

The role of the sport industry in the development of today's economy

Historically, all the sport projects related to the sector of recreation and entertainment, so they were rather unimportant. However, the situation has radically changed recently: the sport industry is reaching a new developmental level and becoming a full-fledged economic sector. It is indicated by the huge investments in the development of sport clubs and related infrastructure, as well as the special attention of the Government.

Sports economy, finance in sport, financial "fair play", football.



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According to the Strategy for the Development of Physical Culture and Sports in the Russian Federation until 2020, the development of physical culture and sports is one of the priorities of the country's social policy. At the same time, as N.V. Slobodyanyuk rightly points out in his article, "sport is becoming an important sector of the economy in many developed countries. Physical culture and sports often penetrate into all the spheres of life; they interact with the government, forming a specific area for business. Physical activity and sports are the important area of entrepreneurial activity which provides, on the one hand, the employment of many people in different sectors of the sport industry; on the other hand, these businesses replenish federal and local budgets with tax revenues that allow the state to solve social problems. The dynamics of sports is increasingly linked to the economy, trade and career guidance of the participants in sporting events.

There are significant material and financial assets in this system; the network of labour and management resources is being expanded. The sport industry unites not only the sportsmen, it forms a traditional commercial activity and business organization that allows earning money on the competitive market in national and international sport" [5].

Finally, we present the opinion of the President of the Russian Olympic Committee (ROC) Alexander Zhukov, who says commenting on the signing of an agreement between the Russian International Olympic University and ROC, "In essence, sport is an independent and very serious business sphere" [9].

All this confirms the relevance of studying the sport industry as an independent economic sector. However, there is a lack of scientific and practical works on this subject.

The study is aimed at reasoning the importance of the sport industry for the economic

development in whole and analyzing the prospects of its development.

There are the following research tasks:

- proving the high importance of the sport industry for today's economy;
- identifying the key components of a sport sector;
- defining the factors that, on the one hand, promote the development of the sport industry, and, on the other hand, hinder it;
- grounding or suggesting the criteria of the sport industry efficiency;
- identifying the key trends in the sport industry;
- analyzing the prospects for the sport industry.

It is reasonable to start with proving the high importance of the sport industry for today's economy, basing on some analytical reports.

Thus, according to PwC analysis Outlook for the Global Sports Market to 2015 [4], despite the recent troubled economic times, sport has continued to thrive and develop. Sponsors allocate increasing amounts of money to sport, advertisers increase the budgets of sports events, businessmen invest in sport clubs, the governments actively update sport infrastructure and stimulate the development of this sector in whole. According to PwC forecast, over the five years to 2015, a combination of improved economic conditions, stronger TV advertising, further growth in pay TV penetration, and the ongoing migration of sports to pay TV will be the leading drivers of global sports revenues in all regions.

Global sports revenues were valued at 121.4 billion dollars in 2010 (table 1), a strong year due to the FIFA World Cup in South Africa. Over the next five years to 2015, there will be a compound annual growth rate of 3.7% to achieve global revenues of 145.3 billion dollars. North America starts the period as the largest region with 41% of total revenue, and whilst Latin America will see the highest growth rates. EMEA (Europe, Middle East and Africa) is the second largest

market, but will experience the lowest growth rate over the period. This is partly a reflection of the timing of major sports events, with 2010 being such a strong year in EMEA given the FIFA World Cup and 2015 being a relatively quiet year. If mega events are excluded from the analysis, the global growth rate is 4.7%. Although EMEA remains the slowest growing region, the underlying rate is 4.6%, which is much closer to the global rate of 4.7% and to North America which is also 4.7%. Latin America remains highest at 5.6%. Sports revenue growth in the BRIC countries averaging 4.5 percent compounded annually compared with 3.7 percent for the global market.

Overall, sports revenues globally are on an upward path. However, it should be kept in mind that, firstly, any changes in the inherent trends can lead to opposite results. Secondly, analyzing the global sports market, PwC specialists have missed some decisive moments that are specific to each country. Finally, revenue items are not tied to their recipients in the report, while the distribution of rights, obligations and cash flows play key role here, so it isn't entirely correct to draw any conclusions basing only on absolute values. There is a need to analyze each segment: gate receipts, broadcasting rights, sponsorship and merchandising.

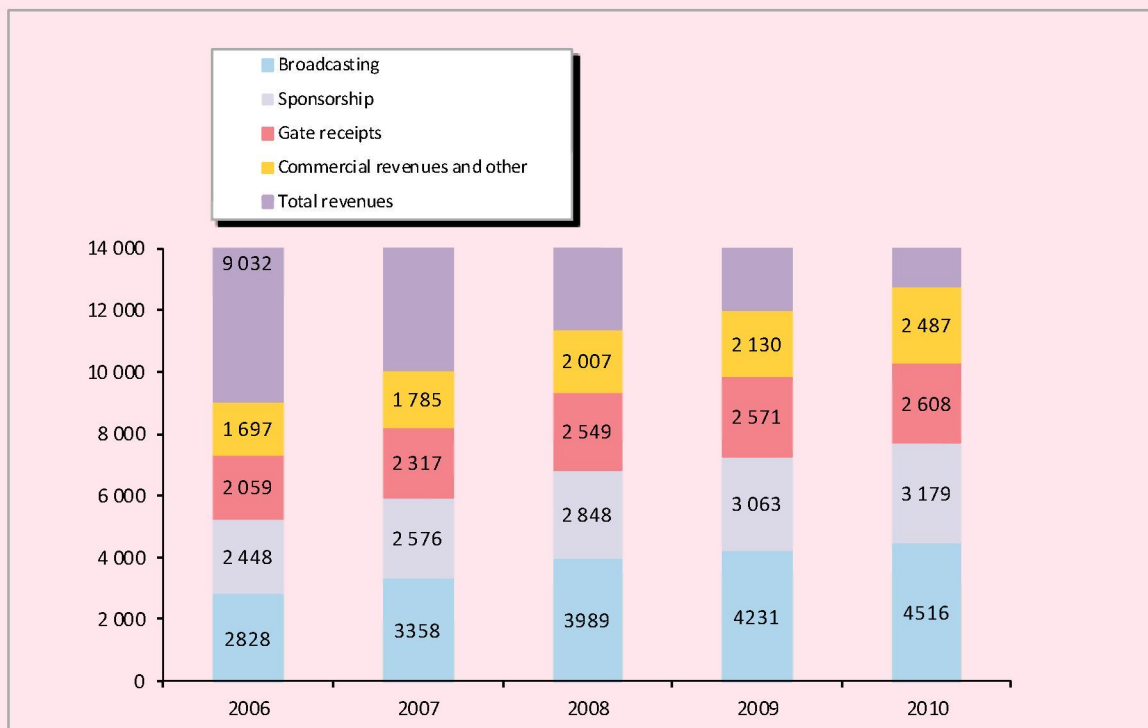
Another important aspect includes the development of individual sports that forms the general tendency for the sport industry. As a rule, the historical popularity of sport in different countries comes to the fore here: football in England, cricket in India, rugby in New Zealand or baseball in the United States. Let us consider football as one of the most popular sports in Russia.

It can be considered UEFA's benchmarking report "The European Club Footballing Landscape" that covers figures from the audited financial statements for 2010 of 665 football clubs. According to this document, there was another 6% increase in club incomes in 2010, reaching a record level of 12.8 billion euros (*fig. 1*).

Table 1. Revenues of the world sport industry, bln. dollars

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Growth rates	Share (2010)
Gate receipts	37 056	38 387	39 998	38 873	39 570	39 043	40 613	41 317	43 544	44 746	2.5%	32.6%
Broadcasting rights	24 281	23 861	27 005	24 563	29 225	26 945	32 141	30 062	37 801	35 247	3.8%	24.1%
Sponsorship	26 749	29 273	32 494	31 467	34 972	35 132	39 173	40 236	45 559	45 281	5.3%	28.8%
Merchandising	19 430	20 413	21 263	17 586	17 624	17 570	18 002	18 549	19 565	20 067	2.6%	14.5%
Total	107 516	111 934	120 760	112 489	121 391	118 690	129 929	130 164	146 469	145 341	3.6%	100.0%

Figure 1. Europe-wide top division revenues, million euros



Over the period from 2006 to 2010 the aggregate income of football clubs increased by a remarkable 42%, while Europe’s economies expanded by just 1%. Indeed, the figure for headline net losses in 2010 reached the level of 1.6 billion euros, following on from the previous record 1.2 billion euros losses in 2009.

Thus, we see again a rising trend, and although there is an increase not only in revenue but also in expenditure, the total amount of funds involved is impressive. By the way, the UEFA pays great attention to the increase of losses. So, since the

2013–2014 season the UEFA Financial Fair Play Regulations will come into effect. They are aimed at limiting the amount of losses and making all club’s transition to self-sufficiency. UEFA will be able to ban clubs from playing in European competitions during the following season if the rules have not been met. There will be the following general principle: the club shall not exceed the total loss of 5 million euros over the year of competition and previous two years. Another important aspect concerns the limitation of funding by the owners of clubs.

The UEFA requires the following covenants will be observed:

- auditor's report in respect of club's going concern;
- there are no deteriorates relative to net liabilities (negative equity);
- breakeven requirement;
- no overdue payables.

Such attention to financial results is a rather clear evidence for the importance of sport industry (in this case it's football) as a part of the whole economic system.

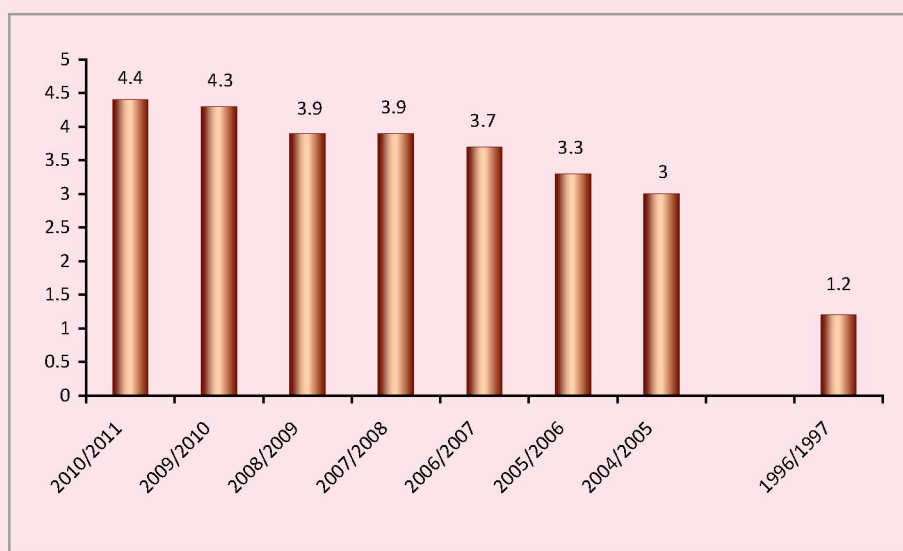
Speaking of football, it is necessary to mention the annual report of the Deloitte Football Money League [8]. According to this document, the top 20 Money League clubs generated combined revenues of 4.4 billion euros in 2010/11; this indicator is 3.6 times higher (!) than the same one for the season of 1996/1997 (fig. 2). According to KPMG analysis [1], the leading European football clubs gained profit of more than 11 billion dollars for the 2009/2010 season.

At the same time, clubs' rating and revenue structure are as follows (tab. 2).

In addition to rising incomes, the expenses of football clubs are also increasing. The most significant cost items include player transfer fees. According to the FIFA calculations, the cycle of money on the transfer market amounted to 3 billion dollars in 2011, besides the agents, who earned 130 million dollars or 240 thousand dollars for each transaction on average, weren't in the red [11].

Paris Saint-Germain F.C. spent most of all – 100 million euros. The owner of Chelsea F.C. Roman Abramovich spent 102 million dollars and outdistanced his main competitor Sheik Mansour and his Manchester City F.C. Dan King from The Sun estimated that Abramovich had spent on Chelsea more than 2 billion pounds: “In his eight completed seasons in charge, Chelsea spent an incredible 642,584,000 pounds on buying players – and then a mindboggling 1,170,591,000 pounds on paying them. That makes an eye-watering total of 1,813,175,000 pounds. Add a further 66 million pounds lavished on the likes of Juan Mata last year, a little more on Gary Cahill in January and wages so far this season and – hey presto – 2 billion pounds has gone on a club” [20].

Figure 2. The total revenue of the top 20 European football clubs, billion euros



Source: Deloitte.

Table 2. Revenues of European clubs in the season of 2010/2011

	Revenue	Games		Broadcast		Advertising	
	<i>mln. €</i>	<i>mln. €</i>	%	<i>mln. €</i>	%	<i>mln. €</i>	%
Real Madrid C.F.	480	123.6	26%	183.5	38%	172.4	36%
FC Barcelona	451	110.7	25%	183.7	41%	156.3	35%
Manchester United F.C.	367	120.3	33%	132.2	36%	114.5	31%
FC Bayern Munich	321	71.9	22%	71.8	22%	177.7	55%
Arsenal F.C.	251	103.2	41%	96.7	39%	51.2	20%
Chelsea F.C.	250	74.7	30%	112.3	45%	62.8	25%
A.C. Milan	235	35.6	15%	107.7	46%	91.8	39%
FC Internazionale Milan	211	32.9	16%	124.4	59%	54.1	26%
Liverpool F.C.	203	45.3	22%	72.3	36%	85.7	42%
FC Schalke 04	202	37.2	18%	74.3	37%	90.9	45%
Tottenham Hotspur F.C.	181	47.9	26%	92	51%	41.1	23%
Manchester City F.C.	170	29.5	17%	76.1	45%	64	38%
Juventus F.C.	154	11.6	8%	88.7	58%	53.6	35%
Olimpique De Marseille	150	25.6	17%	78.2	52%	46.6	31%
A.S. Roma	144	17.6	12%	91.1	63%	34.8	24%
Borussia Dortmund	139	27.7	20%	32.1	23%	78.7	57%
Olimpique Lyonnais	133	19	14%	69.6	52%	44.2	33%
Hamburger SV	129	41.8	32%	26.7	21%	60.3	47%
Valencia CF	117	27.5	24%	66.4	57%	22.9	20%
S.S.C. Napoli	115	22	19%	58	50%	34.9	30%
Total	4402						
Min		11.6		26.7		22.9	
Max		123.6		183.7		177.7	
Average		51.28	22%	91.89	44%	76.925	35%

Source: Deloitte, author's calculations.

In addition to increasing player transfer fees, their salaries are growing. According to the analysis of the French magazine France Football [12], Lionel Messi is the world's highest-paid player, who retained the title of the best footballer in the world during the last three months. The Barcelona leader Messi earned 33 million euros last season with 21 million euros in advertising, 10.5-million-euro salary within his personal contract with the Catalan club and 1.5 million euros in bonuses for his successful games.

The coaches keep up with the players in their care. Real Madrid coach Jose Mourinho earns 14.8 million euros a year. The second highest-paid coach is Carlo Ancelotti: Arab sheiks, who own a French football club Paris Saint-Germain, have provided the Italian

coach with 13.5 million euros salary per year. Barcelona's master Pep Guardiola ranks 3rd in this list. The Spanish coach earned 9.5 million euros in 2011. There are two coaches, who work in Russia, in the rating of France Football. They are Dutch coaches: Guus Hiddink, who is the current manager of FC Anzhi Makhachkala, and the new manager of the Russian national team Dick Advocaat. The owner of FC Anzhi Makhachkala billionaire Suleiman Kerimov pays 8.6 million euros to Guus Hiddink. And the Russian Football Union spends 7 million euros per year for the salary of the current manager of the Russian national team Dick Advocaat. This salary is only 1 million euros lower than the money that is paid by Manchester United F.C. to the world's best coach Alex Ferguson.

Thus, there is a pronounced growing trend in the development of sport industry, which is proved by the rise in clubs' revenues and increase in financing. However, the expenditure growth does not stop the investors: the number of people, who wish to invest in sports, is increasing. The list of the richest shareholders of football clubs can be used as an example of this trend (*tab. 3*). It should be noted that this list includes only the names of persons, whose wealth is more than 1 billion dollars.

It should be noted that this list includes only the owners of football clubs, while other sports are also very popular. For example, Russian billionaire Mikhail Prokhorov bought 80% shares of the basketball club New York Nets and 45% in the construction of the stadium Barclays Centre in Brooklyn.

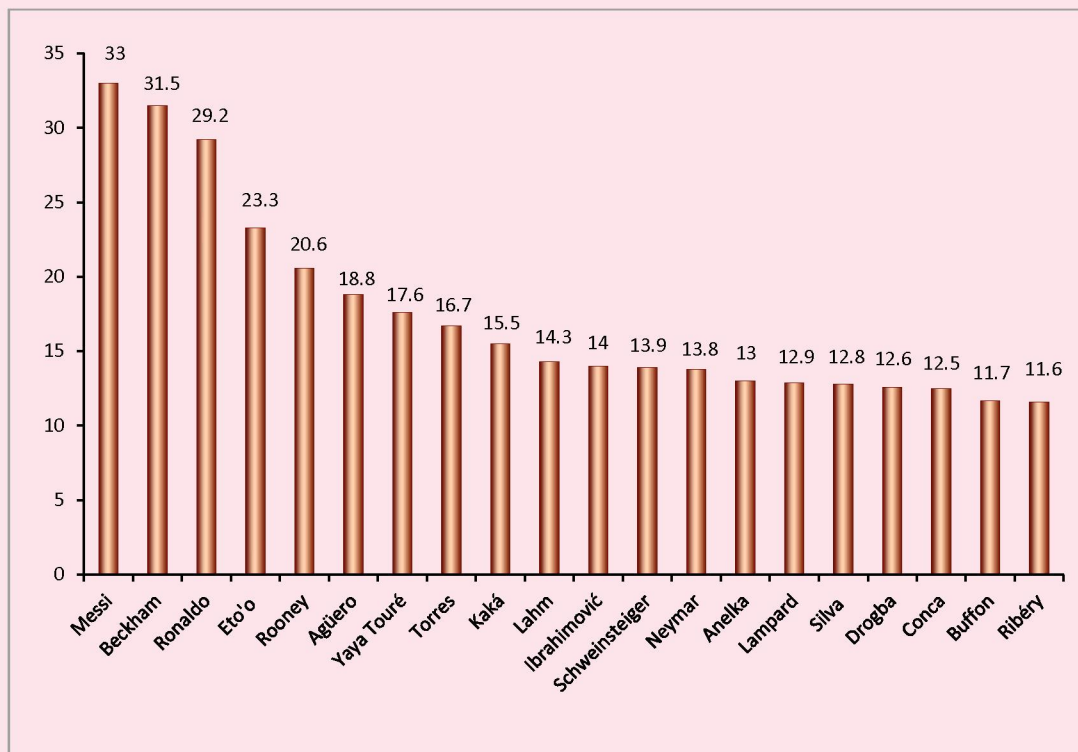
The selling transaction of Frank McCourt, who sold MLB baseball club Los Angeles

Dodgers for 2 billion dollars to Guggenheim Partners Financial Group, which co-owner is a famous basketball player in the past Magic Johnson, also deserves consideration.

Besides, Frank McCourt was in the black after selling. He bought Dodgers for 330 million dollars from Rupert Murdoch in 2004, and he also paid another 100 million dollars for the stadium and 260 acres of surrounding property [13].

In addition to investors' interest in the sport industry, the role of the state should be also noted. In particular, according to the Concept of long-term socio-economic development of the Russian Federation until 2020 (RF Government Order No. 1662-r as of November 17, 2008), one of the strategic objectives of the public policy in the sphere of physical culture and sports is the development of sport infrastructure.

Figure 3. Revenues of the world's highest-paid footballers



Источник: France Football.

Table 3. The richest shareholders of football clubs

No	Owner	Club	Wealth, bln. dollars
1	Amancio Ortega	Deportivo De La Coruna	38.9
2	Sheikh Mansour bin Zayed bin Sultan Al Nahyan	Manchester City F.C.	31.5
3	Lakshmi Mittal	Queens Park Rangers F.C.	23.2
4	Alisher Usmanov	Arsenal F.C.	20
5	Rinat Akhmetov	FC Shakhtar Donetsk	16
6	Roman Abramovich	Chelsea F.C.	13.4
7	Paul Allen	Seattle Sounders F.C.	13.2
8	François Pinault	Stade Rennais F.C.	11.5
9	John Fredriksen	Valerenga Fotball	10.7
10	Dmitriy Rybolovlev	AS Monaco F.C.	9.5
11	Margarita Louis-Dreyfus	Olympique de Marseille	9
12	Suleyman Kerimov	FC Anzhi Makhachkala	7.8
13	Leonid Fedun	FC Spartak Moscow	7.1
14	Philip Anschutz	Los Angeles Galaxy	7
15	Ihor Kolomoyskiy	FC Dnipro Dnipropetrovsk	6.5
16	Silvio Berlusconi	A.C. Milan	6.2
17	Sergey Galitskiy	FC Krasnodar	5.5
18	The Liebherr	Southampton F.C.	4.7
19	Denis O'Brien	Celtic F.C.	4.2
20	Stan Kroenke	Arsenal F.C.	3.2
21	Joe Lewis	Tottenham Hotspur F.C.	3.2
22	Malcolm Glazer	Manchester United F.C.	2.7
23	Mike Ashley	Newcastle United F.C.	1.9
24	Aleksandr Yaroslavskiy	FC Metalist Kharkiv	1.4
25	Andrea Della Valle	ACF Fiorentina	1.2
26	John Henry	Liverpool F.C.	1.1

Source: Bloomberg, Forbes, Finance, sports.ru, bleacherreport.com

The construction of sports facilities during the preparation for the Olympic Games in Sochi, the 2013 Summer Universiade in Kazan, as well as the 2018 FIFA World Cup confirm this. Such projects require a huge investment, both from the government and business. For example, according to KPMG estimation, the construction costs of stadiums for the 2018 World Cup games amount to 2.6 billion euros (*tab. 4*).

It is necessary to note that this cost estimation is rather optimistic: there is information about much more significant cost in the press. In addition, none of the arenas have been built yet, and we can say taking into account the Olympic construction projects that their budgets trend to increase as they are implemented.

Investments in sport infrastructure contribute not only to the development of sports but stimulate economy in whole. Thus, according to Ernst&Young analytical report [9], the 2014 World Cup will produce a surprising cascading effect on investments made in the country. In total, an additional 142.4 billion Brazilian reais will flow in the country from 2010 to 2014: in addition to the 29.6 billion reais spent by Brazil on the World Cup to ensure an adequate infrastructure and organization, the tournament will bring an additional 112.79 billion reais including visitors' expenses. The World Cup's direct impact on the Brazilian Gross Domestic Product (GDP) is estimated by E&Y at 64.5 billion reais or the period 2010 – 2014 – an amount equivalent to 2.17% of estimated GDP for 2010. The state will receive an additional tax collection of 18.13 billion reais.

Table 4. Construction costs of football stadiums for the 2018 World Cup

Stadium	Number of seats	Cost, mln. euros	Cost of a seat, euros
Luzhniki	89 318	189	2 116
Dynamo	44 920	221	4 920
Spartak	43 000	229	5 326
Kaliningrad	45 015	166	3 688
Kazan	45 105	197	4 368
Krasnodar	50 015	205	4 099
Nizhny Novgorod	44 899	189	4 209
Rostov-on-Don	43 702	174	3 982
Saint Petersburg	67 000	316	4 716
Samara	44 198	142	3 213
Saransk	45 015	166	3 688
Sochi	43 702	178	4 073
Volgograd	45 015	166	3 688
Yaroslavl	44 042	158	3 587
Yekaterinburg	44 130	126	2 855
Average	49 272	188	3 902
Total (cost)	739 076	2 601	

Source: KPMG.

The impacts arising from the World Cup on the Brazil economy will be similar to the domino effect. Thus, the production increase in those sectors directly related to the World Cup requires them to consume a larger amount of inputs; the producers of these inputs, in turn, must increase their own intermediate spending. The greatest growth is expected in construction, trade and business services. The Cup should generate 3.63 million jobs and 63.48 billion reais income for the population. The Brazilians will invest 14.5 billion reais in infrastructure, including 4.6 billion reais in the building or renovation of sports stadiums and 1.4 billion reais in the maintenance or renovation of highways. 7.4 million tourists will come in Brazil in 2014, and they will spend 5.9 billion reais; airport congestion will become the main problem of the country despite their reconstruction.

E&Y expert write that after successful hosting one of the world's major sports events and achieving solid macroeconomic core principles, the country approaches its desired status of being the world's fifth largest economy in the very near future. According to the IMF,

Brazil's nominal GDP totaled 2.5 trillion dollars in 2011 that ranked the sixth in the world. France's GDP (the fifth in the world) totaled 2.8 trillion dollars.

According to the calculations of the Organizing Committee of "Russia-2018", the World Cup can have the similar positive impact on the Russian economy. Preliminary estimates show that an additional increase of Russia's GDP will be at least 527 billion rubles by 2018 and 810 thousand jobs will be created. Budget revenues of all levels will rise at least by 95 billion rubles due to expanding the tax base.

According to Postbank, the 2006 FIFA World Cup in Germany accelerated the growth of the German economy by 0.5 percentage points; UBS analysts noted that GDP growth increased from 0.5 up to 2.2% in South Africa in the period from 2006 till 2010 [15]. The impact of the Olympic Games on GDP growth is shown in *table 5*.

Despite most facts, analytics and statistical data are associated with football, these tendencies are inherent in other sports. In this regard, the general conclusions will be drawn for the sport industry as a whole.

Table 5. GDP growth rate of the city that hosted the Olympic Games, %

		Pre-Olympic year	Olympic year	Post-Olympic year
Moscow	1980	1.7	4.3	2
Los Angeles	1984	4.5	7.2	4.1
Seoul	1988	11.1	10.6	6.7
Barcelona	1992	2.5	0.9	-1
Atlanta	1996	2.5	3.7	4.5
Sydney	2000	3.8	2.1	3.9
Athens	2004	4.8	4.7	3.7
Beijing	2008	11.3	9	8.7

Source: <http://i-business.ru/blogs/20167> [17].

Thereby, it is necessary to identify the main components of the sport sector, each of which has some specific features and should be considered separately during a very thoughtful analysis:

- ◆ sports that are divided into professional and amateur kinds; for example, there are 15 winter sports and 33 summer sports in the site of the Russian Olympic Committee [16], and each of them has the essential features both in terms of investment required and the possible income; each sport has its own Federation that oversees it, including financial matters;

- ◆ mass sports – the development of physical culture and public sports; this direction is developed partly by the professional federations mentioned above, however, keeping in mind the scale of our country and a huge range of problems, this set of issues (along with the issues of sports medicine) should be considered separately, and it must be in the range of responsibility of the RF Ministry of Health and Human Development.

Then, there are the main factors contributing to the development of the sport industry:

1. Investors' search for the new projects and opportunities for free cash investment.

2. Prestigious sports team ownership, which provides the opportunity to expand business contacts, to have an access to the private business community and, as a result, new contracts, including the fields that are not related to sports.

3. Market outlets that are not potentially limited, international sports and the opportunity to enter the markets in other countries.

4. Creating a positive image and increasing the number of customers. As an example, it is possible to consider a sponsorship contract of MegaFon that has been chosen as an official partner and mobile network operator of the Olympic Winter Games in Sochi. This cooperation has led to the following results. Firstly, MegaFon has got a chance to attract potential subscribers who are loyal to the company. Secondly, due to its status the company has managed to launch three new major projects within the infrastructure of Sochi and the Olympic facilities. The first one is "Safe City", which is an innovative video control system that allows twenty-four-hour monitoring of urban highways, buildings, popular recreations, etc. The second one is "MeteoFon", which is the launch of local weather stations based on the company network. And finally, the third project deals with the exclusive rights to the deployment of the fourth-generation network (4G) [14]. All these projects require substantial capital investments, and they are expected to be long-term. Of course, they are not fast-payback projects; however, they can make an invaluable contribution to the development of the company in future.

5. Availability of good examples of successful and profitable sport clubs that prove that sport can serve not only as a hobby or a form of social pressure, but also as a full-fledged business.

6. Serious diversification of revenue sources contributing to reducing risks. In particular, football clubs have gate receipts, the proceeds from selling attributes, broadcasting rights, advertizing and sponsorship fees. Their own stadium can bring a significant income as a commercial real estate (offices, restaurants, fitness clubs, etc.), as well as through the sale of arena's name. Another item of income is selling transactions of players. Finally, the participation in the European competitions brings a lot of revenues. Practically, all these items of income can be considered as individual business segments, which, on the one hand, make the management of football club a complex and multifaceted process; on the other hand, they open the vast horizons of growth to the owners of clubs.

7. Attention to the sports industry from the government, which is expressed in creating the most favourable regime for sport projects, in particular, providing tax benefits and, most crucially, in the development of related infrastructure and significant investments.

All these factors make the sport industry attractive for many categories of investors and, thereby, they contribute to its further development. However, as often happens, besides the factors contributing to the development of one or another direction, there is a set of restrictions. The sport sector is not an exception.

1. A lack of professional managers who can effectively manage the companies of the sports industry.

2. The need for significant amounts of financing.

3. As any sector of the economy, the sport industry can be affected by financial crises. Any economic swings will be reflected in the reduction of revenues and investment.

It is very important to understand the criteria that can be used to carry out the analysis of the sport industry:

- volume of investment by sectors and periods, and the number of assets in use;

- enlarged cost parameters of construction (the cost of one seat at the stadium, one square meter of an arena, one place in the sports school, etc.);

- investment structure: the share of private investment and public funding;

- cost structure: officials and coaches overheads, medicine expenses, costs of capital investments, etc.;

- performance indicator of sports clubs as business enterprises;

- the number of top places in various competitions that have been won in individual sport over the period;

- average term of sports facilities construction for each kind of sport;

- the number of people employed in the sports industry, the average wages of some standard positions.

If a set of common indicators to analyze the sport sector is clear, then it is not always simple to draw a conclusion about the operating efficiency. Firstly, it is possible to sum up the results of any project in the sport sector after a lapse of some years. Secondly, many indicators should be considered together. First of all, it concerns the amount of investment: unfortunately, investments of billions of dollars are not effective often in Russia. Therefore, the efficiency of any investment should be confirmed, first of all, by the quality of obtained results. At the same time, it is problematic to develop a unified model for the estimation of efficiency due to the individuality of each sports project. Probably, it is necessary to speak about a rigorous sector analysis.

The results of the study allow us to draw the following conclusions.

1. Nowadays, the sport industry in Russia is going through the period of rapid development, and it has a huge investment potential. However, this is only a general trend; the situation is fundamentally different in various sectors. If the situation takes a turn for the better in professional sports from year to year, then

the development rate of physical culture for the mass population is very low. First of all, this applies to sparsely populated towns, and it is expressed in underfunding and lack of athletic fields and sections.

2. There is a similar situation with the workers employed in the sports sector: despite the significant number of coaches and athletes, their wages are extremely low in the whole country. At the same time, it should be noted that the sports industry is not investigated by the Federal State Statistics Service of the Russian Federation as an individual sector. There is only an item “Health and social services” among the economic activities in the category “Employment and unemployment” on the web site of this agency [19]. Perhaps, such an approach was appropriate before, but it can hardly be considered as acceptable for the country, which is going to play host to the Olympic Games and the FIFA World Cup.

3. Besides the direct effects on the economy due to increasing the number of jobs, attracting tourists, developing infrastructure and selling associated goods, sport is also critical for public health and lifestyle, which ultimately has a positive effect on the economic development.

4. In the long-term, business can be interested in sport not only in terms of improving the image attractiveness, but also as a revenue source.

5. Despite the impressive development prospects, it is impossible to forget about the multitude of specific factors that are typical for the sports industry, strong business capital intensity in this area and a high level of risk. Currently, it is possible to expect the profit only when investing in the most popular sports; moreover, the first return can be expected only in several years. Even the Roman Abramovich’s Chelsea Football Club ended the fiscal year of 2010/2011 with a loss of 72 million pounds;

and the total losses for the Russian businessman have amounted to 614 million pounds from the date of purchasing the club [18]. All these things confirm the fact that investments in sport are not fast-payback funds.

6. Due to the rapid growth trends, the sports sector should be considered as an individual sector of the economy, first of all, from the perspective of government regulation.

7. Small and medium business can play a special role in the development of the sports industry. Investments in small sport projects in the regions can give no less effect to the economy than the construction of stadiums for the 2014 Olympic Games or the 2018 World Cup.

8. State sport policy should be aimed at stimulating the development of infrastructure projects, their financing, as well as supporting the training of highly qualified specialists in this field.

Thus, the prospects for the development of the sports industry as a full-fledged sector of the economy are quite optimistic for Russia. However, this will require substantial governmental and business efforts, and this will take more than one year.

In conclusion we’d like to quote a saying of one of the owners of the Arsenal FC and the richest man in Russia according to Forbes – Alisher Usmanov [10]: “Arsenal is a real business, which generates about two hundred million dollars in revenue. This is a club that is worth more than a billion dollars today. And when we bought it, it cost about half a billion. I am very pleased with this investment. And in any case, I will increase it. I think that this club has one of the best infrastructures in the world. And I believe that it is very profitable for Russian investors to have the experience of entering inside one of the greatest sport clubs”.

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