sports community and industry. Striking a harmonious balance between commercialization and the intrinsic nature of sport will remain a subject of scrutiny, as it delineates not only the future trajectory of sports but also the trajectories of athletes' careers.

2. Means of Developing the Commercial Value of Athletes

2.1. Personal Brand and Maintenance Player

Athletes can choose to rely on their fame and huge fan base and economic investment to build their own brand for profit, or sign a contract with a big brand sports company, rely on endorsement and create their own brand under the sports company. Athletes themselves set an example to create a good brand image, and at the same time, through social media publicity or advertising slogans to make buyers interested in the brand. (Sports company: set up a marketing department, responsible for screening, signing, and maintaining the brand image of athletes) [1]. Provide advanced and high-quality sports products to ensure the break Player: athletes can choose to rely on their fame and huge fan base and economic investment to build their own brand for profit, or sign a contract with a big brand sports company, rely on endorsement and create their own brand under the sports company. Athletes themselves set an example to create a good brand image, and at the same time, through social media publicity or advertising slogans to make buyers interested in the brand. (Sports company: set up a marketing department, responsible for screening, signing, and maintaining the brand image of athletes. Provide advanced and high-quality sports products to ensure the breakthrough of star athletes in the arena) [2]. Establish good emotional connections with athletes and give reasonable financial support. Establish win-win marketing investment with athletes. Strive for the maximization of profits of both parties.

2.2. Social Media Marketing and Fan Interaction.

In today's Internet era, how to make good use of various socialIn today's Internet era, how to make good use of various social media in different countries is a key factor in determining the success of athletes' personal popularity. Athletes should tryIn today's Internet era, how to make good use of various social media in different countries is a key factor in determining the success of athletes' personal popularity. Athletes should try to give their social media accounts to their team to avoid disturbances. They should not only pay attention to local social media, but also pay attention to global social media, especially local social media, such as Douyin in China, to expand their influence in non-local markets. They should actively interact with fans to expand their fan base. (Second, fan economy. Fan economy refers to the behavior of fans consuming in the virtual media environment by using personal charm or marketing strategies adopted by their companies) [3]. In the era of "fan economy", players and their companies can establish empathy and identity through emotional interaction and investment with users, so as to stimulate users' desire to buy and promote consumption behaviors on the basis of shared values.

2.3. Sponsorship Cooperation and Endorsement

(Sponsorship refers to the act of a company providing financial support to certain activities (sports, arts, social groups) in order to achieve its own goals (to obtain publicity) [4]. While endorsement is an act of using the popularity and influence of an individual, such as a player, to make profits. To have successful sponsorship, sports companies must first have media exposure, which compares the media coverage related to sponsorship with the cost of advertising space or time under the same conditions. Generally, we will calculate the duration of TV and video coverage, and measure the scale of coverage in print media, online media and we media. By tracking these media exposures and converting them into equivalent advertising payments, we can calculate the value of media. For example, suppose a company invests $5 million in soccer sponsorship and obtains the equivalent value of $50 million from media coverage. This means that the company can get $10 value for every $1 invested in soccer sponsorship. Second, consumer perception. Consumers will decide whether to buy the brand according to their perception or impression of the athlete's brand image. Therefore, the company needs to ensure the quality of the brand and improve the brand image. (Players should take on endorsements of famous brands to spread positive energy, negotiate with their own sports companies and those of the other side to ensure that the contracts are reasonable and compliant, and take on more endorsements within their ability to improve their popularity and income).[5]

2.4. Public Relations Activities and Personal Achievements

Athletes should be good at carrying out many commercial activities, which can not only enhance their popularity by interacting with fans, attracting media attention, but also improve their brand influence, enhance consumers' reputation for the brand, and then enhance consumers' loyalty. For example, NBA player Butler participated in the village BA in Guizhou and cooperated with Douyin brand, which not only promoted himself, improved his popularity in the non-local market, but also expanded his fan base Athletes should be good at carrying out many commercial activities, which can not only enhance their popularity by interacting with fans, attracting media attention, but also improve their brand influence, enhance consumers' reputation for the brand, and then enhance consumers' loyalty. For example, NBA player Butler participated in the village BA in Guizhou and cooperated with Douyin brand, which not only promoted himself, improved his popularity in the non-local market, but also expanded his fan base and reaped huge profits. Finally, players' personal ability and ability to lead the team in the competition should be highlighted, and a large part of the commercial value of players is based on their performance in the competition. Only when a player's personal ability is remarkable, will he receive more attention and commercial activities and contracts.

3. Case Study of NBA Players - Steph Curry and Under Armour

As the globalization and commercialization of NBA is becoming more and more successful, the commercial value of NBA is also growing, and the commercial value of its star players is also greatly developed, such as superstars like Stephen Curry, whose annual salary has reached more than 50 million.(In 2009, the Warriors chose Stephen Curry, a super three-point shooter from Davidson College, with the seventh pick in the first round, thus opening an era belonging to Curry and the Warriors) [6]. The NBA league values the huge potential of Curry, and at the same time, Under Armour has a unique vision to sign Curry. If it is said that in the previous five years, the rocketing market value of the Warriors may be related to the many stars in the team except Curry, then the Warriors failed to make it to the playoffs in the next two consecutive seasons, but the market value and revenue capacity of the Warriors did not decline, which should be entirely dependent on the influence and commercial value of Curry. (The Warriors, who tasted the sweetness, early offered Curry a four-year, $215 million max contract after the free market opened, basically locking Curry's entire career) [7]. Under Armour also relies on Curry's commercial value to become the world's second largest sports brand.

4. Case Study of NBA Players - Jordan and Nike

Jordan is a well-known basketball god, whose commercial value is also unimaginable. As a player alone, Jordan's income is less than 100 million dollars, but when Nike signed him and created the most famous brand of Nike-Air Jordan series for him, his huge commercial value was reflected. Nike provided Jordan with a steady stream of wealth, and Jordan also relied on his outstanding performance on the court and his influence, using his commercial value to return to Nike. (Before signing Jordan, Nike's income was 50% less than Adidas, and after signing Jordan, their income reached 40 billion dollars, 60% higher than Adidas, about 43 times higher than before the creation of the Jordan brand) [8]. What's more, the value and premium of the brand come from the public cognition, and Jordan brought his own performance and spirit on the basketball court to the brand of Jordan shoes, and this spirit and culture even passed down from generation to generation, (although the post-00s did not experience the era of Jordan playing, but as long as the Jordan shoes still exist, they will be curious to know what kind of style this person plays, which makes Nike still play its commercial value when Jordan retires)[9].

5. The Development Method of the Commercial Value of NBA Top Athletes

(Based on the Principles of Economics The business model of NBA is to cultivate or discover star players, make use of their appearance or skills or fame and personality, so that athletes are known and loved by most people, and then let them endorse various brands, mostly sports brands such as Nike, Adidas, Under Armour, and a few catering and clothing brands) [10]. NBA pays attention to the commercial image of athletes and emphasizes the global market, so it will arrange some players to develop non-US local market, such as Curry's trip to China The business model of NBA is to cultivate or discover star players, make use of their appearance or skills or fame and personality, so that athletes are known and loved by most people, and then let them endorse various brands, mostly sports brands such as Nike, Adidas, Under Armour, and a few catering and clothing brands. NBA pays attention to the commercial image of athletes and emphasizes the global market, so it will arrange some players to develop non-US local market, such as Curry's trip to China, to improve Curry's business model of NBA is to cultivate or discover star players, make use of their appearance or skills or fame and personality, so that athletes are known and loved by most people, and then let them endorse various brands, mostly sports brands such as Nike, Adidas, Under Armour, and a few catering and clothing brands. NBA pays attention to the commercial image of athletes and emphasizes the global market, so it will arrange some players to develop non-US local market, such as Curry's trip to China, to improve Curry's popularity among Chinese people in order to achieve the purpose of

gaining benefits in the Chinese market. However, the NBA's business alliance is too dependent on individual athletes, such as Kobe Bryant. Unfortunately, Kobe died in a plane crash, followed by a large loss of Kobe fans and losses for Nike and the NBA. The NBA does not have a star player who can immediately take over Kobe's position. At the same time, with the retirement of the older business model of NBA is to cultivate or discover star players, make use of their appearance or skills or fame and personality, so that athletes are known and loved by most people, and then let them endorse various brands, mostly sports brands such as Nike, Adidas, Under Armour, and a few catering and clothing brands. NBA pays attention to the commercial image of athletes and emphasizes the global market, so it will arrange some players to develop non-US local market, such as Curry's trip to China, to improve Curry's popularity among Chinese people in order to achieve the purpose of gaining benefits in the Chinese market. However, the NBA's business alliance is too dependent on individual athletes, such as Kobe Bryant. Unfortunately, Kobe died in a plane crash, followed by a large loss of Kobe fans and losses for Nike and the NBA. The NBA does not have a star player who can immediately take over Kobe's position. At the same time, with the retirement of the older generation of players such as the business model of NBA is to cultivate or discover star players, make use of their appearance or skills or fame and personality, so that athletes are known and loved by most people, and then let them endorse various brands, mostly sports brands such as Nike, Adidas, Under Armour, and a few catering and clothing brands. NBA pays attention to the commercial image of athletes and emphasizes the global market, so it will arrange some players to develop non-US local market, such as Curry's trip to China, to improve Curry's popularity among Chinese people in order to achieve the purpose of gaining benefits in the Chinese market. However, the NBA's business alliance is too dependent on individual athletes, such as Kobe Bryant. Unfortunately, Kobe died in a plane crash, followed by a large loss of Kobe fans and losses for Nike and the NBA. The NBA does not have a star player who can immediately take over Kobe's position. At the same time, with the retirement of the older generation of players such as LeBron James and Kevin Durant, it is also a potential risk whether the new generation can continue the global popularity of the NBA and play the appreciation and strength that the previous generation should have. The basic concept of the NBA league is actually very similar to the establishment of the United States, which abides by the basic principles of "social contract" and "separation of powers and checks and balances", and the boundaries of the "The business model of NBA is to cultivate or discover star players, make use of their appearance or skills or fame and personality, so that athletes are known and loved by most people, and then let them endorse various brands, mostly sports brands such as Nike, Adidas, Under Armour, and a few catering and clothing brands. NBA pays attention to the commercial image of athletes and emphasizes the global market, so it will arrange some players to develop non-US local market, such as Curry's trip to China, to improve Curry's popularity among Chinese people in order to achieve the purpose of gaining benefits in the Chinese market. However, the NBA's business alliance is too dependent on individual athletes, such as Kobe Bryant. Unfortunately, Kobe died in a plane crash, followed by a large loss of Kobe fans and losses for Nike and the NBA. The NBA does not have a star player who can immediately take over Kobe's position. At the same time, with the retirement of the older generation of players such as LeBron James and Kevin Durant, it is also a potential risk whether the new generation can continue the global popularity of the NBA and play the appreciation and strength that the previous generation should have. The basic concept of the NBA league is actually very similar to the establishment of the United States, which abides by the basic principles of "social contract" and "separation of powers and checks and balances", and the boundaries of the "private rights" of the club and the "public rights" of the league are very clear. The clubs are the owners of the league, but the clubs need to "transfer" part of the "private rights" to entrust the public affairs to the league for balancing and protecting the rights and interests of the team, players, fans and other parties, as well as promoting the development of NBA. At the same time, the league shall not interfere in the affairs within the scope of the "private rights" of the clubs. This is one point that can be learned from other sports. In addition, other sports can also learn from the NBA's player selection, personnel transfer and brokerage system. Meanwhile, the player market of NBA clubs mainly includes draft, contract with

free players, and trade with players. New players can enter the league after selection and work as contracted players. Registered new players include free players and non-free players. Those with contracts are non-free players, while those without contracts are free players. Free players can choose to obtain a work contract through the contract with the original club or the contract with a new club. During the contract period, new players' income is guaranteed, regardless of life, illness or death. In terms of the agent system, NBA stipulates that anyone who pays a registration fee and must represent one NBA player can serve as an NBA agent. (As for the player's contract salary income, the agent's commission cannot be higher than 4%, and the endorsement fee cannot reach 20% at most. The current NBA's first agent Jeff Schwartz has more than 35 NBA stars, including Jokic, CJ McCollum, Griffin, Love, etc., and the total contract amount of all stars is more than 4.3 billion dollars) [11]. This system has solved the problem of interest connection between clubs, between clubs and athletes, and between clubs and agents, which makes the NBA league maintain a general balance between the strength of both clubs, but at the same time prevents the transfer fees and athletes' remuneration from being too high, which encroaches on the income of clubs, and thus makes the teams gradually become bubbles.

6. Conclusion

The rise of commercialization has become a prominent trend in the field of contemporary sports, which has a profound impact on athletes and the wider sports industry. Commercial development has had a significant impact, not only expanded the sports audience, but also reshaped the role of athletes and the financial structure of the sports sector. First of all, commercialization has created unprecedented commercial channels for athletes. In addition, commercialization has brought revolutionary changes to the economic model of sports. Sports have gone beyond the limitations of pure entertainment and developed into a huge industry. However, commercialization is not without challenges. The pressure brought by commercialization will bring considerable physical and psychological pressure to athletes. Commercial development means can be analyzed from five aspects, as mentioned above, among which sponsorship and endorsement I think is a quite important link in commercialization. Due to the increasingly successful process of globalization and commercialization of NBA, the commercial value of NBA is also increasing, and the commercial value of its star players is also greatly developed, such as superstars like Stephen Curry, whose annual salary has reached more than 50 million, including the long-known Michael Jordan, who has been provided with a steady stream of wealth by Nike, and who repays Nike with his outstanding performance and influence on the field with his commercial value. Before signing Jordan, Nike's revenue was 50% less than that of Adidas, but after signing Jordan, their revenue reached $40 billion, 60% higher than that of Adidas, and about 43 times higher than that before the creation of the Jordan brand. Finally, we analyzed the economic principles under the operation of its commercial mode. This paper also has limitations, such as not fully understanding the detailed business mode operation of individual athletes, not evaluating the problems and advantages of various commercial means of development. At the same time, this paper also lacks the collection of actual data to support the arguments of this paper. In the future, we will conduct a comprehensive analysis on NBA player cases such as Stephen Curry in this study, including detailed explanations of data collection and development means. By comparing the obvious differences before and after the development of its players Before signing Jordan, Nike's revenue was 50% less than that of Adidas, but after signing Jordan, their revenue reached $40 billion, 60% higher than that of Adidas, and about 43 times higher than that before the creation of the Jordan brand. Finally, we analyzed the economic principles under the operation of its commercial mode. This paper also has limitations, such as not fully understanding the detailed business mode operation of individual athletes, not evaluating the problems and advantages of various commercial means of development. At the same time, this paper also lacks the collection of actual data to support the arguments of this paper. In the future, we will conduct a comprehensive analysis on NBA player cases such as Stephen Curry in this study, including detailed

explanations of data collection and development means. By comparing the obvious differences before and after the development of its players, we can understand the way of commercial development of top-level athletes.

References

[1] Yu, Lingling. "A Brief Analysis of the Commercialization of Sports." Inner Mongolia Normal University Journal (Philosophy and Social Sciences Edition), 2004(S1): 9-11.

[2] Tang, Yao. "An Analysis of the Commercialization Process of Modern Sports." Contemporary Sports Science and Technology, 2012, 2(09): 67-68. DOI: 10.16655/j.cnki.2095-2813.2012.09.041.

[3] Sun, Lijun. "Examining the Economic Factors and Commercial Value of Sports from the Perspective of International Sports Commercialization." Journal of Shandong Sport University, 1996(02): 72-76.

[4] Wang, Bin, Liu, Liwei, Bai, Jiangtao. "Commercial Operation and Implementation Strategies of Sports Events." China Business, 2009(17): 193-194.

[5] Yao, Tianxing. "The Development Path of Commercialization of Recreational Sports from the Perspective of Modern Conflict Theory." Journal of Liaoning Teachers College (Natural Science Edition), 2022, 24(02): 96-99.

[6] Li, Wenjuan. "A Study of Crisis Public Relations in the David Stern Era of the NBA." Beijing Sport University, 2011.

[7] Qin, Li. "Source: Education Journal Abstracts, Volume 35, Issue 7, 2020."

[8] "Research on Legal Issues in the Commercial Activities of Chinese Athletes." Published on 2007-02-07. Source: Theoretical Department of Political and Legal Affairs, Author: Dong Xiaolong.

[9] Han, Shunxu. "Evolution Trends of the American Athletic Management Model and Its Implications." In Proceedings of the 11th National Sports Management Science Conference organized by the Chinese Society of Sports Science (Sports Management Branch), 2023: 2. DOI: 10.26914/c.cnkihy.2023.022384.

[10] Wang, Naixun. Analysis and strategy research on the development status of Chinese national sporting goods brands [D]. Wuhan sports institute, 2020. DOI: 10.27384 /, dc nki. GWHTC. 2019.000139.

[11] Fu, Zhilong. Research on Operation model of American Men's Professional Basketball League (NBA [J]. Chinese Business (Second half),2010(07):171-172.