

## CONCEPT AND STRUCTURE OF A SPORTS PRODUCT

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**Abstract:** Considering a concept of a sports product is meaningful for understanding the specific features of object-subject area of legal regulation and public administration in sports. Features of the sports industry are considered in the article, main elements of relations in the sphere of the sports industry are listed. The concept of a sports product is marked as one of the key concepts of the sports industry, reflecting the essence and nature of the specifics of this area of relations. The article describes the concept of a sports product, as well as its elements. Some particular types of sports product are analyzed.

**Keywords:** sport, sports law, sports industry, sports product, sports entertainment product

### Introduction

In order to understand the specific features of the object-subject area of legal regulation and public administration in sport, it is important to consider a concept of **a sports product**.

Many defects of legal regulation and public administration in sport are currently determined by a lack of proper understanding and due consideration of a number of specific features of the field of sport, unique phenomena determining such specifics of this sphere including the phenomenon of the sports product.

The need to solve many issues relating to public administration in sport including the degree and limits of the government financial support of professional sport (this aspect is still rather unclear and indirectly partly regulated in the sports law of the Russian Federation), determines the need to search for the relevant reference points to properly resolve these issues. Analysis of the experience of foreign countries highlights multiple problems facing public authorities in solving financial support issues of the professional sport system including questioning whether this financial support is reasonable at all. And again, the concept of the sports product, at the moment clearly underestimated in legal science, can become such reference point.

### Sports Product Concept

Millions of people around the world are involved in the sports industry. Most part of the world's population either participates in sports competitions or watches them. Professional sport has long turned from merely entertainment to an important sector of the economy<sup>1</sup>.

According to S.V. Altukhov and A.I. Vorobiev, “If you paid attention to the revenues of the global sports sector equaling 145 billion dollars in 2015, provided by PwC, it would become clear that sport is one of the leading sectors in the global economy”<sup>2</sup>.

<sup>1</sup> R.Hoye, A.C.T.Smith, M.Nicholson, B. Stuart, G. Westerbeeck. Sport management. Principles and application, 3-rd edition, translated from English, Moscow, Read Media, 2013, P. 352, pp. 19.

<sup>2</sup> S.V. Altukhov, A.I. Vorobiev, Three sigmas ( $\Sigma$ ) of sport management. How not to get lost in the maze of the profession, Moscow, Plekhanov Russian University of Economics, 2016, P. 228, pp. 47.

According to a definition provided by B.A. Reisberg, “**section (industry)** is a field of economic activity characterized by certain unity of performed functions, types, and purpose of manufactured goods applied, used in technological processes. At the same time, these are uniform enterprises, companies, firms engaged in manufacture of similar products, performance of similar works, rendering of similar services, satisfying similar needs”<sup>3</sup>.

(Let us recall, we are now talking about a section of the economy or a field of activity, not yet about a branch of law).

S.V. Altukhov and A.I. Vorobiev prove that “the sports industry (physical culture and sport, as it is still referred to) has all the necessary features from this definition:

- uniform enterprises and companies – clubs, federations, sports training camps, sports facilities, sport schools, etc.;
- similar services – organizing different forms of sports competitions, sports entertainment events;
- uniform technological processes – technical standards, certified sports equipment, gear, outfits, training and competition process, etc.;
- satisfying similar needs for athletes, coaches, fans, viewers, TV viewers, competition organizers, etc”<sup>4</sup>.

According to S.V. Altukhov and A.I. Vorobiev, “**the sports industry** includes sport engineering, design, and construction companies, production enterprises engaged in manufacture of sports equipment, gear, outfits, facilities, sports surfaces, equipment, etc”<sup>5</sup>.

S.V. Alexeev notes that “a sports competition is a fascinating, popular, and marketable event watched by millions, which is the most expensive product of the sports industry”<sup>6</sup>. Robert F. Gianni, “**an event** is something, which is different from ordinary life”<sup>7</sup>. V. Savitskiy believes that “**sporting events** are the main products of the sports industry. This means a competition, for which all products in the sports industry are manufactured... If a sporting event is the heart of the sports industry, the audience is what makes it beat, these are the customers, who get an advantage (benefit) by watching the event; without them the sports industry cannot exist”<sup>8</sup>. A sports show is “a trigger of associated types of business”<sup>9</sup>. And the concept of the sports product is one of the key concepts of the sports industry reflecting the essence and nature of the specifics of this range of relations.

According to D. Jobber, **in the most general sense a product means “something, which allows meeting the customer’s needs”**<sup>10</sup>.

The sports product goes far beyond merely sports competitions. Sports products are numerous and varied. However, it is the sports competitions, which are the attractors (point of convergence, attraction) of the totality of various products in the field of sports.

V. Savitskiy calls the issue about the contents and nature of sports products the most complex conceptual problem for sports marketing specialists<sup>11</sup>. However, it should be noted that this same

<sup>3</sup> B.A. Reisberg. The basics of the economics, Textbook, Moscow, Infra-M, 2003, P. 31.

<sup>4</sup> S.V. Altukhov, A.I. Vorobiev, Three sigmas ( $\Sigma$ ) of sport management. How not to get lost in the maze of the profession, Moscow, Plekhanov Russian University of Economics, 2016, P. 228, pp. 27–28.

<sup>5</sup> S.V. Altukhov, A.I. Vorobiev, Three sigmas ( $\Sigma$ ) of sport management. How not to get lost in the maze of the profession, Moscow, Plekhanov Russian University of Economics, 2016, P. 228, pp. 33.

<sup>6</sup> S.V. Alexeev. Sports marketing: Legal regulation, Study book edited by P.V. Krashennikov, Moscow, Unity-Dana, Law and order, 2015, P. 647, pp. 85.

<sup>7</sup> Quoted after: S.V. Altukhov. Event management in sport. Management of sporting events, Study guide, Moscow, Soviet sports, 2013, P. 208, pp. 3.

<sup>8</sup> V.Savitskiy. Sport and marketing: what do they have in common? A guidebook on applying sports marketing, <<http://www.4p.ru/main/theory/98543/>>, 24.07.2008.

<sup>9</sup> V.V.Galkin. Sports business for managers, Study book, Moscow, 2013.

<sup>10</sup> Jobber D. Principles and Practice of Marketing, 4<sup>th</sup> ed. – London: McGraw-Hill, 2004. – P. 60.

question is complex and important for many other interested subjects, for example, the government, which continuously has to make the decisions about how much it is interested in the field of sport and the degree of its involvement in it including participation as a form of financial support from the state budget in different ways of organized intervention in sports affairs as part of the public administration in this field.

An important part of sports product is its leisure and recreational aspect. A sociologist Dumazedier Joffre wrote that “**leisure** is a unique phenomenon given to modern industrialized society by reduced work week (Monday to Friday) and a great purchasing capacity of the masses; leisure has become a significant part of life”<sup>12</sup>.

The relations in the sports industry include 3 main components:

- consumers of sports products,
- a sports product,
- suppliers (including manufacturers and intermediate agents) of sports products.

## **Structure and Types of Sports Products**

**A sports product** is an integral notion structurally including, covering the following items:

### **1) immaterial sports products:**

- a sports entertainment product and a sports information product (including a sports broadcasting product, a media product in general);
- a sports order (substantial in general, relatively self-referential, and has negentropy properties, but in many aspects acts as a result of the efforts, as the product also manufactured by the government), including the regulatory order in sport, its legal segment and autonomous extra-legal segment;
- a sports process;
- a sports image product;
- a moral ethics product (Fair Play);
- products (results) of intellectual activities in sport, a product at the market of subject matters of intellectual property rights in sport;
- products of totalizators and sports lotteries (offer, process, and result);
- a sports and recreational product;
- a product in the form of membership in a sports or sport-related organization (fitness center, sports fans club, amateur sports club, sports association, etc.);
- an educational product in sports education and upbringing, sports training;
- an advertizing sports product;

### **2) material sports products:**

<sup>11</sup> V.Savitskiy. Sport and marketing: what do they have in common? A guidebook on applying sports marketing, <<http://www.4p.ru/main/theory/98543/>>, 24.07.2008.

<sup>12</sup> Dumazedier J. Révolution culturelle du temps libre, 1968–1988. – Paris: Méridiens-Klincksieck, 1988. – 312 p.

- a sports product at the sports goods’ market such as active wear and sports footwear, sports outfits, apparatus, accessories, and equipment, athletic equipment items for sports training coaching and sporting events (participation in sporting events), merchandize, sport supplements and drinks, rehabilitation, diagnostic, and other means and equipment of sports medicine, components and units of sports technical structures or other complex technical sports facilities, sport cars, sport vessels and aircrafts, their technical units, components, and accessories;
- sports-related or associated with sports by way of marketing sport supplements and drinks including sport supplements and drinks offered to the spectators during sports competitions to increase the quality of the entertainment service;
- sports technical facilities and other objects of sports infrastructure (by themselves);
- a financial product in the field of sport including a sponsorship product;

### **3) mixed sports products (of material and non-material nature):**

- an athlete, a sports club, a sports team as a specific sports product, the result of the efforts upon sports education and upbringing, sports training, coaching, generation and ensuring high sports mastery and competitive ability, commitment to win, “competitiveness competence”, ensuring teamwork of the sports team;
- a sports product at the sports services market (providing the possibilities to use technical facilities and other objects of the sports infrastructure, fitness services, private coach services, the services of renting sports equipment and tools, items of sports equipment and accessories, sports equipment, athletic vehicles, etc.);
- a sports and recreational and a sports tourist products;
- a sports labor product of professional athletes, coaches, and judges in professional sport<sup>13</sup>;
- a sports medicine product;
- a product of feats of engineering (technical progress) aimed to improve technical equipment, apparel, and other supplies of athletes and sports teams.

**If the sports product concept is reduced to the aspects generated, manufactured and/or supported by the government as part of and during public administration, the structure of sports products will cover the following:**

#### 1) immaterial sports products:

- a sports order to the extent that it is created and supported by the government including the regulatory order, legal order, and public order in sport;
- a sports image product in respect of all sport in general or its most significant segments or kinds, in respect of the investment environment (favorable conditions) provided by the government in sport, and in respect of itself (government’s image as “a global sports nation” and as “a global and national patron of sports”);
- a product of organizational efforts of the government (represented by its authorities) on the support, organization, development, and protection of sport;

<sup>13</sup> For more information please refer to: *O.A.Shevchenko*. Peculiarities of employment regulation in professional sport, International Association of Sports Law (IASL); Commission on the Sports Law of the Association of Russian Lawyers; National Union of Russian Sports Lawyers, Moscow, 2013, P. 184; *O.A.Shevchenko*. International and comparative employment law in professional sport, Moscow, Prospect, 2014, P. 104.

– an integral educational product in sports education and sports training implemented by government educational and other organizations (accredited by the government);

2) material sports products:

– a sport-related financial product in sport provided by the government using public resources and government non-budgetary foundations;

– sports infrastructure facilities created and operated using public resources;

– entrepreneurial and investment environment in the country.

It does not seem possible to cover all details of the above items in this article.

However, we will expand a little on the theme of the sports entertainment product, which is of special interest.

A specific feature of the sports entertainment product is its largely immaterial character.

According to the definition provided by the authors of this article (co-authored by O.A. Shevchenko), **the sports entertainment product** is the main product of the field of sport as an industry, as an entertainment, leisure, cultural, and recreational field, which integrally comprises its extended and complex character with dominating components of immaterial nature. Its attractor (convergence and conjugation center) is an expectative and presumed ambiguousness of final results of an honest athletic competitiveness as part of sports events, which generates an interest in the consumers of this product (as the main motivation for consuming this product and as its essential consumer properties) in perceiving the sporting event and learning about its outcome, as well as satisfaction of such interest, acute emotional and psychological experience and feelings (excitement, stress, and emotional tension) about the course and outcome of the sporting event, expectation and anticipation of future sports results, as well as expectative and presumed visual appeal (attention-compelling content, beauty, and high aesthetic qualities, fascinating technical skills, drama meeting aesthetic needs of the audience) of the sporting event.

**The nature of an athletic competition as a sports entertainment product** is to a great extent presumed and is mainly unpredictable (provided the “fair play” principle is followed), which attracts the consumers of this product ensuring not only audience appeal, but also a certain intrigue, uncertainty. The consumers of the sports entertainment product as the sports competition are not only the viewers, but also (maybe even to a greater extent) participants of this competition (players of the sports team or participating athletes, sport coaches, judges, head judges), as well as, indirectly, sponsors and persons placing advertizing at sporting events or in connection with such sporting events. Individual sporting events can be offered as a sports entertainment product, but more often these are series of sporting events (championships, game seasons, etc.) or comprehensive sporting events (the Olympic Games, etc.). Mixed forms of sports shows can be offered, where the sports components is more or less integrated into a purely show product (entertainment event). For example, “Dancing on Ice” television show, entertainment shows with athletes’ participation. There is only one criteria, which is the possibility to sell this product directly to the consumer (by ticketing or selling of the possibility to what the show on TV or online or listen to the event broadcast by radio) or get the profit from it indirectly (from sponsorship, advertizing, transfer of the broadcasting rights, setting the trend for active wear and sports footwear, and selling the respective goods). Usually several ways are mixed together. Not only a sports entertainment product manufactured and consumed at the same time, simultaneously (mostly), but also (less frequently) a product which may not be consumed by consumers in real time, but which is broadcast in a recorded form, can be offered. All of many aspects of the sporting event should be considered, for example, in the way it is offered to the consumers of sports products, created by athletes and other participants of the sports labor product. Moreover, its financial and other aspects should be taken into account.

According to John Beech and Simon Chadwick, a powerful entertainment potential of sport as the area of show business is determined by the fact that the key specific feature of sports products is their uncertainty, uncertainty of final results, which is one of the main reasons why so many people are motivated to consume it. One of the critical challenges facing sports marketing specialists is “to sell excitement, stress, and emotional tension caused by the uncertainty of sporting events’ outcome”<sup>14</sup>. According to Neil Simon, “sport is the only entertainment where, no matter how many times you go back, you never know the ending”<sup>15</sup>.

**Sports information (as a kind of a sports product)** includes news flows and particular messages of sports life and athletes, sports organizations, and teams, sports coaches, judges, and other subjects of sport, information relating to planned, held, and past sports competitions, and other sporting events, as well as to past and potential (assumed) sports competitions’ results, statistics and rating reflecting the specific features of sporting events and the condition of sport, factors affecting the sports competitions’ outcome, etc. Different subjects of sport management, some athletes, sports organizations, sports competitions’ broadcasters, sports media, sports web sites (under certain conditions, these are also recognized as media by some countries), betting pools accumulate, process, offer, channel, and supply this sort of information (sport information product) .

**“If sport and sports stars can be packed and sold, why don’t we?”**, a rhetoric question asked by Simon Chadwick and John Beech <sup>16</sup>. Sport is increasingly turning into a universal and an integral product of the entertainment industry. It is important to note, reflect in the legislation relating to sport (within programming and implementation of public administration in sport) the availability of various sports products.

A “sports product” category is essential to answer a question, important for the design, programming, and implementation of public administration and public policy in sport, relating to legal foundation and conditions, measures of obligation, and limits of investment into sport, first of all, professional sport, by government authorities. This issue is equally important (this refers to enormous amounts spent from the budgets) and complex: intersectionality of many relations and processes does not allow resolving this issue in some elementary way. The added complication is that the sports product, due to the dynamic change of a number of its key features (its “recency” (the information is not outdated, still relevant), being in demand, etc.) has a somewhat entropic character.

## Conclusion

If the sports product in the field of professional sport is presumed to be and objectively is only the profit of sporting event organizers, sport broadcasters, owners or users-operators of sports facilities (stadiums, tracks, swimming pools, multi-functional sports centers, etc.), athletes most widely advertized by the media, then it is evident that the government should not spend a dime on this field. On the contrary, it would make sense to impose much higher taxes upon sport.

However, we reasonably believe that the sports product manufactured in the field of professional sport, created by this field, has a much more complex, intersectional character, which also contains a number of elements significant for public interests.

This is why the laws of a number of foreign countries cover the grounds for certain governmental financial support of professional sport (for example, clause 1 § 1, clauses 1 and 2 § 20, and clause 1 § 21 of the Federal Law of Austria “On the Assistance to Sport by the Federal Government” dated 2013, 15-th additional clause and part 1 of the third transitional provision of the Sports act of Spain

<sup>14</sup> *Chadwick S., Beech J.* Introduction: the marketing of sport // *The Marketing of Sport* / Edited by J. Beech and S. Chadwick. – Harlow (England): Pearson Education, 2007. – xxxv; 555 p. – P. 9.

<sup>15</sup> Quoted after: *The Marketing of Sport* / Edited by J. Beech and S. Chadwick. – Harlow (England): Pearson Education, 2007. – xxxv; 555 p. – P. 3.

<sup>16</sup> *The Marketing of Sport* / Edited by J. Beech and S. Chadwick. – Harlow (England): Pearson Education, 2007 – xxxv; 555 p. – P. 4.

dated 15.10.1990 № 10/1990 (last updated on 01.05.2015), article 28 of the Sports act of Poland dated 25.06.2010 (last updated on 2016), clause 1 of article 46 “Financial Support” of the Law of Portugal dated 16.01.2007 № 5/2007 (last updated on 06.09.2013) “On the Basics of the Physical Culture Activity and Sport”).