



2528-9705



SEGMENTATION OF IRAN'S SPORTS INDUSTRY IN ECONOMIC PERSPECTIVE

Hamta HADIAN¹, Seyed Mohammadhosein RAZAVI^{2*}, MohammadReza BRUMAND³, Saeed AMIRNEJAD⁴

¹ Ph.D. Student of Sport Management, Shomal University, Iran, 09113000107, Hamtahadian82@gmail.com

² Ph.D. in Sport Management, Mazandaran University, Iran, razavismh@yahoo.com

³ Ph.D. in Sport Management, Shahid Beheshti University, Iran, m_boroumand@sbu.ac.ir

⁴ Ph.D. in Sport Management, Shomal University, Iran, S.amirnejad@gmail.com

***Corresponding Author**

Email: razavismh@yahoo.com

ABSTRACT

Current research was conducted aiming at segmentation of Iran's sport industry considering economic approach. Since different sections of this industry have been defined in the structure and definitions of other industries in ministry of industries and mines and it is actually lost, the author and colleagues attempted to draw a comprehensive and defined map of the units and divisions of sports industry as an independent industry. A combination of field techniques and triangulation techniques was used in this research that lasted three years. The statistical population and samples consisted of experts of sports industry and economy. The first group included 102 individuals for data collection and formulation of primary plan, the second group contained 23 ones for determining validity and confirmation of the theoretical diagrams and final segmentation, and the third group contained professors of micro and macro economy for economic discrimination of the items and their confirmation. Finally, the Iran's sports industry map was drawn in four main parts including production (with 8 divisions), services (with 13 divisions, information and technology division (with 6 divisions), and commerce (with 7 divisions), and then they were placed in macro and micro economy areas. Current research with different and comprehensive view attempted to provide a model that can be used by the managers and researchers in this area. The top purpose of current research was stabilization of sports industry as a separate as well as wealthy and influential industry in the national economy and ministry of industries and mine of Iran.

Keywords: Segmentation, Sports Industry, Sports Economy, Micro Economy, Macro Economy.

INTRODUCTION

Sport as an important economic element has a basic role in production and consumption of sports goods and services as well as economic development of different communities. The economic purpose of the sports is investment and prospering economic life in the regions and cities (Hoseini et al., 2009). Sport as an industry is regarded as one of the diversified industries in the commerce world. Economically it is one of the major factors for survival of national economy in most countries (Gholamzadeh, 2016).

In the current era, sports as a great industry is regarded as one of the very effective economic resources in the developed communities and it is considered as one of the main indexes of development in the countries. Molin (1983) for the first time mentioned sports as an industry.

He believed that any amateur and professional sports activities that increase the value of goods and sports services would be called the sports industry (Khorshidi, 2010).

Most countries including USA, Australia, Korea, Germany, England, and other leading agents of this area deeply have investigated different dimensions of sports by segmentation of it and separating its economic areas. They have regular short-term and long-term planning considering the strengths and weaknesses, and opportunities and threats, accordingly, today we witness economic development in their sports industry, and such strategic investment and planning has allocated considerable share of national economy in these countries (Basten, 2014). 3.7 percent of GDP of EU is obtained from the sports; almost 15 million people are employed in the sports-related activities, and contribution of sports in employment is 2.12 percent, which is comparable with agriculture, forestry, and fishing (EU Final Report 2012). In addition, in relation with the impact of sports infrastructures, studies by UK Council of County Stadium Management (2006), Hager (2006), Hero (1996), Gray (2005), Hoffman (2005), Gantz (1992), Caspar (1996), and Santo (2005) showed that sports venues have a positive effect on the regional economy and it will boost the region's economic prosperity. The overall economic impact of sports in Dubai is \$ 670 million (Sport Business Group, 2015). Sports and open area recreations are considerable part in the USA's economy, which have direct effect on the economy of this country with 646 million dollar income (Open Space Industry Association, 2012) According to Gholamzadeh (2016), the sports industry in Finland in average produced 1.45 percent added value and constituted 1.31 percent of GDP during 2002- 2012. According to financial reports of the London 2012 Olympic Games and 2016 Rio, this massive sporting event is a way to save the host countries from the recession. As quoted by Fakhri (2017), the highest share of GDP by sports is produced by commercial companies of Hong Kong in international markets of sports goods. These activities directly help GDP in Hong Kong by 9 trillion dollar annually.

However, the share of sports in Iran's GDP is just 7 percent, and Iran's sports export over the last decade was about 0.06 out of the total GDP. Share of sports of the global business was only 2.5 percent. These figures are so far from the figures in such countries as USA, England, Germany, China, Italy, and other countries that dominate the greatest sports industry market. (Asgarian, 2007). In addition, 114.93 billion dollar imports in sports in 2011 accounted for about 0.14 percent of total import and 0.019 percent of the country's gross domestic product. For 2015, this figure was about 0.15 percent of total imports and 0.22 percent of GDP, which shows negative growth. In relation to the export, -30.2 percent negative growth was observed (Fakhri, 2017).

Considering extensive economic effects of sports such as effect on household costs through participation in sports, aiding the health economy, employment, effect on the tourism industry and export and import, growth of sports media, advertisement and absorption of financial sponsors, private sector's investment, participation in stock exchange market, and many other social and political effects with great economic outcomes, including reduction of crime and enhanced national reputation in the region and international arenas, etc. (Rostamzadeh et al., 2014), it is regretful that the sports industry has no place in the national development plans. Only the adoption of laws and facilities for the improvement and development of sports in the sense of the word at three levels of championship, professionalism, and publicity has been addressed.



Statement of Problem

Nowadays the economic significance and direct and indirect effects of sports and healthy recreations in development of the communities cannot be ignored. The information obtained from investigation of economic effects of this industry is the major tool for making proper economic decisions and policies in every country (Khorshidi, Shahbazi, 2010).

Sirus Javid, the founder of great sports schools in Iran, addressed mutual interaction of economy and sports and their relationship in different aspects in the final chapter of his book (Javid, 1971). Despite of such history of sports sciences in Iran, this question is raised that why Iran's sports industry is yet far from the industrial and economic areas of the country.

According to the studies and interviews with the economic experts of sports industry, the main reason for this fact is lack of comprehensive analysis of the factors affecting backwardness of the sports industry in Iran and lack of knowledge among sports managers and Iranian authorities about the potential and opportunities available and the challenges and problems facing the country's sports industry.

In addition, economically the sport is not recognized as an industry in most countries including Iran, and there is no accurate definition of it and its segmentation. It leads to lack of recognition of this revenue making industry in the country's economic system. Thus, current research aims at presentation of a general map for Iran's sports industry and its divisions with an economic perspective. It also segregates its divisions in macro and micro economy areas.

METHODOLOGY

In this research, theoretical and methodological triangulation techniques have been used.

Theoretical triangulation includes views from sociology, knowledge management, research and development, and economics, and methodological triangulation including interviewing, scanning, and documentary techniques.

Triangulation or multi-dimensionality is a methodological technique in which the bias resulting from individualistic views is minimized and the credibility of the results is increased through purposeful use of multiple methods and theories in studying a phenomenon (Johnson, 2004; Greene, 2007; Bryman, 2007; Creswell, 2009). In the current research, various triangulation methods were used for increasing reliability and validity of the findings.

1. Triangulation of researchers, which includes using several researchers in the same study.
2. Methodological triangulation, which means application of multiple methods for studying a single subject.
3. Data triangulation, which includes use of different types of data sources in the same study.
4. Theoretical triangulation, which means application of multiple theoretical views for interpretation of a single set of data.

In fact, in this combined method, instead of emphasizing the single methods, the main focus is on the research question and all existing approaches are used for understanding the problem (Hasani, 2010).



Reliability includes the activities that increase probability of gaining reliable findings. Reliability methods include as follows: (Johnson, 1997; Lowes, 2006; Roberts, 2006; Nelson, 2010; Streubert, 2011; Chueh-Fen, 2012).

1. Long-term involvement and continuous observation, which is known as immersion. In this case, the researcher is completely involved in the research, communicates the participants properly and appropriately, and receives deep concepts that become evident in the process of the research. Therefore, scientific accuracy is increased and it enables the researcher to be immersed in the research.
2. Peer review: This is interaction between the researcher and other individuals that are experienced in research methods. These individuals may be research colleagues or the research consultants. Challenging the research and counseling it leads to deep and accurate analysis of findings and recognition of the methods and findings by other researchers.
3. Participant review: This process leads to improved scientific accuracy and reliability in the research interviews. That is, the research findings are provided with the participants during different processes, so that they are reviewed, and required modifications are done. This process causes confirmation and increasing scientific accuracy of the research, because the participants are allowed to review their statements again.
4. Triangulation technique (combination and integration): This technique refers to the use of multiple data sources for drawing the results regarding the reality. Using multiple approaches in a study may lead to increased reliability and validity of the data, because strength of a method can compensate weakness of others.

Considering the background presented in this study, initially the main research factors were extracted through studying various sources, including books and articles, theses and research projects, media programs and participation in various conferences (in the field of economics, sports, sports industry, sports economy, and other related subjects) during three consecutive years. In addition, face-to-face and virtual interviews with statistical samples (the experts) were conducted using Delphi method. It should be noted that during the research process, the methodology, factors, and even the minor objectives were frequently changed.

Following comparison of collected field and library data (first group) with combination of Q method and grounded theory method, as well as triangulation and item coding and extraction of main factors, the general conclusion was made by the research team, and the primary map for Iran's sports industry was drawn. Then, for modification and formation of the final map, the second group of statistical population was used. This section of the research reached theoretical saturation with fewer than 23 experts, which were purposefully selected from the first group. Ultimately, the final hypotheses were drawn in the form of hypothetical models. Then, ideas were taken again for confirmation of the model and finally the hypothetical model for segmentation of Iran's sports industry was stabilized with 4 sectors and 33 divisions, and was confirmed according to the expert ideas. Then the final map for segmentation of Iran's sports industry was given to the third group composed of the experts of economy area. Different sectors of sports industry were separated into micro and macro economy areas using



ideas of seven professors, and were confirmed. It should be noted that all four mentioned methods were used for confirmation of reliability and validity of findings.

Statistical Population and Sample

Statistical samples included individuals from economic and sports economy experts as well as physical education instructors that have familiarity with the sports and related industries. They were selected in several groups.

The first group consisted of 103 university professors, experts, and researchers of sports industry; information about the sports industry, its infrastructure, their views on the segmentation of the industry, and so on was obtained with direct and indirect interviews.

The second group included 23 experts selected from the first group; they were used for determining reliability and validity of the hypothetical model of segmentation of Iran's sports industry, and accordingly the required modifications were applied.

The third group included seven professors and experts of the economy; they were used for allocating sports industry sectors in micro and macro economy areas.

RESEARCH FINDINGS

According to findings of this research, which was conducted during three years, four main sectors (production, services, information and communication technology (ICT), and commerce) were considered for Iran's sports industry. According to Figure 1, the production sector is divided into 8 divisions, services sector into 13 divisions, ICT sector into 6 divisions, and commerce into 7 divisions.



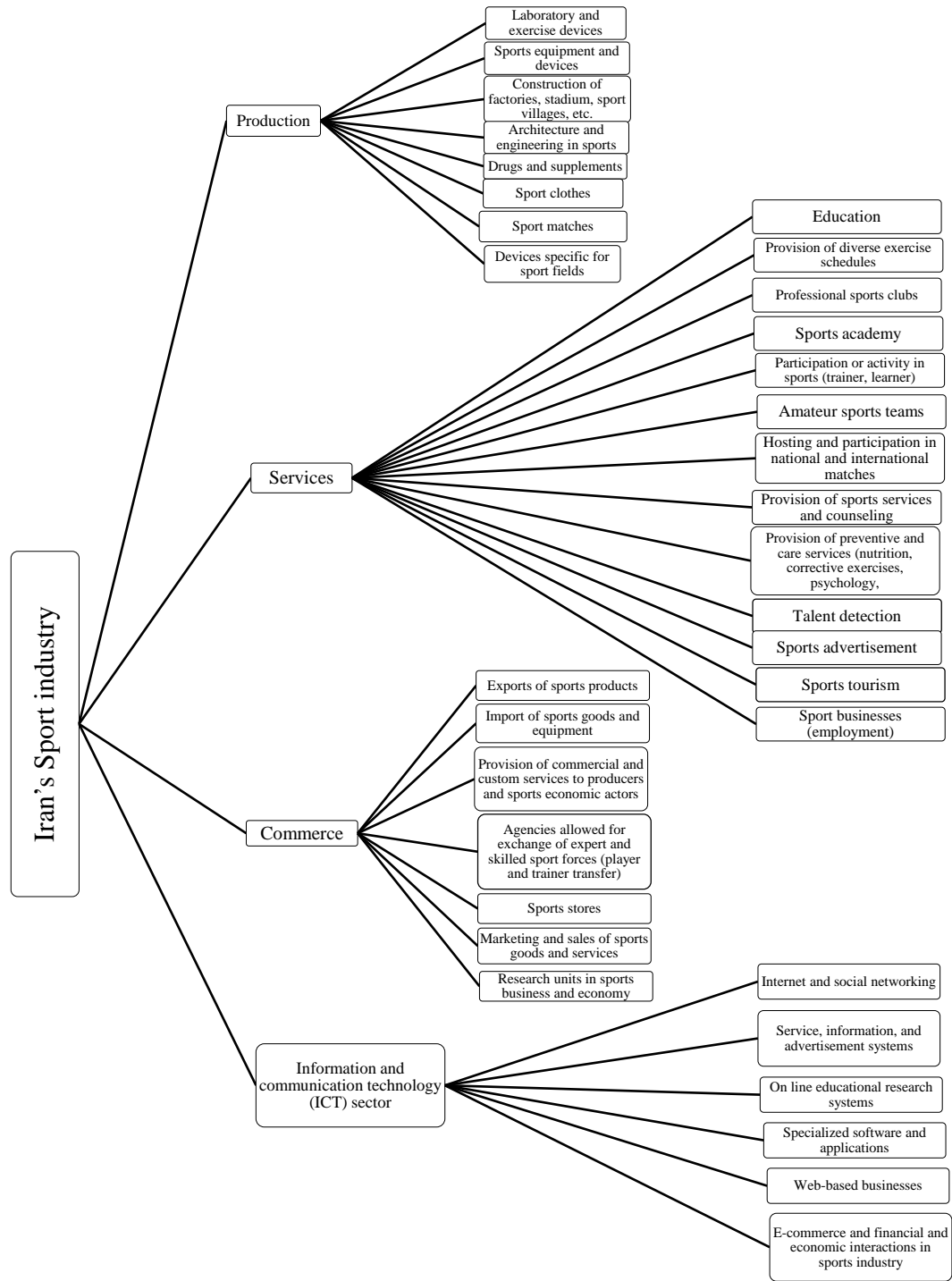


Figure 1. Segregation of Iran's sports industry

In the following, tables 1-4 gives sectors and divisions of Iran's sports industry in macro and micro economy. These findings are model for researchers exploring in this industry.

Table 1. Segregation of production sector divisions in micro and macro economy

Row	Sectors and divisions of Iran's sports industry In production sector	Macro economy	Micro economy
1	Sports equipment and devices		*
2	Devices specific for sport fields		*
3	Laboratory and exercise devices		*
4	Construction of factories, stadium, sport villages, etc.	*	*
5	Architecture and engineering in sports		*
6	Drugs and supplements		*
7	Sport clothes		*
8	Sport matches	*	*

Table 2. Segregation of service sector divisions in micro and macro economy

Row	Sectors and divisions of Iran's sports industry Service sector	Macro economy	Micro economy
1	Education	*	*
2	Provision of diverse exercise schedules		*
3	Professional sports clubs		*
4	Sports academy		*
5	Participation or activity in sports (trainer, learner)		*
6	Amateur sports teams		*
7	Hosting and participation in national and international matches	*	*
8	Provision of sports services and counseling		*
9	Provision of preventive and care services (nutrition, corrective exercises, psychology, etc.)		*
10	Talent detection		*
11	Sports advertisement		*
12	Sports tourism	*	*
13	Sport businesses (employment)		*

Table 3. Segregation of ICT sector divisions in micro and macro economy

Row	Sectors and divisions of Iran's sports industry Information and communication technology (ICT) sector	Macro economy	Micro economy
1	Internet and social networking	*	*
2	Service, information, and advertisement systems		*
3	On line educational research systems		*
4	Specialized software and applications		*
5	Web-based businesses		*
6	E-commerce and financial and economic interactions in sports industry	*	*



Table 4. Segregation of commercial technology sector divisions in micro and macro economy

Row	Sectors and divisions of Iran's sports industry Commercial sector	Macro economy	Micro economy
1	Exports of sports products	*	*
2	Import of sports goods and equipment	*	*
3	Provision of commercial and custom services to producers and sports economic actors	*	*
4	Agencies allowed for exchange of expert and skilled sport forces (player and trainer transfer)	*	*
5	Sports stores		*
6	Marketing and sales of sports goods and services		*
7	Research units in sports business and economy		*

DISCUSSION AND CONCLUSION

Considering the research strategic sessions and library and field studies for the sports industry, various segmentations were done in this work. Finally, an accumulative idea was obtained using expert ideas, and the map for segmentation of Iran's sports industry with 4 main sectors (production with 8 divisions, services with 13 divisions, ICT with 6 divisions, and commerce with 7 divisions) was drawn and confirmed. Many researchers already attempted in this regards, and found some results; however, each of them had also some deficiencies and criticisms, and research team in the current study tried to overcome them.

To this end, Aghaee et al. (2014) in their work entitled "description and modeling of Iran's sports industry", studied the status and infrastructure of sports industry in Iran using explanatory factor analysis and variance analysis. They divided the country's sports industry into 17 sectors and 71 divisions. The main sectors included private and public organizations, the government, marketing related revenues, operational costs, sports venues and facilities, public and recreational activities, sports related cultural affairs, sports goods and services, commercial activities, economic activities, technologies related to sports production and sports equipment, relationship with the industry, tourism, event, human resource, and specialized retailers.

Kalashi et al. (2016) addressed direct and indirect effects of sports on the economy in the human capital model and economic effects of sports. Referring to research works by others, they recognized following cases as related to microeconomic sector: purchasing sports goods, equipment, and services by households, producing sports goods, and equipment, and sports services by firms and companies, transfers of players and clubs' turnover, TV and radio broadcasting rights and advertisement, ticket sales, and sponsors. They also recognized GDP, sports goods production industry, sporting events, sports tourism, the household and government's sports expenses, the investment, the construction of sports and recreational venues and equipment, unemployment rate, financial savings, consumption, production, and international trade as related to the macroeconomic sector.

The Institute for Management and Sports Studies in India divided sports industry into three main parts in the form of a hypothetical diagram aiming at training sports engineers and the management of the sports industry. The first part includes production of sports products, sports apparel, nutrition, sports medicine, and virtual sports. The second part is composed of professional and mature sports, physical education and academic sports schools, recreation,



and recreational sports. Such divisions as sports tourism, professional body building training, sports retailing, sports analysis, facilities, development of sports infrastructures, sports media, games, and sports toys are in the third part.

Pitts (1994) defined the sports industry as a market, that the sports products include sports activities, recreational activities, and fitness, and provides all maternal goods and services related to sports are directly and indirectly provided. He also acknowledged that the sports industry include management, marketing, financial, goods and services, administrative, and commercial sectors.

According to Marijanović (2012), the sports and speed is composed of various activities including management of great sports events, sports tourism, sports equipment and apparels, education, marketing, and media advertisement.

Savic et al. (2018) enumerated factors of the sports industry in their work entitled “sports industry and its achievements at top levels”: Sports management including sports events, sports and professional experts, sports facilities and training high quality athletes, sports marketing including production and sale of equipment, sponsors, sports results and achievements, advertisement, and media.

In the current research at was attempted to address the sports industry in a deeper and more comprehensive look, and draw a general and comprehensible map so that other interested researchers and mangers can utilize it.

References

- Aghaee, M. (2014). Description and Modeling Iran's Sports Industry. Master's thesis, Al-Zahra University, Tehran
- Asgarian, F. & Jafari, A. (2007). Economic Investigation of Sport Expenditures of the Iranian Households during 1998 - 2001. *Quarterly Journal of Sport Science Research*, No. 18, pp. 75-86.
- Asgarian, F., Faraji Dana, A., Goodarzi, M. & Jafari, A. (2005). Study of the Economic Sports Industry of Iran during 1998 - 2001, *Journal of Motion*, No. 24, pp. 25-43
- Basten, S; Cuaresma, JC. (2014). Modelling the macroeconomic impact of future trajectories of educational development in Least Developed Countries. *International Journal of Educational Development* 36 (2014) 44–50
- Bryman, A. (2007). Barriers to Integrating Quantitative and Qualitative Research.
- Chueh-Fen L, Smith N, LChen-Huei G, Exploring the Zen Meditation Experiences of Patients with Generalized Anxiety Disorder: A Focus-Group Approach, *Journal of Nursing Research*: March 2012; 20 (1): 43–52.
- Creswell, J.W. (2009). *Research design: Qualitative, quantitative, and mixed methods approaches*. Thousand Oaks: Sage.
- Fakhri, F. (2017). Design of the factors influencing the share of sport products in foreign trade of the country. Doctorate in Physics and Sport Sciences, Sport Management Field. School of Physical Education and Sports Sciences, Mazandaran University, Babolsar.



Gholamzadeh Fasandoz, H. (2016). Sport as an Industry in Finland- Exploring the Economic Significance, Contributions, and Development of the Sport Sector as an Industry. Academic dissertation to be publicly discussed, by permission of the Faculty of Sport and Health Sciences of the University of Jyväskylä.

Greene, J.C. (2007). Mixed Methods in Social Inquiry. San Francisco: Jossey-Bass.

Hoseini, M. (2010). An Introduction on Integrated Methodology in Interdisciplinary Studies of the Social Sciences. Quarterly journal of interdisciplinary studies in humanities. Second course, No. 4, pp. 137-153

Javid, S. (1971). The field of sports. Tehran. pp. 194-229

Johnson RB, Examining the validity structure of qualitative research, Education 1997; 118(2): 282-292.

Johnson, R.B. & Onwuegbuzie, A.J. (2004) Mixed Methods Research: A Research Journal of Mixed Methods Research. 1(1), pp. 8-22.

Kalashi, M., Hosseini, A. & Rajaei, M. (2016). Effect of state and household sports expenditure on gross domestic product in Iran, Sports Management Studies, No. 38, pp. 165-182

Khorshidi, A. & Shahbazi, M. (2010). Study of relationship between sports and economy. Office of Cultural Studies (Department of Youth and Physical Education), Research Center of Islamic Consultative Assembly of Iran, Tehran, No. 10333

Lowes, L, Gill P, Participants' experiences of being interviewed about an emotive topic, Journal of Advanced Nursing 2006; 55(5), 587-595.

Marijanović, R. (2012). Menadžment školskog sporta (Management of school sport). Belgrade: Alfa University, Faculty for Management in Sport. In Serbian

Nelson J, in their own words: Patients and families define high-quality palliative care in the intensive care unit, Crit Care Med March 2010; 38(3): 808-818.

Paradigm Whose Time Has Come. Educational Researcher, 33(7), pp. 14-26.

Pitts, B.G., Fielding, L.W., & Miller, L.K. (1994). Industry segmentation theory and the sport industry: Developing a sport industry segment model. Sport Marketing Quarterly, 3(1), 15-24.

Roberts PH, Priest M, Traynor R, Reliability and validity in research, Nursing Standard 2006; 20(44): 41-45.

Rostamzadeh, P., Sadeghi, H., Asari, A. & Yavari, K. (2014). Government investment in sports sector on economic growth in Iran. Economics (Sustainable Growth and Development), Fourteenth Year, No. 4, pp. 177-210



- SPEA. (2012). Study on the Contribution of Sport to Economic Growth and Employment in the EU. Study commissioned by the European Commission, Directorate-General Education and Culture, Final Report, November 2012
- Streubert Speziale H, Rinaldi Carpenter D, Qualitative Research in Nursing: Advancing the Humanistic Imperative. Fifth edition, Lippincott Williams & Wilkins Co., 2011.
- Sultan Hosseini, M., Mojtahedi, H., Naderian, M. & Hojjat, A. (2010). Examining the Economic Effects of Sporting Venues on the Sporting Environment". Olympic Quarterly, No. 51, 3, pp. 59-67.

