An Analysis of Sports Industry Based on the Perspective of Industrial Chain—Case Study of Tour of Hainan

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Abstract. Industrial chain analysis is a powerful tool to recognize and judge industrial competitiveness. This paper aims to analyze the factors that influence the competitiveness of sports industry chain and how to promote the optimization and upgrading of the industrial structure. It takes the International Road Cycling Tour around Hainan Island (hereinafter referred to Tour of Hainan) as an example. With the help of diamond model, it discusses potential competitiveness. Moreover, the author thinks that the competitiveness of the industry chain is mainly affected by six factors. Based on the perspective of industrial chain, this paper uses the BSC strategy map analysis to propose corresponding countermeasures which are for the optimization and upgrading of the industrial structure to achieve the goal of becoming the one-hundred event.

Since the reform and opening, the disposable income has increased a lot. In the 19th CPC National Congress, the chairman of the People's Republic of China—Jin-ping XI promoted to speed up the establishment of a sports power. Based on the perspective of industry chain to analyze Tour of Hainan, it has following considerations. First, it is the first major sports event after the 19th CPC National Congress. Second, Hainan Province which has held 12 sessions of Tour of Hainan has made great progress in the sports industry development. Third, the current academic researches on sports events tend to research the organization management and operation, etc. The researches based on the industrial chain are less.

The Introduction of Industry Chain of Tour of Hainan

The industry chain refers to the relationship of chain link based on certain technical and economic connection and the specific logical and space-time layout relationship. Sports industry chain refers that the different parts form economic relations with the chain twisted ability basing on the need of cooperation and competition, in the upstream and downstream. (refer to Table 1).

<table>
<thead>
<tr>
<th>Level</th>
<th>Industrial</th>
<th>Specific composition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up-stream</td>
<td>Design</td>
<td>bicycle design, technology research and development, events planning</td>
</tr>
<tr>
<td></td>
<td>Manufacture</td>
<td>Bike and souvenir manufacturing, raw material industry, tire industry, etc.</td>
</tr>
<tr>
<td></td>
<td>Production matching</td>
<td>car bells, chain lock, power meter, external transmission, gloves and other bicycle accessories</td>
</tr>
<tr>
<td>Mid-stream</td>
<td>Sales</td>
<td>bicycle sales; sales of Tour of Hainan copyright</td>
</tr>
<tr>
<td></td>
<td>Advocacy&amp; marketing</td>
<td>media industry, cycling clubs, entertainment and cultural industries</td>
</tr>
<tr>
<td>Down-stream</td>
<td>Supporting</td>
<td>transportation, security, sanitation, cultural transmission, highway construction, power industry, etc.</td>
</tr>
<tr>
<td></td>
<td>Other connections</td>
<td>tourism and MICE, the catering industry, the hotel industry, transportation, real estate, sports and cultural industries, traditional ethic culture, entertainment industries, Internet industry, insurance, public welfare, athlete market, etc.</td>
</tr>
</tbody>
</table>

Through the analysis of the components of the industry chain of Tour of Hainan, it is defined as: taking Tour of Hainan as the core, using the flow of people, logistics, capital and information to
unite the middle and lower reaches, it forms a cross-complementary chain relationship. (refer to Figure 1)

![Cross-complementary chain relationship](image)

**Figure 1. Tour of Hainan’s industrial chain diagram.**

**The Analysis of the Overall Competitiveness of the Industrial Chain of Tour of Hainan**

According to the Michael Porter’s diamond model, the writer analyzes the overall industrial chain competitiveness of Tour of Hainan and thinks that the competitiveness of it is mainly affected by the following elements [2]. (refer to Figure 2)

![Porter’s diamond model](image)

**Figure 2. Porter’s diamond model.**

**Production Factors**

Porter divides the factors of production into primary and advanced factors. Hainan island is one of the few places where can hold bike competition in autumn and winter. The 12th Tour of Hainan combines the attractive scenery with events [3]. Tournament funds vary from a single way into the diversified investment from governments, privates, foreigners and sponsors. (refer to Table 2)

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Sponsors</td>
<td>Above 10</td>
<td>Above 10</td>
<td>Above 10</td>
<td>Above 10</td>
<td>Above 13</td>
<td>Above 13</td>
<td>Above 13</td>
<td>Above 15</td>
<td>Above 15</td>
</tr>
<tr>
<td>Gross Sponsorships</td>
<td>About 10000000</td>
<td>Over 10000000</td>
<td>Over 10000000</td>
<td>Over 10000000</td>
<td>Over 20000000</td>
<td>About 30000000</td>
<td>Over 40000000</td>
<td>About 50000000</td>
<td></td>
</tr>
</tbody>
</table>

Data Source: Xiao-hua Chen. The Value Upgrading Strategy of Tour of Hainan and its Internationalization Path

In terms of advanced elements, the Organizing Committee of tournament arranges facilities from emergency power generation vehicles to high-definition TV broadcast trucks. In 2013, the
government and entrepreneur jointly set up Tour of Hainan Limited. It establishes a scientific corporate management structure and forms a professional brand operation team.

The Conditions of Demand
The bicycle industry in China is less competitive. The race provides a platform for athletes to exercise themselves. For high-level teams, joining in Tour of Hainan can help improve their popularity. As for sponsors, they choose to support the event as they want to use Tour of Hainan’s brand and healthy image to promote their corporate image, which is a win-win cooperation.

Related and Supporting Industries
To promote “sports + tourism”, the tourism focuses on creating and promoting the 5-day and 4-night challenging tour around the Hainan island line. Take Sanya as an example. (See Table 3)

<table>
<thead>
<tr>
<th>Name</th>
<th>Time 2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Transportation Industry</td>
<td>367.71</td>
<td>1854.65</td>
<td>614.06</td>
<td>368.66</td>
</tr>
<tr>
<td>Catering Industry</td>
<td>682.19</td>
<td>1306.04</td>
<td>610.76</td>
<td>395.29</td>
</tr>
<tr>
<td>Hotel Industry</td>
<td>1056.38</td>
<td>1704.84</td>
<td>2068.17</td>
<td>691.43</td>
</tr>
<tr>
<td>Long-distance Transport Industry &amp; Civil Aviation Industry</td>
<td>601.77</td>
<td>950.11</td>
<td>562.63</td>
<td>651.91</td>
</tr>
<tr>
<td>Retail</td>
<td>156.85</td>
<td>162.69</td>
<td>108.78</td>
<td>66.65</td>
</tr>
<tr>
<td>Communications Industry</td>
<td>15.02</td>
<td>73.88</td>
<td>26.78</td>
<td>26.06</td>
</tr>
<tr>
<td>Tourism</td>
<td>599.29</td>
<td>1494.14</td>
<td>603.75</td>
<td>679.77</td>
</tr>
<tr>
<td>Summation</td>
<td>3479.22</td>
<td>7546.33</td>
<td>4594.92</td>
<td>2879.77</td>
</tr>
</tbody>
</table>


From 2013 to 2016 Tour of Hainan on the direct consumption of related industries in Sanya, it shows that the pulling effect of race on other industries is obvious in 2014. This is because Tour of Hainan 2014 invited three UCI occupation team to join like Astana, Belkin and Blue Wave Merida. It also attracts many well-known medium, sponsors and visitors. The driving effect on the hotel industry is the most obvious. However, the retail and communications industry are promoted less.

Corporate Strategy, Structure and Peer Competition
In 2013, Tour of Hainan Limited was established. Besides, the operation team investigates and learns from Tour of Spain, etc. Before 12th Race of Hainan stared, it realized the importance of cooperation with the clubs. 2017 Tour of Hainan was held on from 28.10 to 5.11; The Eighth Tour of Taihu Lake was held on from 10-17.10; 2017 UCI Worldtour tour of Guangxi was held on from 19-24.10; 2017 Le Tour de France Skoda Shanghai Criterium was held on 29.10. The 12th Tour of Hainan gets the hit by the impact of similar domestic events.

Opportunities and Government
The government proposes to speed up the construction of sports power. In 2017, Department of Culture, Radio, Television, Publication and Sports of Hainan Province issued the "Hainan Province Sports Industry Development Interim Measures for the Management of Funds", shows that it will focus on supporting brand sporting events. The provincial "Thirteenth Five-Year Plan" lists culture and sports as one of the 12 key industries.

Countermeasures on Optimization and Upgrading of the Industrial Structure of Tour of Hainan from the Perspective of the Industrial Chain - Based on BSC Strategic Map Analysis
Based on the analysis of competitiveness of the chain, it finds that the development of the Tour of Hainan is competitive. In the view of the industrial chain, this paper proposes the following
countermeasures on Optimization and Upgrading of the Industrial Structure of Tour of Hainan through the BSC strategic map analysis model [9], to achieve the goal of the hundred-year event.

![Diagram of Optimization and Upgrading of the Tour of Hainan Industrial Structure]

**Figure 5.** The countermeasures of optimization and upgrading in industrial structure of tour of Hainan.

### From the Point of Learning and Development and Finance to Deepen Each Link to Achieve Optimization and Upgrading

As the IP effect of stars becomes more apparent, it can create its own star team and hold the star carnivals nationwide to advertise Tour of Hainan. If it can apply intelligent technologies such as VR, AR to build “intelligent Race of Hainan”, it will strengthen audience’s appeal. Try to tell a good story of Tour of Hainan and promote the combination of online and offline [8]. Cyclists should participate in public welfare by influence of their own public figures fulfilling the “sports + welfare” idea.

At present, the operating funds for the event mainly come from sponsors, entry fee, government subsidy, revenue from copyright sale of television signals of international events and derivatives sale, marketing investment in city passed by. It still need increase the proportion of copyright sales and franchising. Organizing financial institutions should pay attention to improve ROI.

### From the Point of Internal Operation and Customers Integrating Resources to Rationalize Industrial Structure

The current mode of operation of Tour of Hainan: government fostering, fixed cooperation, institutional standing, professional planning, market operation [9]. Compared with the “Super Bowl”, Tour of Hainan need to improve marketization. Under the guidance of the socialist market economy, all conducive and legitimate market elements of Tour of Hainan should be injected into the race.

It should increase publicity before or after the race to popularize knowledge and carry forward the spirit of the event. It can make promotion videos and films heavily on the theme and spirits Tour of Hainan, telling the story behind the tournament [10]. The sponsorship should be diversified. It needs seek common interests with sponsors, establish a stable cooperation mechanism, and work together to achieve win-win cooperation. It also need cooperate with bicycle clubs and associations.

### Conclusion

With the help of Tour of Hainan, the writer explores the development of sports events industry based on the industrial chain perspective. Through the diamond model, it shows that Tour of Hainan has great potentials and is highly competitive. Based on the view of industry chain, through BSC strategic map analysis, the writer proposes corresponding countermeasures to optimize and upgrade the industrial structure of Tour of Hainan. Grasping the opportunities will help improve the influence of the competition and the development of the sports industry and related industries.
Acknowledgement

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References


