

## Development of the Market for Sports Services in Present-Day Conditions

**Aleksandr Viktorovich Kozlov\***

RUDN University, 6 Miklukho-Maklaya st, Moscow, 117198, Russia

**Anatoly Aleksandrovich Budarnikov**

RUDN University, 6 Miklukho-Maklaya st, Moscow, 117198, Russia

**Yulia Sergeevna Zhuravleva**

RUDN University, 6 Miklukho-Maklaya st, Moscow, 117198, Russia

**Svetlana Evgenievna Gonzalez**

RUDN University, 6 Miklukho-Maklaya st, Moscow, 117198, Russia

**Olga Yevgenievna Lebedeva**

Institute for Tourism and Hospitality, Kronstadt Blvd., 32A, Moscow, 125438, Russia

### Abstract

This paper is devoted to working out a set of focus areas for the development of the market for sports services in present-day conditions. The authors substantiate that the development of the market for sports services is crucial to the development of the nation and its human potential and requires the use of systematic approach across all of the key focus areas. The paper addresses the need for the government to create the necessary conditions that will facilitate the development of the nation's fitness and sports services industry. The authors establish that effective management of the fitness/sports movement at the level of regions and companies is all about competently allocating the funds outlaid toward fitness and sports and furthering the development of the nation's private sports services sector. The paper puts forth the suggestion that putting in place a system of sports services, and providing support for the existing one, in companies ought to include the initiation and development of sponsorship activity.

**Keywords:** Market; Sports services; Fitness; Sport; Business; Entrepreneurship.



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### 1. Introduction

The development of market relations in Russia has brought about the need to re-examine social services as a whole and fitness and sports in particular, both as a social institution and as a specific type of entrepreneurial activity aimed, on the one hand, at helping re-produce people, as society's main productive force, and maintaining their physical fitness and overall health, and, on the other, at helping uphold the nation's image through its athletes achieving success in the international arena.

Russia's fitness and sports industry is currently undergoing pro-found qualitative and structural transformations and faced with a plethora of issues related to funding, organization, and responsibility. Therefore, there is relevance in research into the potential and focus areas for employing economic mechanisms for the development of the domestic market for sports services.

The relevance and practicability of research into the issue of development of the market for sports services may also be due to the need to remediate the mismatch between the actual state of affairs and the ever-increasing requirements set by society for the quality of training for sports managers and for future specialists' level of preparedness for professional activity and its needs for highly qualified specialists with an extensive range of knowledge, abilities, and skills fully prepared for future managerial activity within the fitness and sports industry.

Research into issues related to the development of the market for sports services has found reflection in works by *Astashova Y. V. (2016)*, *Filippovich and Spryzhkova (2016)*, *Shinkevich and Nogumanov (2015)*, *Doshybekov et al. (2016)*, *Romanenkov et al. (2017)* and others. Summarizing the findings from research conducted by many different scholars bringing to light the essence of the fitness and sports industry and offering a variety of approaches to developing the sector helps conclude that the theoretical and practical aspects of regulating the market for sports services in present-day conditions represent quite a novel research area.

The literature offers little to no insight into the economic adaptation of the fitness and sports industry to the conditions of the market economy and into its efficiency in terms of predominant values, with there being a need to develop an integrated organization-al/economic mechanism that would underpin the operation of the market for sports services.

## 2. Methods

The study's methodological basis is grounded in the following general scientific methods: analysis and synthesis, employed to analyze existing theoretical and methodological approaches, tenets, and research solutions related to the development of the market for sports services; the structural/logical method, utilized to systematize the factors influencing the development of the fitness and sports industry; factor analysis, used to determine the effect of various factors on the level of consumer satisfaction with the quality of sports services.

The study's information basis is certain statutes, laws, and regulations, statistical materials from federal and local authorities, and research publications by domestic and foreign scholars related to issues of the development of the fitness and sports industry and that of the market for sports services in present-day conditions (Kozlov *et al.*, 2016), (Evens *et al.*, 2011), (Zavalko *et al.*, 2017).

The authors plan to develop as part of this study a set of techniques for helping boost the competitiveness of participants in the fitness and sports industry and provide a rationale for potential strategies to be adopted by participants in the market for sports services. In addition, there is the objective to substantiate a set of techniques for assessing the efficiency of activity by participants in the sports business and formulate a set of relevant mechanisms for the development of the market for sports services.

## 3. Results

The market for sports services is in need of immediate developing, which can be done only through working out relevant economic mechanisms of regulation. The paramount objective for the fitness and sports sector is to continually enhance the population's level of health and physical and spiritual development, further society's economic and social progress, and improve the nation's prestige in the international arena.

It has been projected that the problem of the nation's health and physical education of new generations may within the next few years reach strategic proportions, having to do with the prospects for national security and the country's nationhood.

The government is expected to stimulate the development of the fitness and sports sector through expanding the material/technical base, granting tax and credit concessions, and providing moral and material rewards to athletes, specialists within the sector, and other subjects of fitness/sports activity.

Administration within the fitness and sports industry factors in the following three components of efficiency: social, economic, and image-based. The social efficiency of fitness implies its effect in terms of enhancing people's health and keeping the nation's youth gainfully busy with a view to rebuilding the nation and reducing crime. It, first of all, is an alternative to unhealthy habits (e.g., drugs, tobacco, and alcohol), and is an alternative factor for boosting one's life-span. Second of all, fitness and sports are among the key factors for preparing quality human resources.

Economic efficiency implies generating profit off sports facilities and sports services. Sports services are a sphere of entrepreneurial activity that ensures jobs for people and helps fill the state budget via tax receipts. In terms of boosting economic efficiency, sport acts a factor of influence on labor productivity and the quality of man-power, which depends on people's attitude to life, their creative proactivity, and their physical and intellectual potential.

Image effectiveness implies improving the nation's image on the world stage. Considering that this investment area is being funded by the Russian government insufficiently at this time, it may help to galvanize work in this direction so as to remediate the nation's current lagging behind other advanced countries.

On the whole, the fitness and sports industry can be represented in several institutional manifestations which govern the correlation with society's life activity: leading a healthy lifestyle, as a component part of the health of nations and as the opportunity to restore one's physical condition and lifecycle; leisure, as a recreational component of people's pastime and the sphere of their hobbies; sports, as the standalone sphere of contests and athlete records, which operates as a separate social institution within the system of social relations; the commercial factor, which implies a particular business niche, an environment where to generate profit, and a special type of turnover, which implies the focus on particular services, special symbols, and prestige – an element of social production.

The simplest and most logical variant for the development of each of the stated segments within the sphere of fitness and sports is boosting government participation – above all, stepping up state funding and support through providing various tax and other concessions, engaging qualified professionals, and adopting long-term government programs.

It should be noted that the structure of interaction among and market relations' coverage of various participants may vary. The key elements of the market mechanism are sports clubs, as lucrative organizations which enable interaction with consumers and help determine the cost and quantity of services provided.

Evidence from practice indicates that demand, supply, and price are the key elements in the market for sports services, i.e. crucial components of the economic mechanism. Also, a key concept reflecting the essence of market relations is competition. In terms of the structural organization of the market for sports services, of determining significance is the number of producers of these services and the number of consumers who have taken part in the exchange process.

In existing conditions, a no-less important area for the development of the fitness and sports industry in its new specific manifestations is a certain, nominally established, commercial segment that allows for the creation and development of various wellness centers referred to as fitness clubs. They could be set up based on domestic and foreign capital.

Although the key objective behind the creation of this kind of clubs is generating profit, their effective role in ensuring physical health has, nonetheless, been substantiated and continues to grow today. Table 1 provides the

findings of the authors' analysis of consumer expenditure associated with doing sports in the Russian Federation (Table 1).

**Table-1.** Consumer Expenditure on Goods and Services Associated with Doing Sports in the Russian Federation, 2017

Item	Action	% of respondents	Average spent per person, rubles
Sporting apparel and footwear	bought	33.1	4,683
	did not buy	60.9	-
	undecided	5.9	-
Sporting accessories and equipment	bought	10.0	5,909
	did not buy	85.2	-
	undecided	4.8	-
Fitness/sports services	bought	7.4	5,072
	did not buy	86.6	-
	undecided	6.0	-

As is evidenced from Table 1, there is currently an insignificant amount of activity on the part of the population with regard to using fitness and sports services. This, above all, is associated with people's low purchasing power. Considering the nation's current average household income, most common consumers can afford sports services only if the other family members pass a particular item up and agree to consolidate their funds in favor of just one of the family members.

This situation in the market for sports services is making Russian owners of fitness clubs pursue a more flexible policy with regard to their clients. In addition to traditional services, many clubs are introducing new types of service like yoga, dance-sport, mixed martial arts, aqua-fitness, kids' fitness, and solarium tanning.

This tactic makes it possible to not just bring in new clients into the club but also encourage existing ones to stay with it, as, for the most part, these programs are aimed at enhancing one's health and the effect does not take long to work.

Lately there have been witnessed positive dynamics with regard to government expenditure on the nation's spiritual and physical development. Yet, this appears not to be enough to meet all social needs. It is worth noting that the government does not actually have to take on all this expenditure. Considering that professional sport is mainly the focus of the well-off (owners of large companies), they are the ones who must take on the function of developing human resources for professional sports, i.e. engage in sponsor activity both in this area and in the area of ensuring the conditions for their own personnel to do fitness and sports.

Research indicates that sports organizations are organizational forms of meeting the need of the population for doing fitness and sports, the need of businesses for fostering a powerful image and building a team of fit staff members, and the need of the state for preserving and maintaining the nation's gene pool and fostering a positive status in the international arena. Thus, sport is a subsystem within the system of fostering a nation's competitiveness in the political and economic arena.

Currently, the key strategic objectives for restoring and reforming the fitness and sports sector are: boosting people's quality of life and level of health; ensuring maximum levels of people's fitness for work; preventing negative social phenomena on the part of youth; developing sports infrastructure, which should help attain a sports industry facilitative of a major economic effect.

However, it may help to first clearly establish the state's role and place with respect to fitness and sports, sports entrepreneurship, investment, and charity. All these areas for the development of fit-ness and sports are there, but there is some doubt as to the way they actually interact with each other. Table 2 displays the hierarchy of spheres of influence with regard to the development of Russia's fitness and sports sector.

## 4. Discussion

The reliability of the above approaches to developing the market for sports services in present-day conditions is substantiated by that sports organizations are a way to help maintain and enhance people's health and their ability to do work in a competitive environment. The key issue facing the nation's fitness and sports industry today is the lack of public funding and the need to seek out private financial sources to ensure support for the system and come up with new economic mechanisms of regulation, which could be possible based on a combination of government and market instruments (Astashova J. V. *et al.*, 2017), (Kosevich *et al.*, 2016).

There is a need for wide public promotion of a healthy lifestyle. It goes without saying these efforts should not be solely limited to commercials but include educative work as well.

**Table-2.** Structural Levels and Spheres of Influence in Respect of the Fitness and Sports Sector in the Russian Federation

Structural level	Spheres of influence
Government	- influencing the development of professional sports; - influencing the sphere of education and human resource training (managers; athletes); - employing the economic levers of influence (allocating funds out of the state budget; providing tax concessions to sponsor companies and sports institutions)
Company	- putting in place a system of sports services, and providing support for the existing one, in the company; - providing financial support for the development of fitness and sports in general (at the state level; providing support to athletes; creating children's sports institutions)
Public institution	- creating the conditions for talented athletes to do sports; - fostering the priority of the 'sport for all' concept through cultivating a solid material/technical base and building a dedicated team of specialists
Private institution	- generating profit by way of providing people with competitive sports services

The time has come for the government to facilitate the creation of regional and all-Russian fitness movement federations, which could serve as a generator of these processes, given that the government and society appear to be unable to control them today on their own.

In addition, the government ought to provide some concessions to sports businesses, as by helping recover and maintain the nation's human resource potential the sports business thus helps free up some of the state's financial and material resources. Developing the sports business will benefit the government in a number of ways at once, namely: reduced state expenditure on fitness (associated with funding various fitness/sports programs at the state and local level); the development of the socially significant sphere of entrepreneurial activity, which should help revitalize the population and create new jobs; the sports business helping boost tax receipts into the budgets at all levels.

In a climate of competition within the sports business sector, it is important to ensure that sports services are attractive to the population, i.e. they are competitive. Sports institutions oriented toward generating profit ought to analyze and explore the needs of consumers and try to offer them higher-quality services as opposed to their competition. They are expected to employ a system of indicators and a methodology that would enable them to assess the competitiveness of a particular sports service.

The competitiveness of a sports service implies its ability to occupy and retain a position in the market for sports services within

a stated time period while competing with similar services. However, for the time being researchers have yet to produce a full-fledged approach to establishing a set of indicators for assessing the competitiveness of services, including sports services. If organized properly and managed competently, the use of market forms and ways of popularizing and cultivating fitness and sports could be considered as commercially lucrative, with much social benefit and significance for the state.

When it comes to putting together a mechanism for the development of the services market, it may help to concretize the fact that the sphere of providing sports services is a production sphere, and production implies certain means and objects of production. The object of labor in the sphere of service provision is the actual service. Therefore, well-substantiated pricing within the sphere of sports services is crucial for the development of the fitness and sports sector and it needs further research.

## 5. Conclusion

To sum up, development of the market for sports services is crucial to the development of the nation and its human potential and re-quires the use of a systematic approach across all of the key focus areas.

The first area is centered on the idea that the government ought to create the necessary conditions that will facilitate the development of the nation's fitness and sports services industry. The second area implies effective management of the fitness/sports movement at the level of regions and companies, which is about competently allocating the funds outlaid toward fitness and sports and furthering the development of the nation's private sports services sector.

Putting in place a system of sports services, and providing support for the existing one, in companies ought to include the initiation and development of sponsorship activity. Another suggestion is to put in place an effective framework for the use of progressive methods of work at the level of a particular sports organization, which would enable providing sports services that would meet people's needs both in price and in quality. This focus area could be implemented through working out special mechanisms for pricing sports services, assessing their quality and competitiveness, and aligning the market for sports services with people's purchasing power.

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