

An evaluation of the NBA's Business Model and Market Strategies in China

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Abstract:

This study looks at the NBA's business model and market strategies in China. The focus is on the celebrity effect and revenue diversification. Both secondary sources and a survey of 45 respondents are used. Data are analyzed with descriptive statistics, Pearson correlation, and multiple regression. Results show that celebrity influence strongly raises purchase willingness. Frequent viewership also increases purchase willingness. Revenue diversification provides stability, but it has a less significant impact on consumer behavior. Digital platforms help the NBA reach young fans and expand exposure, but they do not raise purchase willingness much. The findings suggest that the NBA's growth in China relies more on star-driven marketing. At the same time, digital transformation and local cooperation are key to long-term success.

Keywords: Sports Economics, Consumer Demand, Price Discrimination, Marketing Mix, Celebrity Effect, Digital Transformation, China Market

1. Introduction

The NBA (National Basketball Association), established in 1946, is one of the most popular sports leagues in the United States (Statista, 2023)(see Figure 1). Renowned for its astute brand positioning and exceptional marketing capabilities, the league has

crafted a distinct business model. Although the NBA is not the most-watched league in North America, it stands as one of the most global and influential professional sports organizations in the world. Its games are broadcast in more than 40 languages across over 200 countries and regions(NBA, 2019).

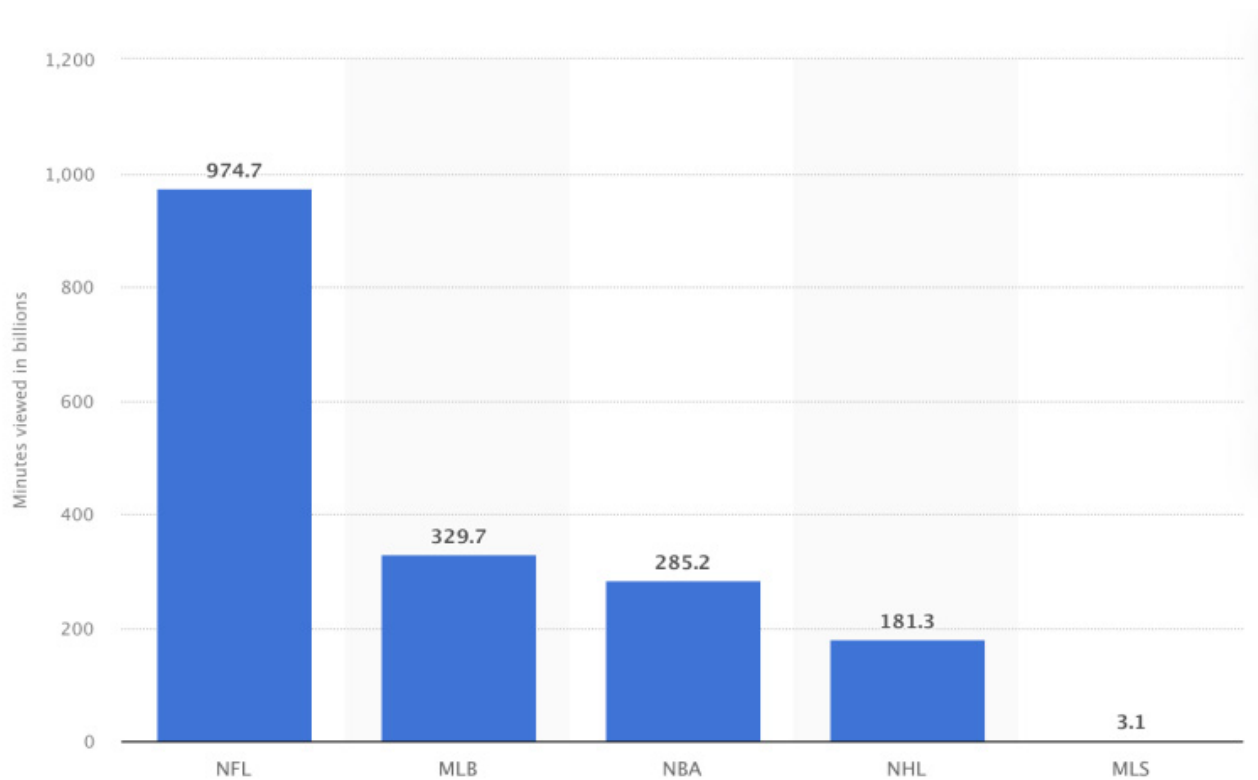


Figure 1: Most watched sports leagues in the United States in 2023, by minutes watched (Gough, 2024).

With its vast population and rapidly growing economy, China has become one of the NBA's most important international markets. The league's formal partnership with China Central Television (CCTV) in the early 1990s marked the beginning of a systematic effort to expand into the Chinese market. Over the past three decades, the NBA has worked diligently to adapt to local preferences by organizing basketball events tailored to Chinese audiences and integrating seamlessly into the country's digital ecosystem. These efforts have enabled the NBA to amass a vast fanbase in China. According to The New York Times, China has become the NBA's largest overseas market outside of its home territory in the United States.

This study aims to evaluate the NBA's business model and market strategy in China, analyze its performance, and explore effective ways to address the unique opportunities and challenges of the Chinese market. To present the research findings clearly and accurately, the study will begin with descriptive statistical analysis, followed by more in-depth stages, including Pearson correlation analysis and multiple regression analysis, supplemented with data visualization techniques. First, the NBA's market strategy and business model in China will be examined through the lens of the 4Ps theory. Next, the study will summarize the NBA's overall performance in China and offer actionable recommendations to support its long-term sustainability

goals.

2. Literature Review

2.1 Success and failure of the NBA's breakthrough into China

Since 2008, the NBA has seen double-digit annual growth in its business in China, with approximately 800 million people watching NBA games through various channels, laying the foundation for the league's success in the country (TIME, 2019). By partnering with Chinese companies, the NBA further integrated into the local market, boosting its brand awareness (NBA, 2024). However, the NBA's collaborations with platforms like Tencent and its partnership with CCTV have played an even more significant role in promoting basketball culture in China (Zhou et al., 2017).

The NBA's success in China has largely relied on local partners such as Tencent and CCTV (Abdourazakou et al., 2019). However, this dependency has limited its flexibility in managing risks (Jiemian News, 2024). In 2019, comments made by the general manager of the Houston Rockets regarding Hong Kong sparked strong backlash from Chinese audiences, leading CCTV and Tencent to suspend NBA broadcasts. This event affected the development of

NBA games and related commercial activities in China (Tran, 2024).

Although the NBA's success in China is often viewed as a model for globalization, the suspension of broadcasts by Tencent and CCTV highlighted the NBA's limited control over the Chinese market. Furthermore, the NBA's delayed response to cultural conflicts, particularly on politically sensitive issues, drew criticism. This incident serves as a cautionary tale for other international brands, reminding them to be more cautious when addressing similar challenges.

2.2 Price Discrimination

Price discrimination refers to the practice of setting different prices for the same goods or services based on variations in consumers' willingness to pay or prevailing market conditions, aiming to maximize profits (Pigou, 1920).

Multi-Tier Pricing for Broadcast Content

The NBA collaborates with digital platforms to offer consumers a range of viewing options. Free content helps attract potential fans and increases brand exposure, while premium subscriptions cater to core fans seeking high-definition live streams and post-game analyses (Forbes, 2019). This differentiated approach allows the NBA to optimize revenue generation (Robinson, 1933). However, while this pricing model enhances income, it risks widening socio-economic disparities as lower-income consumers may be unable to afford premium services (Kotler & Keller, 2016).

Price Stratification in Merchandise Sales

By leveraging demographic data (ANT GROUP), the

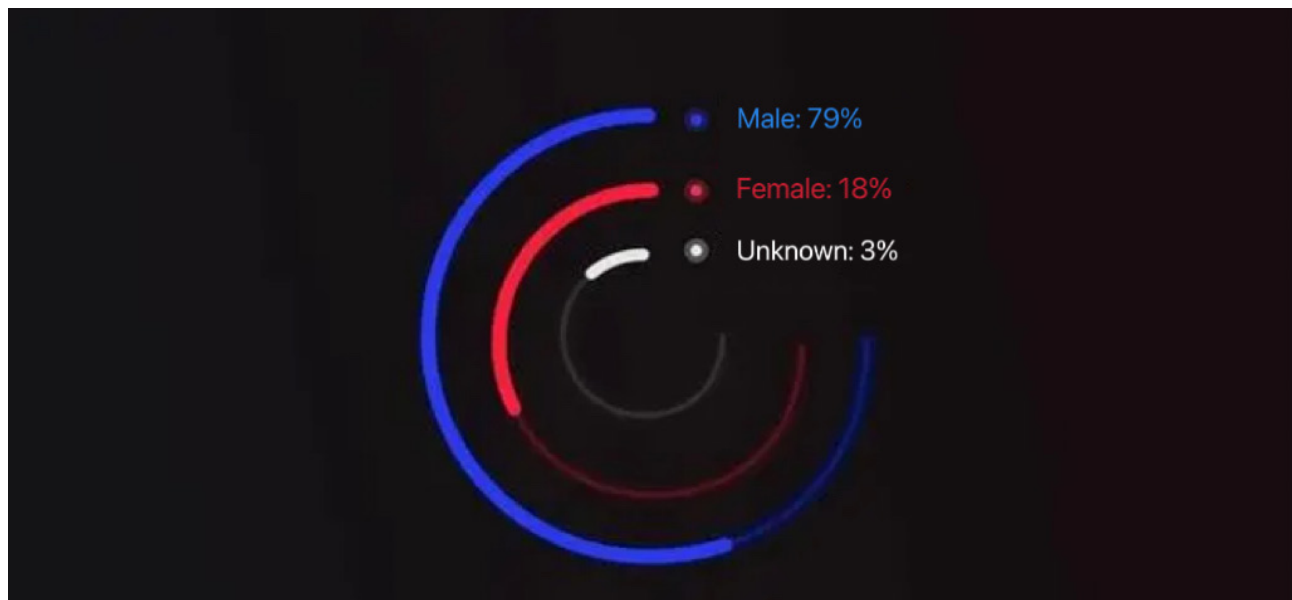
NBA tailors pricing strategies to individual fans, offering personalized options (Stiglitz & Salop, 1977) and providing greater choice. However, stratified pricing may dilute the brand, raising questions about consumers' perception of the value of NBA products (Keller, 1993). As such, while price stratification boosts sales, its long-term implications for brand loyalty and market positioning are complex.

The NBA's use of multi-tier and stratified pricing effectively maximizes revenue but requires a delicate balance to appeal to diverse customer segments. At the same time, it is critical to address potential ethical risks, ensuring that such strategies do not harm the brand's reputation or weaken customer loyalty.

2.3 Consumer Behavior

Consumer behavior refers to the actions and decision-making processes of individuals or groups in acquiring, using, and disposing of goods, services, ideas, or experiences (Engel et al., 1995).

NBA and Young Chinese Audiences^[17]_[SEP]The majority of the NBA's audience in China consists of young men (See Figure 2) aged 18-35 (See Figure 3), primarily from lower-tier cities (See Figure 4) (Tencent, 2020). These fans strongly identify with and admire the NBA brand and its culture. While the NBA has been successful in attracting young viewers, it has become overly reliant on a specific customer segment. Additionally, young consumers tend to prefer short videos, with relatively low average viewing durations.

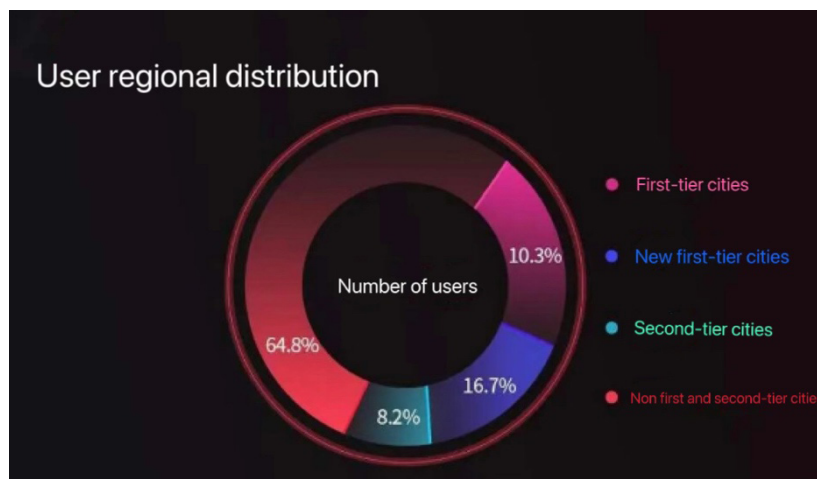


The representation of different gender groups in the NBA's Chinese market.

Figure 2: Gender Distribution of NBA Viewers in 2023 (Tencent, 2020)



The proportion of different age groups in the NBA's Chinese market
 Figure 3: Age Distribution of NBA Fans in China in 2023 (Tencent, 2020)



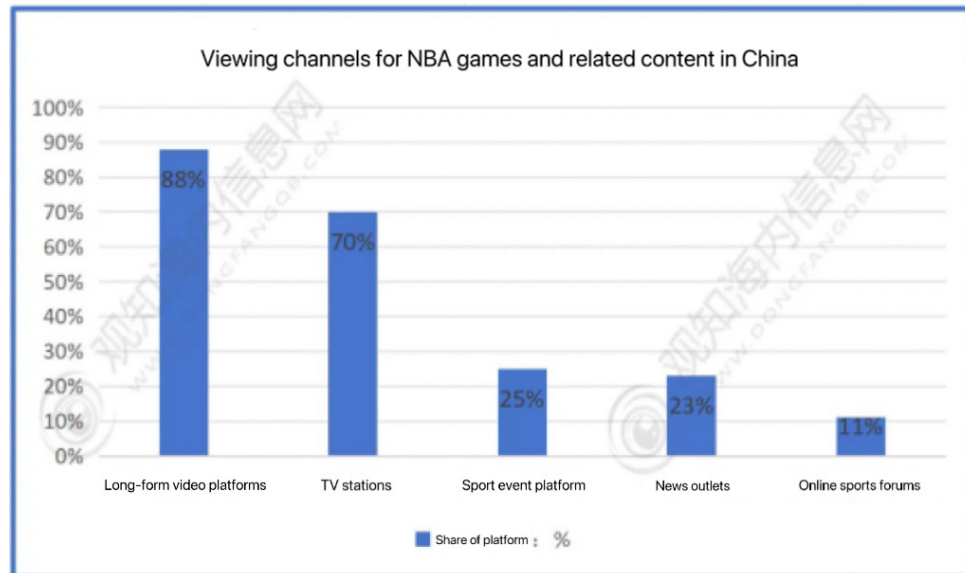
The market share of users in different cities within the NBA's Chinese market.
 Figure 4: Regional Distribution of NBA Viewers in 2023 (Tencent, 2020)

The Role of Digital Platforms

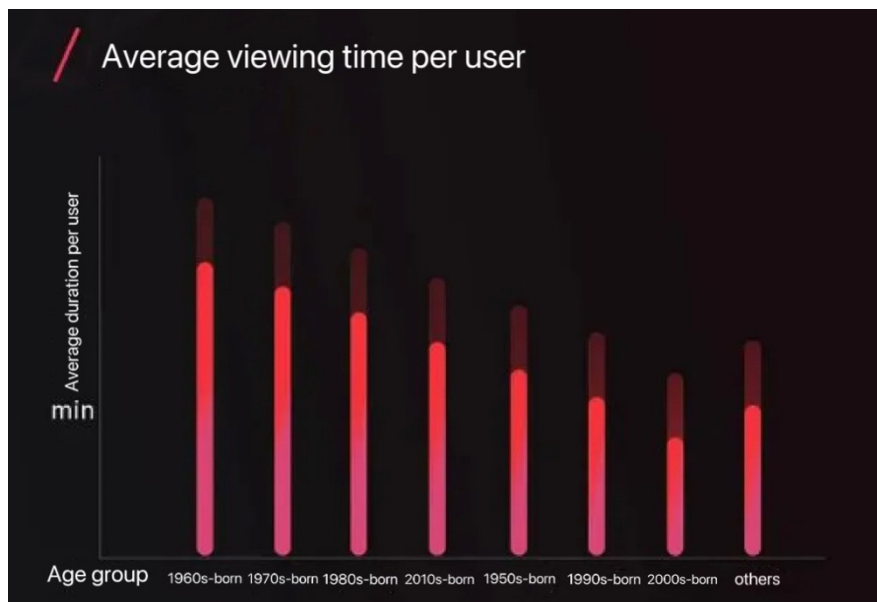
The NBA leverages platforms such as Tencent Sports and Douyin (See Figure 5) to release short videos (See Figure 6) and live streams, catering to fans' demand for quick

updates and interactive engagement (Marketing China, 2020). While this strategy helps strengthen the emotional connection between fans and the NBA (Keller, 1993), heavy reliance on a few dominant platforms exposes the

NBA to regulatory risks.



The distribution of different viewing channels for the NBA in the Chinese market.
Figure 5: Channels to watch NBA events and related content in China(DONGFANGOB)



The average viewing time per person of the NBA in the Chinese market across different age groups.

Figure 6: Viewing Duration by Age Group of NBA Viewers in 2023 (Tencent, 2020)

The NBA's consumer strategy aligns well with audience trends but still faces challenges: an over-focus on young digital audiences risks alienating traditional viewers, neglecting opportunities in rural markets, and the dependency on platforms affects adaptability.

2.4 Marketing Strategy & Business Model

Jin (2021) asserts that the NBA's success is largely driven by the celebrity effect. NBA stars such as Michael Jor-

dan and LeBron James have significantly increased the league's global visibility, bringing enormous commercial value. This view is supported by Lyu (2023), who further emphasizes that the NBA's success in promoting merchandise sales and increasing revenue is largely due to the strategic use of celebrity athletes. This shows that the celebrity effect is an indispensable part of the NBA's business model.

Wang (2023), however, argues that the diversification

of revenue sources is key to the NBA's market strategy. Wang (2023) analyzes how the NBA has stabilized its core income through broadcast rights, ticket sales, and advertising, providing a solid financial foundation for its development. While revenue diversity is crucial, digital transformation is becoming an increasingly significant contributor to NBA revenue (Lyu, 2023). For example, the league has enhanced player-fan interaction through online media platforms, fostering greater fan identity and a sense of belonging.

In conclusion, the NBA's success can be attributed to a combination of factors. The celebrity effect has played a significant role in attracting a larger audience and increasing financial investment, thereby enhancing its commercial value. Simultaneously, the league's traditional advantage of revenue diversification has provided a stable foundation for sustained growth. However, to remain competitive, the NBA must continue adapting to the evolving demands of the digital age in order to better align with shifting trends in the Chinese market and the preferences of Chinese consumers.

2.5 Research gap

Existing research on the NBA's presence in the Chinese market has certain limitations. Much of the focus has been on macro-level analysis, with insufficient exploration of specific consumer segments and the brand's localization strategies, particularly the roles of star power and revenue diversification in driving success. Furthermore, a heavy reliance on secondary data has constrained the depth and accuracy of these studies. To address these gaps, this study will collect primary data through surveys to comprehensively examine the factors driving the NBA's growth in China. This approach aims to provide deeper insights into whether the NBA's success stems from its star appeal or traditional advantages such as revenue diversification, offering valuable practical references for international brands.

3. Methodology

3.1 Secondary Research:

This study analyzes the historical development, business model, and market strategies of the NBA in the Chinese market through a review of existing literature and business reports. It also explores the successes and challenges the NBA has faced in China. The secondary data provides the theoretical foundation and background information for the questionnaire survey, making the research more comprehensive and in-depth.

3.2 Sources of Secondary Data and Research

Content:

- 1 NBA Official Annual Reports: Analyzing the NBA's brand strategy and revenue model in the Chinese market.
- 1 Industry Analysis Reports: Studying the overall trends of the Chinese sports market and basketball culture.
- 1 Literature Review: Reviewing theories such as the celebrity effect and digital transformation, which serve as the basis for the research hypotheses.

3.3 Questionnaire Survey

Objective: To explore whether the celebrity effect enhances brand loyalty towards the NBA, analyze the correlation between consumer purchase intent and viewing behavior, and investigate the impact of digital platforms on the NBA's brand communication.

3.4 Structure:

- 1 Demographic Information: Collecting basic data such as age and gender to analyze the NBA's target audience.
- 1 Brand Attractiveness: Evaluating the appeal of the brand based on factors like celebrity influence and game quality.
- 1 Consumer Behavior: Asking about viewing frequency, purchase intent, and willingness to pay.
- 1 Digitalization and Marketing Strategies: Understanding the impact of platforms like short videos and social media on consumer behavior.
- 1 Data Collection: The questionnaire survey was conducted online, with a total of 45 valid responses collected.
- 1 Data Analysis: After data collection, the results were analyzed using Pearson Correlation Analysis and Multiple Regression Analysis to provide primary data support for a comprehensive analysis of the NBA's business model and strategies in China.

3.5 Data Analysis

In the NBA survey, only data relevant to the research objectives is collected, and through anonymization, respondents' information is made untraceable, ensuring effective protection of their privacy.

3.6 Basic Analysis

The basic analysis extracts key trends from the survey data using simple statistical descriptions and visualization tools. For example, pie charts and bar graphs are used to analyze respondents' age and gender distribution, brand contact channels (Question 3), and brand appeal (Question 5), laying the foundation for further research.

3.7 Advanced Analysis

Advanced analysis involves Pearson Correlation and Multiple Regression to examine relationships between variables and test research hypotheses.

First, Pearson Correlation is used to test the hypothesis that “NBA’s success in China depends on celebrity influence,” by analyzing whether the celebrity effect (Question 6) significantly impacts consumers’ purchase intentions (Question 7), and calculating the correlation between celebrity effect and purchase intention. The model formula is as follows:

$$\text{Purchase Intent} = \beta_0 + \beta_1 \times \text{Celebrity Effect} + \epsilon$$

Where β_1 represents the influence of the celebrity effect on purchase intention. This analysis helps reveal the role of NBA stars in brand promotion and product sales.

For the hypothesis that “NBA’s success in China depends on diversified revenue sources,” the data analysis covers multiple dimensions. First, Pearson Correlation is used to analyze the linear relationship between viewing frequency (Question 4) and willingness to pay (Question 9). This initial test examines whether consumers’ frequency of watching NBA games affects their willingness to pay.

Here, X represents the viewing frequency score, and Y represents the willingness to pay score.

To further explore how media channels affect willingness to pay, a multiple regression model is constructed, including short video platform usage (Question 3) as an independent variable:

$$\text{Willingness to Pay} = \beta_0 + \beta_1 \times \text{Viewing Frequency} + \beta_2 \times \text{Short Video Usage} + \epsilon$$

Next, multiple regression is used to explore the impact of willingness to pay for watching NBA games (Question 9) and preferred ways to support the NBA (Question 10) on diversified revenue sources (Question 14). Willingness to pay and support methods are treated as variables to analyze their impact on the NBA’s diversified revenue.

The regression model is: $Y = \beta_0 + \beta_1 \times 1 + \beta_2 \times 2 + \epsilon$

This analysis helps assess the performance of the NBA’s diversified revenue in the Chinese market and provides a basis for optimizing marketing channels.

The methods and processes of data analysis are designed to uncover the key factors behind the NBA’s success in China, providing solid support for research conclusions. By estimating and testing the above models, the impact of each key factor on the NBA’s brand loyalty and consumer behavior in China can be assessed. For example, if the

celebrity effect and short video platform usage both significantly enhance purchase intentions, the NBA can further strengthen celebrity endorsements and digital content marketing. If viewing frequency and willingness to pay are positively correlated, the NBA can adopt more aggressive market strategies.

3.8 4Ps Marketing Mix Analysis

To analyze the NBA’s strategy in the Chinese market, we use the 4Ps marketing model (Product, Price, Place, Promotion):

Product:

Data is collected through surveys on the NBA’s core products in the Chinese market, including games, merchandise, and online services, to evaluate their market appeal.

Price:

Consumers’ views on the pricing of NBA products and services are examined through surveys, and the findings are combined with secondary data to assess the adaptability of the NBA’s pricing strategy.

Place:

Survey data is used to analyze the primary channels through which audiences engage with the NBA, while secondary data is utilized to evaluate the suitability of the NBA’s distribution channels in the Chinese market.

Promotion:

The relationship between the celebrity effect and promotional strategies is analyzed based on survey data to assess the influence of NBA stars on brand loyalty and consumer purchasing behavior.

4. Result

A total of 45 responses were collected. Among the respondents, the majority were teenagers, accounting for 62.22% of the total (see Figure 7). The male audience made up a significantly higher proportion, approximately three times that of females (see Figure 8). Additionally, respondents showed a strong preference for accessing NBA content through digital channels, particularly short video platforms (see Figure 9).

Age distribution of respondents to the NBA questionnaire

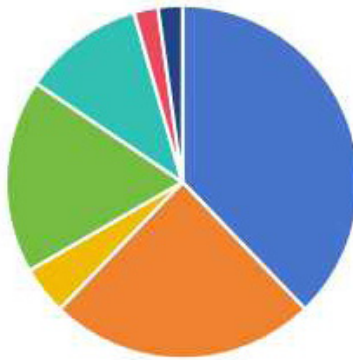


Figure 7: Age distribution of respondents to the NBA questionnaire

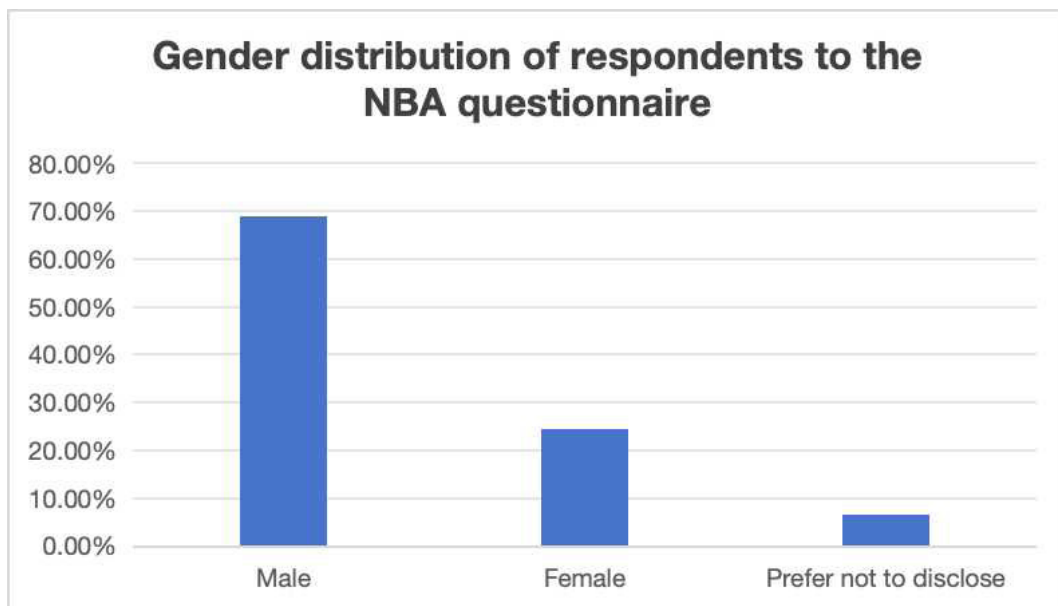


Figure 8: Gender distribution of respondents to the NBA questionnaire

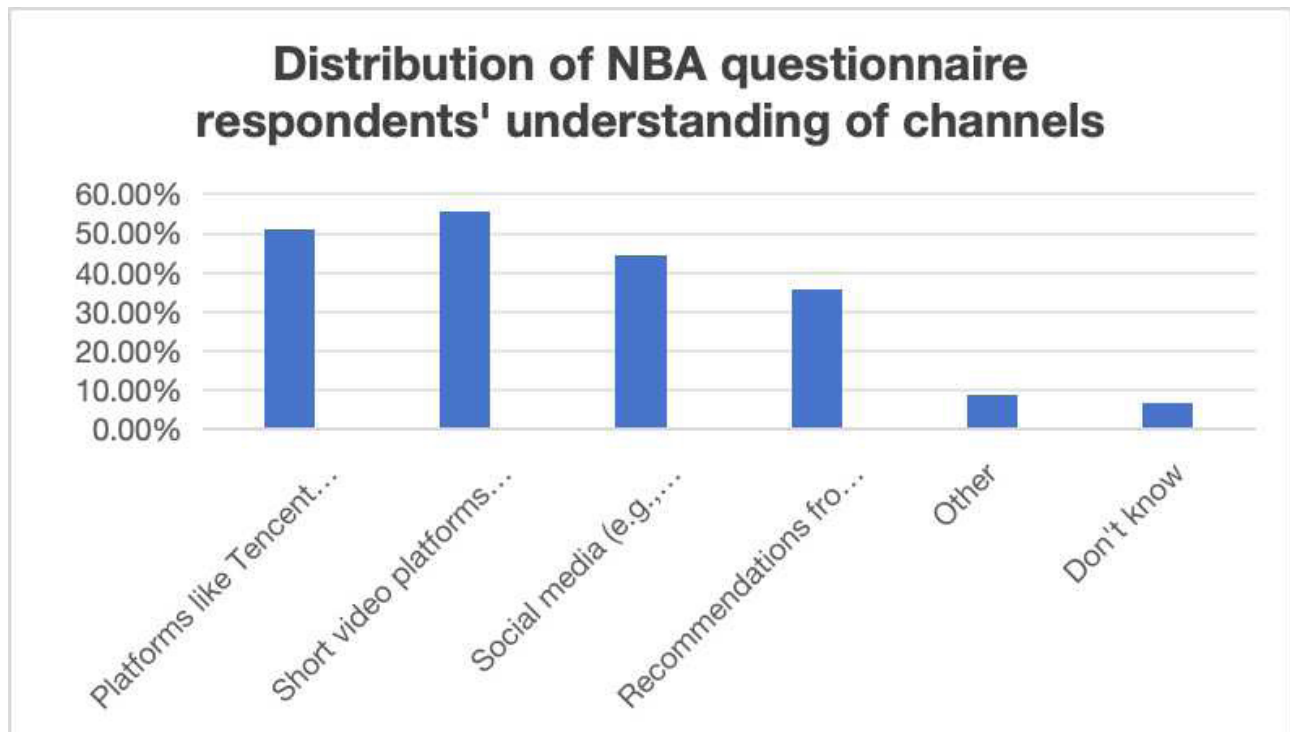


Figure 9: Distribution of NBA questionnaire respondents' understanding of channels

This study used Social Science Statistics software to apply two analysis methods, “Pearson Correlation” and “Multiple Regression Analysis,” to explore the factors contributing to the NBA’s success in the Chinese market.

4.1 Does the NBA’s success in China depend on the celebrity effect of its players?

The “Pearson Correlation” method was used to analyze whether the NBA’s success in China is influenced by the celebrity effect of its players. Figure 10 presents the data required for this hypothesis. The Pearson correlation coef-

ficient (r) indicates the strength of the linear relationship between variables; the closer the value is to 1 or -1, the stronger the correlation. The correlation coefficient between celebrity effect (X) and purchase intention (Y) was found to be 0.7654, showing a strong positive correlation. To further validate the statistical significance of this result, the p -value of r was calculated. The result indicated that the p -value was well below 0.01 (see Figure 11), suggesting a statistically significant correlation between celebrity effect and purchase intention (see Figure 12). This provides a crucial basis for explaining the NBA’s success in the Chinese market.

$X - M_x$	$Y - M_y$	$(X - M_x)^2$	$(Y - M_y)^2$	$(X - M_x)(Y - M_y)$
11.110	6.670	123.432	44.489	74.104
17.780	4.440	316.128	19.714	78.943
-4.440	6.670	19.714	44.489	-29.615
-15.560	-11.110	242.114	123.432	172.872
-8.890	-6.670	79.032	44.489	59.296
Mx: 20.000	My: 20.000	Sum: 780.420	Sum: 276.612	Sum: 355.600

Result Details & Calculation*X Values*

$$\Sigma = 100$$

$$\text{Mean} = 20$$

$$\Sigma(X - M_x)^2 = SS_x = 780.42$$

Y Values

$$\Sigma = 100$$

$$\text{Mean} = 20$$

$$\Sigma(Y - M_y)^2 = SS_y = 276.612$$

X and Y Combined

$$N = 5$$

$$\Sigma(X - M_x)(Y - M_y) = 355.6$$

R Calculation

$$r = \frac{\Sigma((X - M_x)(Y - M_y))}{\sqrt{(SS_x)(SS_y)}}$$

$$r = 355.6 / \sqrt{(780.42)(276.612)} = 0.7654$$

Meta Numerics (cross-check)

$$r = 0.7654$$

Key

X: X Values

Y: Y Values

 M_x : Mean of X Values M_y : Mean of Y Values $X - M_x$ & $Y - M_y$: Deviation scores $(X - M_x)^2$ & $(Y - M_y)^2$: Deviation Squared $(X - M_x)(Y - M_y)$: Product of Deviation Scores

The value of R is 0.7654.

Figure 10: Pearson's correlation coefficient for celebrity influence and purchase intention r

R Score:

N:

Significance Level:

☐ 0.01

☐ 0.05

☒ 0.10

The P-Value is < .00001. The result is significant at $p < .10$.

Figure 11: Pearson's correlation coefficient between celebrity influence and purchase intention p

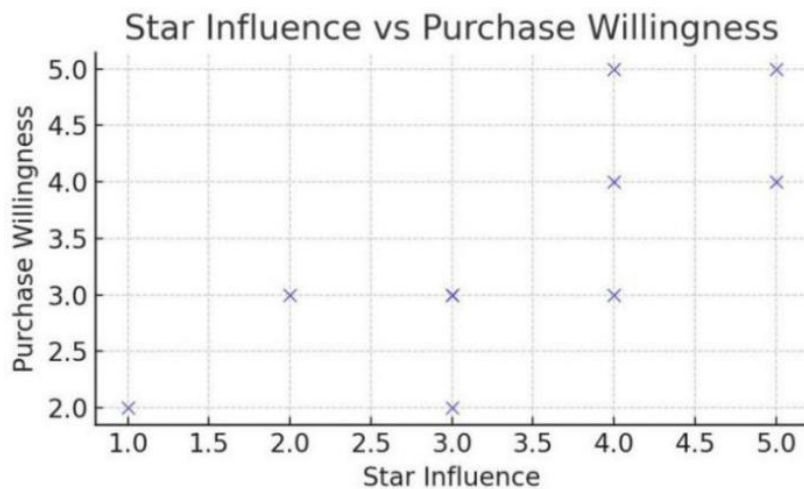


Figure 12: Celebrity Influence and Willingness to Purchase Data Chart

4.2 Does the frequency of NBA viewership influence consumers' willingness to pay?

Based on the Pearson correlation analysis of the frequency of NBA viewership (X) and willingness to pay (Y),

the study found a very strong positive correlation, with a correlation coefficient of 0.9351 (see Figure 13), close to 1 (see Figure 14). This indicates that the more frequently consumers watch NBA games, the stronger their willingness to pay (see Figure 15).

$X - M_x$	$Y - M_y$	$(X - M_x)^2$	$(Y - M_y)^2$	$(X - M_x)(Y - M_y)$
-17.780	-13.332	316.128	177.742	237.043
11.110	6.668	123.432	44.462	74.081
11.110	6.668	123.432	44.462	74.081
0.000	-2.222	0.000	4.937	0.000
-4.440	2.218	19.714	4.920	-9.848
Mx: 20.000	My: 20.002	Sum: 582.706	Sum: 276.523	Sum: 375.358

Result Details & Calculation X Values $\Sigma = 100$ Mean = 20 $\Sigma(X - M_x)^2 = SS_x = 582.706$ Y Values $\Sigma = 100.01$ Mean = 20.002 $\Sigma(Y - M_y)^2 = SS_y = 276.523$ X and Y Combined $N = 5$ $\Sigma(X - M_x)(Y - M_y) = 375.358$ R Calculation $r = \frac{\Sigma((X - M_x)(Y - M_y))}{\sqrt{(SS_x)(SS_y)}}$ $r = 375.358 / \sqrt{(582.706)(276.523)} = 0.9351$ Meta Numerics (cross-check) $r = 0.9351$	Key X: X Values Y: Y Values M_x : Mean of X Values M_y : Mean of Y Values $X - M_x$ & $Y - M_y$: Deviation scores $(X - M_x)^2$ & $(Y - M_y)^2$: Deviation Squared $(X - M_x)(Y - M_y)$: Product of Deviation Scores
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The value of R is 0.9351.

This is a strong positive correlation, which means that high X variable scores go with high Y variable scores

Figure 13: Pearson's correlation coefficient for the NBA Frequency and Willingness to Pay Calculator r

R Score:	0.9351
N:	45

Significance Level:

- ☐ 0.01
☐ 0.05
☒ 0.10

The P-Value is < .00001. The result is significant at $p < .10$.

Calculate

Figure 14: Pearson's correlation coefficient for the NBA Frequency and Willingness to Pay Calculator p

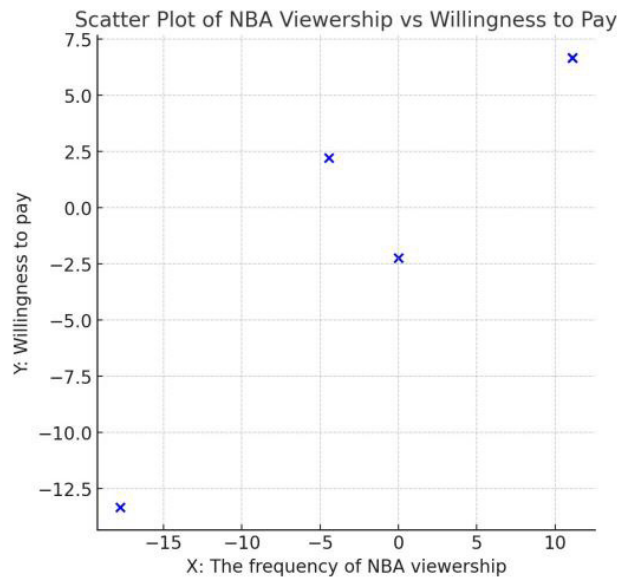


Figure 15: NBA Viewership Frequency vs Willingness to Pay

Furthermore, to explore the impact of communication channels, particularly short video platforms (X2), on consumers' willingness to pay (Y), a multiple regression analysis was conducted (see Figure 16). The results show that the regression coefficient β_1 for viewing frequency (X1) is 1, indicating a significant positive effect on willingness to pay. The regression coefficient β_2 for short video platform usage (X2) is 0 (see Figure 17). A β_2 value of 0 does not imply that the use of short video platforms has no effect, but rather that, within this regression model, the impact of short video usage on willingness to pay was not statistically significant (see Figure 18).

X1 Values	X2 Values	YValues
5	1	5
4	1	4
3	1	3
2	0	2
1	0	1
M: 3	M: 0.6	M: 3

Figure 16: NBA ratings and pay-per-view calculations data

Calculation Summary
Sum of $X_1 = 15$
Sum of $X_2 = 3$
Sum of $Y = 15$
Mean $X_1 = 3$
Mean $X_2 = 0.6$
Mean $Y = 3$
Sum of squares (SS_{X1}) = 10
Sum of squares (SS_{X2}) = 1.2
Sum of products (SP_{X1Y}) = 10
Sum of products (SP_{X2Y}) = 3
Sum of products (SP_{X1X2}) = 3
Regression Equation = $\hat{y} = b_1X_1 + b_2X_2 + a$
$b_1 = ((SP_{X1Y}) * (SS_{X2}) - (SP_{X1X2}) * (SP_{X2Y})) / ((SS_{X1}) * (SS_{X2}) - (SP_{X1X2}) * (SP_{X1X2})) = 3/3 = 1$
$b_2 = ((SP_{X2Y}) * (SS_{X1}) - (SP_{X1X2}) * (SP_{X1Y})) / ((SS_{X1}) * (SS_{X2}) - (SP_{X1X2}) * (SP_{X1X2})) = 0/3 = 0$
$a = M_Y - b_1M_{X1} - b_2M_{X2} = 3 - (1*3) - (0*0.6) = 0$
$\hat{y} = 1X_1 + 0X_2 + 0$

Figure 17: NBA ratings and pay-per-view calculations β_1 and β_2

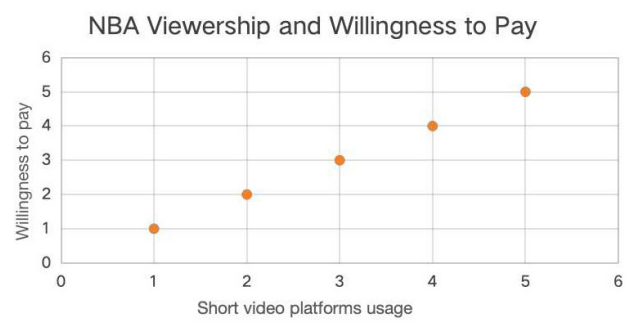


Figure 18: NBA Viewership and Willingness to Pay

4.3 Does the NBA's success in China rely on the traditional advantage of revenue diversification?

In analyzing whether the NBA's success in China depends on the traditional advantage of diversified revenue streams, the regression equation included three variables: X1 represents the NBA's traditional advantage of revenue diversification, X2 represents the preferred methods of consumer support for the NBA, and Y represents willingness to pay for watching NBA games. Willingness to pay (Y) was coded using a 5-point scale, where 5 = very

willing, 4 = somewhat willing, 3 = neutral, 2 = somewhat unwilling, and 1 = completely unwilling (see Figure 19). The regression analysis showed a negative correlation between willingness to pay for watching NBA games (X1) and the traditional advantage of revenue diversification, with a regression coefficient of $b_1 = -10.18$ (see Figure 20). This suggests that as willingness to pay increases, consumers place less importance on the traditional advantage of revenue diversification. This negative correlation may be influenced by other factors.

X1 Values	X2 Values	Y Values
0.4222	0.8667	5
0.2444	0.3333	4
0.2444	0.3333	3
0.2222	0.2889	2
0.2889	0.1333	1
M: 0.2844	M: 0.3911	M: 3

Figure 19: Revenue Diversification in the NBA, How Consumers Support the NBA, and Willingness to Pay by the Numbers

Calculation Summary
Sum of $X_1 = 1.4221$
Sum of $X_2 = 1.9555$
Sum of $Y = 15$
Mean $X_1 = 0.2844$
Mean $X_2 = 0.3911$
Mean $Y = 3$
Sum of squares (SS_{X1}) = 0.0261
Sum of squares (SS_{X2}) = 0.3098
Sum of products (SP_{X1Y}) = 0.2888
Sum of products (SP_{X2Y}) = 1.5112
Sum of products (SP_{X1X2}) = 0.0754
Regression Equation = $\hat{y} = b_1X_1 + b_2X_2 + a$
$b_1 = ((SP_{X1Y})(SS_{X2}) - (SP_{X1X2})(SP_{X2Y})) / ((SS_{X1})(SS_{X2}) - (SP_{X1X2})(SP_{X1X2})) = -0.02/0 = -10.17519$
$b_2 = ((SP_{X2Y})(SS_{X1}) - (SP_{X1X2})(SP_{X1Y})) / ((SS_{X1})(SS_{X2}) - (SP_{X1X2})(SP_{X1X2})) = 0.02/0 = 7.3535$
$a = M_Y - b_1M_{X1} - b_2M_{X2} = 3 - (-10.18*0.28) - (7.35*0.39) = 3.01808$
$\hat{y} = -10.17519X_1 + 7.3535X_2 + 3.01808$

Figure 20: NBA Revenue Diversification, How Consumers Support the NBA, and Digital Willingness to Pay β_1 and β_2

On the other hand, the preferred ways of consumer support for the NBA (X2) showed a positive correlation with the traditional advantage of revenue diversification, with a regression coefficient of $b_2 = 7.35$ (see Figure 12). This indicates that consumers who support the NBA through diverse channels such as subscription platforms and merchandise purchases may value the traditional advantage of revenue diversification more in contributing to the NBA's success (see Figure 21).

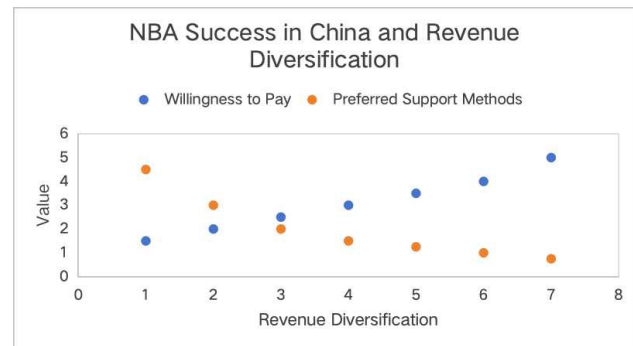


Figure 21: NBA Success in China and Revenue Diversification

Based on the analysis of the data above, the NBA's success in the Chinese market is significantly positively correlated with the celebrity effect of its players. Viewing frequency has a positive impact on consumers' willingness to pay. Additionally, while the traditional advantage of revenue diversification is not the decisive factor in the NBA's success, how different consumers support the league may influence their perception of the importance of the traditional advantage of revenue diversification.

5. Discussion

5.1 The overall performance of the NBA in China

This study analyzes the NBA's success in China through the lens of the 4Ps marketing theory. The NBA enjoys significant influence in the Chinese market, largely driven by star power (86.67%) and high-level competition. Short-form video platforms and social media have helped attract a vast young fan base, yet their willingness to pay remains low, with only 33.34% willing to spend on content. Sensitivity to pricing is evident, as 51.11% of respondents perceive merchandise and ticket prices as too high. Despite progress in digital transformation, there is still room for improvement in enhancing interactive content, reducing subscription fees, and strengthening online community engagement. Meanwhile, challenges such as piracy (51.11%) and competition from local leagues (17.78%) persist. For the NBA in China, the celebrity effect primarily serves as a marketing strategy to influence

consumer behavior and expand the market, while revenue diversification is the business model that allows the NBA to maintain long-term profitability.

5.2 4Ps

This study will analyze the NBA's market strategy and business model in China through the 4Ps model.

Product

The NBA's core product is closely tied to the influence of its star players, especially among younger consumers, where the appeal of these players directly drives the sales of merchandise such as jerseys and sneakers. According to our survey, 62.22% of respondents were teenagers, and their reliance on star players increased their willingness to purchase related products. Iconic players like Michael Jordan and LeBron James not only boosted the NBA's brand recognition but also drove the demand for associated products. Research indicates that the celebrity effect is a key driver of the NBA's success, helping the NBA build brand loyalty and expand its market share in China.

The NBA also benefits from a diversified revenue model, such as merchandise sales and licensing agreements, providing a stable income source that strengthens market resilience. This approach not only supports the growth of the NBA brand but also ensures its long-term profitability.

Price

The celebrity effect not only elevates the NBA's brand value but also plays an important role in consumer behavior and market expansion. Data shows that consumers who frequently watch the NBA are more willing to pay a premium for products related to star players (correlation coefficient 0.9351). This suggests that fans' emotional attachment to players reduces their price sensitivity. This finding supports Keller's (1993) theory that emotional attachment enhances brand value and aligns with Wang's (2015) view that the NBA's revenue diversification increases pricing flexibility.

The celebrity effect is a successful marketing strategy that influences consumer behavior and expands market coverage. Through this strategy, the NBA can amplify its influence in the Chinese market. On the other hand, revenue diversification provides a solid foundation for the NBA's business model, reducing reliance on a single income source and helping the NBA maintain relatively stable profits amid market fluctuations.

Channels

While short video platforms are considered an important revenue driver for the NBA, analysis reveals that the use of short videos has not significantly affected consumers' willingness to pay. This does not mean that digital media is becoming less important; in fact, survey data shows that fans are more likely to watch and discuss NBA content via digital platforms, which helps enhance brand exposure and increase fan engagement, thereby strengthening the

celebrity effect. Therefore, digital transformation remains a key strategy for the NBA.

The celebrity effect plays a central role in driving consumer behavior and market expansion, as fans' emotional attachment to star players makes them more willing to purchase related products, thereby driving the growth of the NBA brand and revenue. Meanwhile, advertising and streaming revenue generated from digital platforms provide additional profit sources for the NBA. However, as Lü (2023) mentioned, while digital channels are crucial, it is equally important to balance the use of traditional media and digital platforms, as over-reliance on a single platform may present risks.

Promotion

The NBA's promotional strategy largely depends on the celebrity effect, with star players playing a key role in consumer purchase decisions. Through advertising, sponsorships, and brand collaborations, the NBA leverages the fame of athletes to expand brand influence and attract more consumers. Furthermore, the NBA engages with fans through short video platforms, strengthening its connection with consumers and further boosting brand loyalty. This strategy aligns with Keller's (1993) emphasis on the role of celebrity endorsements and is consistent with Lü's (2023) findings, which suggest that celebrity endorsements help enhance the NBA's global influence.

However, over-reliance on the celebrity effect may limit the potential for brand diversification. While the celebrity effect is highly effective in market expansion and attracting consumers, sustainable long-term growth requires more attention to revenue diversification. By strengthening other income sources, such as merchandise sales and sponsorship agreements, the NBA can build a more stable business model and maintain its competitive edge. A well-rounded promotional strategy will help the NBA better adapt to diverse market demands, driving long-term success.

5.3 Suggestions for Supporting the NBA's Sustainable Development in China

Leverage Celebrity Influence in Marketing

The NBA's success in China is closely tied to the celebrity effect of its players, especially among younger consumers, where the influence of stars significantly boosts purchasing intent. The NBA can enhance partnerships with players by increasing their exposure and leveraging their personal charisma to drive product sales. Additionally, the NBA can stimulate the buying desire of young consumers by securing more celebrity endorsements and brand collaborations.

Optimize the Use of Digital Channels

Research shows that respondents prefer accessing NBA content through short-video platforms. Although

short-video platforms have little direct impact on payment willingness, they are still crucial for increasing brand exposure and interacting with fans. Therefore, the NBA should continue investing in digital channels to push forward its digital transformation. By using short videos, social media, and live-streaming platforms to enhance fan engagement, improve content quality, and ensure the accuracy of information, the NBA can increase brand loyalty. At the same time, it should avoid over-relying on a single platform to ensure the diversity and stability of brand communication.

Diversify Revenue Streams to Ensure Long-Term Profitability

The NBA's success relies not only on celebrity influence but also on the diversification of its revenue streams. The NBA should place more emphasis on diversifying its income sources, particularly in the Chinese market. Through avenues like merchandise sales and sponsorships, the NBA can reduce dependence on a single revenue source and ensure a stable income stream. Attracting more young consumers to interact with the brand through various channels will help the NBA achieve sustainable growth in China.

Optimize Promotional Strategies and Partnerships

While the NBA's promotional strategies are largely reliant on celebrity influence, over-dependence on this can limit brand diversity. Therefore, the NBA should deepen joint marketing efforts with partners, particularly local businesses, brands, and online platforms, launching targeted promotional campaigns for different market segments. By collaborating with multiple partners to promote the brand, the NBA can attract a wider range of consumers, increase brand exposure, and expand its market share.

Strengthen Emotional Connections with Young Consumers

Young consumers are the primary demographic for the NBA in China, and they have a strong emotional attachment to the league, with celebrity influence significantly affecting their purchasing decisions. Therefore, the NBA should use emotional marketing to build a closer connection with this group. In addition to celebrity endorsements, the NBA can launch more interactive activities and products targeted at teenagers through social media and digital platforms, strengthening their brand identification and cultivating long-term consumer loyalty.

6. Evaluation:

6.1 Limitations

This study collected 45 survey responses, which represent a relatively small sample size that may not fully capture the diversity of NBA viewers in China, particularly in terms of age, gender, and regional distribution. This limits

the generalizability of the findings and may affect a comprehensive assessment of the factors behind the NBA's success in the Chinese market. The study may have overly emphasized the role of partnerships and celebrity effects while neglecting the complexity of the Chinese market. For instance, while the NBA has had some success in localizing content, there is still insufficient research on adapting to regional cultures and understanding consumer behaviors. Additionally, although digital platforms are attractive to younger audiences, more work is needed to explore how to effectively integrate these platforms with traditional media to reach a broader audience. Future research could further investigate this aspect.

6.2 Strengths and Value

Despite its limitations, this study offers significant value. First, by collecting primary data, the research fills gaps in existing secondary data and provides a fresh perspective on the factors contributing to the NBA's success in China. The study found a strong positive correlation ($r = 0.7654$, $p < 0.01$) between the celebrity effect and purchase intention, indicating that star power significantly influences the NBA brand, enhancing brand visibility and driving merchandise sales.

Furthermore, while the multiple regression analysis revealed a negative correlation between traditional revenue diversification advantages and willingness to pay ($b1 = -10.18$), revenue diversification still provides the NBA with stable income streams, ensuring long-term sustainability. The research also identified a positive correlation ($b2 = 7.35$) between consumers' recognition of the NBA's diversified support (e.g., subscriptions and merchandise purchases) and its income diversification advantages. This suggests that consumers acknowledge the importance of revenue diversification.

Although short video platforms did not show a significant direct effect on payment willingness ($\beta_2 = 0$), they play a crucial role in increasing user engagement and brand loyalty. The data shows that consumers who frequently watch NBA games (correlation coefficient 0.9351) are more likely to increase their willingness to pay, highlighting the importance of digital channels in attracting younger viewers and expanding revenue streams.

Despite limitations in sample size, age, and regional distribution, this study provides valuable insights into the key factors behind the NBA's success in China and offers useful references for future NBA market strategies. Celebrity influence and the traditional advantages of revenue diversification are core factors of the NBA's success, while digital transformation provides new growth opportunities. Future studies can expand the sample size and optimize distribution to enhance the representativeness and comprehensiveness of the findings.

7. Conclusion

This study analyzes the NBA's business model and market strategy in the Chinese market using the 4Ps theory, revealing the key factors behind its success. The star effect primarily falls under marketing strategies that influence consumer behavior and market expansion. At the same time, revenue diversification is the business model that allows the NBA to maintain long-term profitability.

In terms of market strategy, the NBA centers around its star players and leverages short videos and social media platforms to enhance interaction with Chinese audiences. It also localizes events and brand activities through partnerships with local collaborators. Regarding revenue diversification, flexible pricing strategies help the NBA adapt to the demands of the Chinese market, while also enriching its revenue streams, thus providing a more stable foundation for its development in China.

Although the NBA has achieved significant results in China, it faces challenges such as its reliance on the star effect and digital platforms, as well as balancing market pricing. Looking ahead, the NBA needs to optimize its market strategy and further tap into the potential of the local market in China.

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9. Appendix (Questionnaire)

This study employs a survey questionnaire to evaluate the NBA's business model and market strategies in China. The questionnaire focuses on several key areas:

- **Consumer Behavior:** By examining Chinese consumers' viewing habits, brand perceptions, and purchasing behaviors, the study aims to analyze the needs and preferences of different age groups, regions, and spending capacities.
- **Business Model:** The survey investigates the appeal of NBA stars to Chinese fans and their impact on brand promotion and merchandise sales. It also explores the contribution of broadcasting rights, merchandise sales, and ticket revenue to the NBA's success in China, alongside assessing how market strategies influence consumer decisions.
- **Digital Transformation:** The study evaluates whether the NBA's digital strategies align with Chinese consumers' preferences for short videos, live streaming, and interactive experiences.

By focusing on these areas—consumer behavior, celebrity influence, revenue streams, and digital adaptation—this questionnaire provides quantitative data to support a comprehensive analysis of the NBA's business model and strategies in the Chinese market.

1. Demographics

What is your age? (Single choice)

- A. 16 years or younger
- B. 17-19 years
- C. 20-22 years
- D. 22-25 years
- E. 25 years or older

What is your gender? (Single choice)

- A. Male
- B. Female
- C. Prefer not to disclose

2. Brand Perception of the NBA

Through which channels do you learn about the NBA? (Select all that apply)

- A. Platforms like Tencent Sports/Migu Video
- B. Short video platforms (e.g., Douyin, Kuaishou)
- C. Social media (e.g., Weibo, WeChat)
- D. Recommendations from friends or social circles
- E. Other
- F. Don't know

What do you think is the NBA's biggest attraction? (Select

all that apply)

- A. High-level basketball games
- B. Charismatic star players
- C. Official merchandise (e.g., jerseys, signed basketballs)
- D. Engaging social media content
- E. Other

3. The Impact of Celebrity Effect on the NBA

How often do you watch NBA games (either online or in person)?

- A. Watch every game
- A. Watch a few games per week
- B. Occasionally watch
- C. Rarely watch
- D. Never watch

To what extent do star players influence your decision to watch NBA games or purchase related merchandise? (Single choice)

- A. Very significant
- B. Somewhat significant
- C. Neutral
- D. Slightly insignificant
- E. Not at all

Would you buy merchandise (e.g., Jerseys, shoes) because of your admiration for a specific player? (Single choice)

- A. Yes
- B. No

How do you think the NBA can better utilize star players to expand its influence in China? (Select all that apply)

- A. Organize more in-person events with players in China
- B. Launch more co-branded merchandise with star players
- C. Strengthen interactions between stars and fans on social media
- D. Other

4. Revenue Streams and Diversity

Are you willing to pay to watch NBA games? (Single choice)

- A. Very willing
- B. Somewhat willing
- C. Neutral
- D. Not very willing
- E. Not willing at all

Which of the following ways would you prefer to support the NBA? (Select all that apply)

- A. Subscribing to services like Tencent Sports/Migu Video
- B. Purchasing official NBA merchandise
- C. Buying tickets for NBA China games
- D. Supporting the products and services of NBA sponsors
- E. Other

Do you think the prices of NBA merchandise and services are reasonable? (Single choice)

- A. Very reasonable
- B. Somewhat reasonable
- C. Neutral
- D. Slightly expensive
- E. Very expensive

5. Digital Transformation and Market Adaptation

In which areas should the NBA further enhance its digital strategy? (Select all that apply)

- A. Providing more interactive digital content
- F. Strengthening online communities for fans
- G. Reducing the prices of paid content
- H. Launching more innovative digital products (e.g., VR experiences)
- I. Other

Do you think the NBA's short videos and live-streaming content meet your needs?

- A. Completely meets my needs

- E. Mostly meets my needs
- F. Neutral
- G. Slightly fails to meet my needs
- H. Do not meet my needs at all

What do you think is the NBA's greatest success factor in China? (Select all that apply)

- A. The influence of star players
- B. Diverse revenue streams
- C. Digital transformation
- D. Localized marketing strategies
- E. Other

6. Suggestions for the NBA's Future Development

What do you think are the main challenges facing the NBA in China? (Select all that apply)

- A. The impact of piracy and illegal streaming
- J. Competition from local leagues such as the CBA
- K. High prices are deterring some consumers
- L. Geopolitical or cultural differences
- M. Other