

Research On Niche Market Popularization and Development Strategy of International Mainstream Sports Events: A Case Study Based on MLB In China

Qinlin He

Shanghai NO.3 Girls' High School, Shanghai, China

tianqin@ldy.edu.rs

Abstract. Major league Baseball (MLB), as one of the four major professional sports leagues in the United States, has a large number of spectators in countries including the US, Japan, Korea and Cuba. However, it is not as successful in China, an enormous sports market with numerous consumers, as it is in these countries. This paper will first introduce MLB and analyze its marketing strategies on social media and in other ways. Next, the paper will use the “4Ps” business model (price, product, place and promotion) to compare MLB’s strategies with NBA’s ones, which make NBA rather popular in China. In comparison, MLB falls short mainly in its price, place and promotion. As a niche sport in China, baseball has too complicated rules and watching game replays online is too expensive. MLB also lacks the specific strategies in China according to the country’s culture. Also, the paper will propose the reasons of its unpopularity from both internal and external perspectives. Both MLB’s competitive edges and disadvantages will be analyzed. Finally, suggestions in social media distribution, KOLs, sports popularization, and merchandise sale will be given for MLB’s gaining popularity in China.

Keywords: MLB; baseball; NBA; Chinese sport market; 4Ps business model.

1. Introduction

MLB is a popular sports league around the world. In the US, MLB stadiums are regularly filled with fans during the season, with total attendance reaching over 68 million fans in recent years. MLB also held games in cities out of the US, such as Seoul, London, Santo Domingo, and Mexico City. On Instagram, the official account of MLB has 11.4 million followers. Thus, with the ever-increasing popularity and development of baseball globally, China, as a large sports market, becomes notable for MLB. But after years of trying, baseball still seems to be a niche sport in Chinese market. China definitely has its purchasing power and consumers culture in sports such as basketball. National Basketball association (NBA) is a typical success example. NBA has signed Chinese players such as Yao Ming, and American born Chinese players such as Shu hao Lin, which appealed to Chinese fans. NBA has also held advertising campaigns targeting Chinese market, such as video clips of celebrating Lunar New Year. In addition, NBA offered a free copyright to CCTV, a television channel controlled by the Chinese government, covering almost all of the region in China. By now, NBA’s official account on Chinese social media, Weibo, has gained 43.1 million fans, showing its popularity in China. However, by comparison, MLB’s account has only 5.6 million followers.

A previous study argues that MLB has used a “family sport” concept and established a baseball industry chain to promote its brand in China [1]. However, this paper will analyze MLB’s marketing strategies in China using the “4Ps” model referring to product, price, place and promotion, which is more comprehensive.

As for the reasons of MLB’s unpopularity in China, another former research suggests that grassroots sport development, such as those sports clubs in schools and communities, can have impact on the sport’s popularity [2]. Therefore, due to China’s lack of grassroots organizations and fields of baseball, it’s hard for MLB to secure a place in Chinese market. However, the complexity of the rules is rarely dealt with.

Meanwhile, according to the “4Ps” model, MLB falls short in price, promotion and place. For example, MLB doesn’t typically hold China Games like NBA does every year. But there are games held in countries such as Korea and the UK.

This paper will analyze MLB’s and NBA’s strategies respectively using “4Ps” model, from the dimensions of product, price, place and promotion. The paper will not only compare MLB’s business strategies with the NBA ones, but also will demonstrate the external and internal reasons of MLB’s unpopularity in China. Moreover, advice for MLB in each domain will be proposed.

First, a general literature review is given, including the introduction of MLB, the analysis of Chinese sports market and the explanation of the “4Ps” business model. Next, this paper will analyze MLB from the dimensions of product, price, place and promotion. Then, MLB will be compared with NBA, which is more successful in China. After that, reasons of MLB’s unpopularity in China will be given. Finally, suggestions for MLB’s development in China will be proposed.

2. Literature Review

2.1. Introduction of MLB

Major league Baseball, known as MLB, is the professional baseball league in North America. Established in 1903 by the National League and the American League, it is one of the four major professional sports leagues in the United States, which are consisted of Major league Baseball (MLB), National Football League (NFL), National Basketball Association (NBA) and National Hockey League (NHL).

MLB is consisted of National Association and American League. Each league is made up of 15 teams and the teams were separated into 3 divisions: east, west and central division according to the team’s geographical location.

Spring training, regular season, all-star game and postseason are the four main components of MLB’s season structure. Spring training is a series of practice which allows both new players and existing players to adapt to the MLB’s environment and adjust their physical and mental conditions. Regular season involves 162 games per team and decides the winner of each league. In addition to the league champions, the other two best teams, known as wild cards, will also enter the final. All-star game is held in early-to-mid July during a four-day break from the regular season schedule. Finally, during the postseason, the World series is held in October and the final champion is decided.

MLB has a wide media coverage including television, blackout policy, radio and international broadcasting.

2.2. The Analysis of Chinese Sports Market

Chinese sports market has a long history during which sports such as basketball and soccer has established themselves. Thus, baseball will have to compete with these already popularized sports.

Schools are also a key element of Chinese sports market. Many schools have their basketball team and unlike baseball, basketball competitions such as China High School Basketball League are held in China. This causes challenges in grassroots development of baseball.

China lacks high-profile domestic leagues too. The absence of widely recognized and competitive domestic baseball leagues in China has hindered the sport’s growth. In countries such as Japan and Korea, they have their own baseball league such as Nippon Professional Baseball (NPB) and Korean Baseball Organization (KBO). However, in China, Professional leagues of other sports such as the Chinese Basketball Association (CBA) attract more significant attention and investment, fostering fan engagement and talent development.

2.3. The Explanation of the “4Ps” Business Model

This paper will analyze MLB’s business strategies according to the “4Ps” model, which refers to “product”, “price”, “place”, and “promotion”. The model is firstly proposed by Neil Borden, and advertising professor at Harvard, in the 1950s.

Product is the basic element of the whole process of marketing. The type of product also dictates in part how much it will cost, where it should be placed, and how it should be promoted.

Price is the amount that consumers will be willing to pay for a product. Deciding a reasonable price is key to make profits.

Place is the consideration of where the product should be available and how it will be displayed.

The goal of promotion is to communicate to consumers that they need this product and that it is priced appropriately. Promotion encompasses advertising, public relations, and the overall media strategy for introducing a product. Online distribution is one of the key elements of promotion.

2.4. Introduction of NBA

The NBA, or National Basketball Association, is a professional basketball league in North America. It was founded on June 6, 1946, in New York City and currently consists of 30 teams (29 in the United States and 1 in Canada). The NBA season typically runs from October to April, with playoffs extending into June. NBA also has its preseason, regular season, All-Star game, and playoffs, which are similar to MLB.

3. The Analysis of MLB Using “4Ps” Business Model

3.1. The Analysis of MLB in Product

MLB's products include live experience of watching the real game, broadcasting rights for TV channels and online platforms, merchandise and licensing agreements. The product of real experience contributes to the revenue of ticket selling. Since MLB has publicized the concept of “family sport” to promote baseball culture [3], its fanbase has expanded and its ticket sale has increased. MLB has also collaborated with local television channels and online platforms such as Jitterbug in China in broadcasting rights. MLB also gain profits from merchandise, involving caps, clothes, etc. Almost every baseball team has its own merchandise stand near its stadium.

3.2. The Analysis of MLB in Price

From the perspective of MLB's price, there are ticket price, broadcasting rights and merchandise price. Ticket price is often based on team popularity, stadium location and fan loyalty. The more loyal the fans are, the wider latitude of the ticket price they can accept [4]. Thus, there often appears relatively distinct fluctuation in ticket price. Furthermore, MLB has reached deals with TV media companies such as ESPN, Fox and Turner Broadcasting, covering a wide range of countries and regions [5]. In China, MLB has reached collaboration on livestreaming rights with Jitterbug and BesTV. It also has its own app, where people can watch both game replays and on live. However, it charges the users by ¥698 annually. In terms of merchandise, MLB has reached a deal with New Era, a trendy brand, to produce MLB's merchandise such as baseball uniforms, caps, and sneakers. And this has led to a success in merchandise sales in Chinese market [1].

3.3. The Analysis of MLB in Place

The factor of place is made up of both physical and digital place. Physical place mainly refers to stadiums of baseball teams in the US and Canada. Besides, MLB holds matches in Korea and Japan to attract Korean and Japanese fans. MLB matches are broadcasted on TV and online platforms such as Jitterbug and BesTV in China, broadening its live streaming coverage.

3.4. The Analysis of MLB in Promotion

MLB's promotion is comprehensive through TV and social media. MLB has cooperated with many local TV channels in the US. However, MLB has taken its blackout policy for years, which means the live matches are accessible to only a few areas. There is no denying that blackout policies in sports broadcasting, including MLB, aim to protect local television markets and encourage

attendance at games [6]. But it also restricts fans to watch their favorite teams in other regions. Thus, affecting fans engagement. MLB also puts emphasis on short video platforms such as TikTok. Influencers are recruited to produce baseball-related contents [7].

4. Comparison with NBA

However, according to the “4Ps” business model, NBA has accomplished a much larger success than MLB in Chinese sports market.

NBA is also one of the four major professional sports leagues in North America, where the training equipment and the basketball courts are relatively advanced, and the athletes of the highest level are playing. Therefore, its product is better than other regional basketball associations and the ones in other countries.

Collaboration with local influencers and Key Opinion Leaders (KOLs) is a key strategy for the NBA in promotion. It invites Chinese artists, actors and singers to endorse the brand. Besides, NBA has its own understanding of Chinese culture and local behaviors [8]. NBA celebrates Chinese traditional festivals such as Spring Festival. In 2023, from January 14th to February 5th, during the Spring festival, NBA matches were broadcasted online, and new promotional video of Lunar New Year was released, showing the respect for Chinese conventional culture.

In terms of price, NBA provides CCTV (Chinese Central Television) with a free copyright, which is a smart decision to expand its fanbase [4].

Place is also a crucial factor of NBA’s marketing strategies. Since 1990s, NBA has held matches in stadiums in Beijing, Shanghai and other big cities in China, which helped NBA to gain a large scale of spectators in China.

5. Reasons of MLB’s Unpopularity in China

5.1. Internal Reasons of MLB’s Unpopularity in China

Compared with NBA, MLB’s failure can be attributed to internal and external reasons.

The internal reasons have its roots in the rules of baseball. Baseball has its complexity in its rules, which are far more difficult to be fully understood than basketball ones, involving base-stealing, touch out, force out, etc.

Apart from that, the lack of antagonism is a critical reason. Baseball, unlike basketball, focuses on teamwork rather than physical confrontation. For example, the pitcher and catcher should cooperate, and the catcher should understand the pitcher’s secret signal. Thus, it lacks sociality and requires tacit understanding.

5.2. External Reasons of MLB’s Unpopularity in China

The external reasons are more significant factors of MLB’s failure in Chinese market. Promotion is a vital shortage of MLB. First, MLB’s KOLs strategy is inadequate. MLB invites fewer Chinese celebrities than NBA does. Second, MLB’s season structure is different from NBA’s. NBA’s regular season is from October to April of the next year, while MLB’s regular season is from April to October. This means MLB players normally miss the Olympics season in July when the top players are often preparing for the All-Star Game, which reduces promotion opportunities of MLB [9]. Third, the platform matters. NBA has reached a deal with CCTV, the TV channel having the widest coverage in China, which has a significant impact on NBA’s promotion. In contrast, MLB hasn’t collaborated with TV channels with such a large scale in China.

Price is another contributor to MLB’s failure in Chinese market. NBA offers a free copyright to CCTV. On the other hand, although MLB allows the public to watch live matches on Jitterbug and BesTV for free, it charges users for ¥698 each year for watching matches of all teams both on live and the playbacks on their own app.

Place plays another important role in the sport league's popularity in China. NBA China Games have been held every October in China in Beijing, Shanghai and other cities since 2007. On the other hand, MLB has only held a single game in Beijing, China, in 2008.

The most crucial factor is cultural strategies. NBA has its advertising campaigns on Chinese traditional festivals such as Spring festival, during which NBA has its sales promotion, advertising video and extra online broadcasting, showing its cultural identity. But MLB has no such campaigns during the Spring festival and other Chinese festival session.

However, MLB still has its competitive edge over NBA. NBA's games are normally held in the afternoon in the US, so its live broadcast time is before dawn in China. But MLB's matches are typically held in the evening of the US time. In other words, it's morning in China time, often 9 or 10 a.m., which means Chinese spectators don't need to stay up late to watch the games.

6. Suggestions for MLB's Expansion in Chinese Market

In order to seize Chinese market, MLB should take actions and here are some suggestions.

First, MLB should popularize the rules of the game. Unlike basketball, this could take a longer time, so keep the public's interest is vital. It can also reach collaboration with schools to teach teenagers how to play baseball in class to build a young fanbase. Apart from setting its official account on platforms such as Jitterbug and updating video clips about baseball rules, MLB should also hold some quizzes online and invite famous baseball stars to explain those rules.

Second, MLB should hold China Games like NBA. By arranging more baseball matches in Chinese cities, MLB can gain a larger number of Chinese spectators.

Third, it can invite Chinese celebrities to kick off in the baseball field, which can attract lots of attention of their fans. Shooting TV variety shows which involves Chinese celebrities is also an effective way to popularize its brand.

Fourth, in the era of big data, MLB should focus on distribution on social media. It should hire influencers to produce baseball-related contents not only on western platforms such as TikTok, but also on Chinese local platforms such as Bilibili. Time is critical. Since MLB's games are held in the morning in China time, its live broadcast should be streamed in the morning. MLB should also invite more celebrities to advertise the sport. For example, by inviting those celebrities to shoot vlogs of playing baseball and send these vlogs to the social media such as Weibo and Bilibili, MLB can enhance its popularity. Promoting its MVP players and signing Chinese players can also help.

Finally, to start with, the easiest measure to take is to sell its merchandise. Since MLB's merchandise is already popular in China [1], introduction of MLB teams can be put with the products and be posted online with the store's profile.

7. Conclusion

This paper has demonstrated that why MLB is not popular in Chinese sports market. Through an analysis of Chinese sports market, MLB doesn't have a good foundation and a large fanbase in China. Historic reasons for this such as sports like basketball has already been popular in China is important and challenges in grassroots development of school baseball teams shouldn't be ignored. China also don't have its high-profile team as Japan and Korea does. This paper also analyzes MLB's and NBA's current strategies in China by using the "4Ps" model, which refers to product, place, price and promotion. NBA is rather successful in China, and it wins over MLB in its price, place, and promotion. NBA games are free to watch on CCTV, the television channel with the largest scale in China. It also holds competitions in big Chinese cities such as Beijing and Shanghai. As for its promotion, NBA conducts culturally targeted strategies in China. In comparison, MLB has its high-quality product welcomed by countries all over the world but lacks wise promotion strategies and MLB games aren't held in China as often as NBA does. The high price for its match playbacks is also a disadvantage. Finally, the suggestions for MLB are given that it should first popularize the sport of baseball,

expanding the market of baseball. Second, baseball games should be held in China, attracting Chinese fans' attention. Third, celebrities should be invited, and Chinese players should be signed. Fourth, social media is crucial, influencers should be employed to post baseball-related videos online and the matches on live should be streamed in the morning. Finally, merchandise is a key breakthrough point.

However, this paper has its limitation that it only analyzes MLB and NBA with the "4Ps" model. There are more contributors to a brand's popularity, such as people, packaging and process. In the future, more research should deal with other factors of MLB's marketing strategies and targeted suggestions should be further proposed.

References

- [1] Chen M, Su F, Tai F. Major league baseball marketing strategies and industry promotion approaches. *Frontiers in Psychology*, 2022, 13: 802732.
- [2] Garamvölgyi B, Bardocz-Bencsik M, Dóczy T. Mapping the role of grassroots sport in public diplomacy. *Sport in Society*, 2022, 25(5): 889-907.
- [3] Zhou L, Wang J J, Chen X, et al. The development of NBA in China: A glocalization perspective. *International Journal of Sports Marketing and Sponsorship*, 2017, 18(1): 81-94.
- [4] Bae J S, Chiu W, Nam S B. Sport fans' Price sensitivity based on loyalty levels: A case of Korean professional baseball league. *Sustainability*, 2021, 13(6): 3361.
- [5] Chen M, Su F, Tai F. Major league baseball marketing strategies and industry promotion approaches. *Frontiers in Psychology*, 2022, 13: 802732.
- [6] Gratton C, Solberg H A. *The economics of sports broadcasting*. Routledge, 2007.
- [7] Varona A. Know When to Hold Them, When to Fold Them, and When to Walk Away: TikToks Are Professional Sports Franchises' Ace in Collective Bargaining Negotiations. *Pepp. L. Rev.*, 2023, 50: 823.
- [8] Gitter S R, Rhoads T A. Determinants of minor league baseball attendance. *Journal of Sports Economics*, 2010, 11(6): 614-628.
- [9] Chapelet J L, Kübler-Mabbott B. A brief overview of the Olympic system. *The Olympics*, 2023: 211-220.