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ORIGINAL ARTICLE

## LEISURE SPORTS' INDUSTRY, LEISURE SPORTS' MARKETS IN HUNGARY

### *Abstract*

The article is about the Hungarian leisure sports' industry: the Hungarian leisure sports' markets. After literature review, this article reviewed the results of 31 qualitative in-depth interviews. I interviewed three representatives from the state, 10 people from civil society, 12 from the corporate sphere, and six university experts in Hungary who specialize in sports business or sport sociology. My research question was: "What kinds of markets for leisure sports exist and what are their characteristics in Hungary?" In theory, there are five distinct markets for leisure sports. In Hungary, there are only four, because the merchandising market does not exist. Of course, every market has room for further development. My interviewees mostly talked about the consumer and sponsorship markets; I analysed 164 paragraphs on the consumer market and 195 paragraphs on the sponsorship market with Nvivo qualitative software, 105 paragraphs regarding market of sport professionals, 56 in sports equipment and sportswear market and only 3 paragraphs in merchandising market.

**Keywords:** Leisure sports, leisure sports' market, consumer

## **INTRODUCTION**

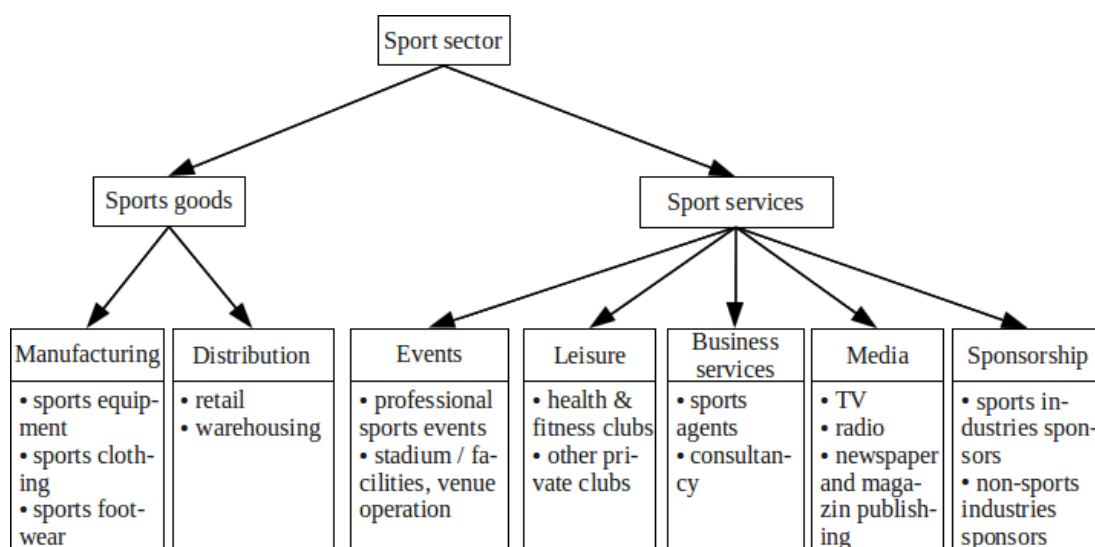
Sports are playing an increasingly important role in both society and the economy. Yet when it comes to the study of sports economics, most literature focuses on professional athletics; the topic of leisure sports receives scant attention on either a theoretical or practical level. My goal is to deal with leisure sports industry, with leisure sports' markets.

In the interpretation of Parks et al. (2007), every organization that offers customers products, services, venues, personnel or ideas related to sports is a member of the sports industry. Based on this definition, the leisure sports industry encompasses organizations that offer products, services, venues and ideas related to sports.

Parks et al. (2007) divided the leisure sports industry into three parts:

- Performance segment: important actors are the business-based providers of leisure sports and nonprofit organizations;
- Product and service segment: important actors are the manufacturers and distributors of sports equipment and sportswear and the providers of services related to leisure sports (e.g. providers of facility-related services),
- Promotion segment: enterprises related to merchandising, sponsorship, event organization and media.

In the model of Gratton and Taylor (2000) (see Figure 1), all factors are relevant to leisure sports (although the presence of media is not as meaningful as in professional sports).

**Figure 1:** Sport industry-model of Gratton – Taylor

Source: Gratton-Taylor (2000).

In another model, Parks et al. (2007) identified the principal actors of the sports industry: amateur and professional sports clubs (at schools, in communities or local governments), for-profit providers of leisure sports and enterprises that offer additional services (e.g. event organizations). The model also identifies six “supporting actors:” regulatory and administrative entities, producers and distributors of sports products (equipment), facility builders, the media, consultants (e.g. marketing, media, PR and finances) as well as state and local governments.

The players in the leisure sports industry may also be viewed as stakeholders in leisure sport service providers. Leisure sport service providers make contact with various societal and economic actors in the course of their operations. Among the countless players in a given industry, the most important ones are those who maintain durable, influential and reciprocal interactions with enterprises (Chikán, 2008). Among stakeholders, consumers, players, sponsors and the media as well as distributors of merchandise products are interpreted by András (2003, 2004) as markets. András (2003, 2004) views football-related markets as all resources that generate revenues for companies that operate football teams.

Based on the models of Gratton – Taylor (2000) and Parks et al. (2007) and the works of András (2003, 2004), I tried to determine and describe the leisure sports markets: *consumer, sponsorship, merchandising markets, markets for sports equipment, sportswear and sports professionals.*

## METHOD

After literature review, this article will review the results of 31 qualitative in-depth interviews. When selecting my interviewees, I employed the criterion, opportunistic and snowball methods. I interviewed three representatives from the state, ten people from civil society, twelve from the corporate sphere, and six university experts in Hungary who specialize in sports business or sport sociology. In the one and a half hour long in depth interviews I tried to find answer to my research question: *“What kinds of markets for leisure sports exist and what are their characteristics in Hungary?”*

For analysing the interviews I used the “Templates” and “Editing” analysis methods, and used categorizing and interpretation. I interpreted the text through a mostly realist, literalist (naturalist) reading, meaning I took the interviewees’ words at face value and “regarded them as truth.” I worked with about 500 pages of coded text, which represented about 80 percent of the entire interview text, using Nvivo9 software for coding. Data collection and data analysis took place in a parallel, iterative manner. The process of data collection and data analysis continued until the point of theoretical saturation (Glaser-Strauss, 1967) – that is, until the point where further interviews and data did not contribute much to the study or enrich its understanding.

### **Results of the literature review and our basic knowledge about the leisure sports’ markets**

The leisure sports markets not only generate income for corporate leisure sport providers, they may also create revenue for nonprofit providers of leisure sports. The direct sources of income are the consumers, sponsors and merchandising markets. The sports equipment and sportswear markets usually do not yield income for the provider of sports, except for the case where there is strategic partnership or agreement between the provider and the producer/distributor. Before analyzing the consumer market in detail, I briefly present the further markets (András, 2003, 2004) that unambiguously present business opportunities in leisure sports.

#### *Market of sports equipment and sports wear*

Producers of sports equipment and sportswear are suppliers to companies that provide the opportunity for people to do sports in their leisure time. Producers and providers have a symbiotic relationship, sharing mutually beneficial supply connections and marketing

opportunities, they may improve their image and raise public awareness of their social responsibility activities. Consequently, the value of the brands may increase.

Retailers and manufacturers of sports equipment and sportswear provide consumers with the tools they need to participate in leisure sports. If consumers' demand for leisure sports services increases, the demand for sports equipments and sportswear will also increase, meaning we can speak about derived demand. The demand is influenced by the price, quality, brand and brand loyalty.

#### *Market of sport professionals*

A person who provides expert advice or consultancy services to leisure sports providers is no different from any other employee. His labour-market value in training, organizing or consulting is defined by his qualifications, skills and other characteristics.

An expert for a leisure sports provider may be an internal stakeholder (e.g. sports trainer, instructor, organizer, manager), or an external stakeholder (e.g. consultant). In Hungary, new job opportunities have recently arisen such as recreational organizer, healthcare developer and sports organizer. An MSC degree in sports management is also available.

Since 1<sup>st</sup> August 2004, Hungarian institutions that offer sports education must be accredited by the state in order to ensure quality.

Consultants also belong to the market of sports professionals. They provide financial, marketing or media advice to people who want to operate a profit-oriented sports service provider or to organize events.

#### *Market of sponsors*

Beginning in the 1970s, professional-sport sponsors began providing their teams with sports equipment rather than simply giving them money. Sponsorship is a two-sided business relationship that comes with rights and obligations for both partners.

Enterprises may undertake sponsorship for a number of reasons (based on Bennett, 1999; Irwin-Assimakopoulos, 1992; Meenaghan, 1983, 1984; Pope, 1998; Sandler-Shani, 1993):

- Corporate purposes: creating goodwill, reputation, image building, corporate social

responsibility, connection to target groups

- Product-related purposes: introduction to the market, positioning, reference, brand consciousness, building loyalty
- Purposes related to marketing and increasing trade volume<sup>1</sup>
- Purposes related to media presence
- Hospitality – building connections to business partners
- Personal purposes: fame, acknowledgement, promotion of loved sports or athletes.

In Hungary, Ács (2010), Berkes (2008), Fazekas–Nagy (2000), Hoffmann (2000, 2007), Kassay (1998, 2003) and Vályogos-Misovicz (1994) have covered the topic of sports sponsorship with a focus on professional sports. Their analyses identified the same motivational factors for sports sponsors as appear in the above list.

In leisure sports, associations, enterprises or events may be sponsored by corporations that wish to exploit business opportunities. On the one hand, corporations get an opportunity to demonstrate corporate social responsibility; on the other hand, they improve their public image. A company may also find value in associating itself with sports, especially if the company's target consumer group is the same as the sporting event's target audience. In such cases, it becomes much easier for sponsors reach their customers.

#### *Merchandising market*

Merchandising was developed in the American film industry and quickly spread to sports. The term typically refers to the sale products with logos, symbols and images (the name, signature or picture of a famous athlete). Merchandising became widespread in the 1980s, especially in professional sports. A merchandising product can help evoke consumer demand. It helps companies market their goods and services, build up their brands and round out their advertising activities. Merchandising can be a PR instrument that helps a firm burnish its image. As part of service package, it can improve the reputation of basic services. It may also have important role in a team's relationships with its sponsors (András, 2003).

Nowadays, running races may be accompanied by products that have “brand-value” or

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<sup>1</sup> Some of the authors (Pope,1998; Sandler – Shani, 1993) name this and the previously mentioned objective together marketing objectives. There are authors (Irwin – Assimakpolous, 1992) who consider the increase of sales as an objective in relation to the product.

rather “news-value.” Commercial demand for these products is defined by the commitment of consumers (as well as by the price).

### *Consumer market*

Having briefly presented four markets for leisure sports, I will now proceed with the fifth: the consumer market. In my opinion, the most important stakeholder groups in leisure sports are consumers.

According to the majority of surveys, males, younger people and people with higher incomes and higher academic qualifications usually do more sports. Within a given country, sports activities are more strongly influenced by tradition and culture than by GDP per capita, while an individual’s economic status can determine his inclination to take part in leisure sports (Földesiné, 2009).

Statistical significant associations were observed by Tuyckom (2011) in EU27 countries between overall leisure time physical activity and variables from the economic (GDP, real GDP, and public expenditures on health), food (available fat, available fruit, and vegetables), urbanization (the number of cities, urban population, total and new passenger cars, surfaced roads, facilities and the average distance from facilities), and policy (all governance indicators, stability, health policy) domains. Political stability and the effectiveness of public health policy are also definitive factors. Where politics are “physical-activity friendly,” opportunities and infrastructure are much better and participation in physical activities is higher.

Every Hungarian study has shown that males and members of the younger generation do more sports than other groups. People who have higher academic qualifications (especially university degrees), better financial conditions and live in bigger cities are more inclined to dedicate time to conscious exercise than people who have lower academic qualifications, lower income potential and live in smaller cities (Eurobarometer, 2010; Gábor Polányi, 1998; KSH, 2000, 2006; Paár, 2012a; Paár, 2012b; Szonda Ipsos, 2003).

According to research by Földesiné in 2008, those who do sports cited walking and hiking among their most frequent forms of exercise. In addition, aerobics, bicycling, football, running and swimming were mentioned frequently, as was the case in other studies (Földesiné, 2008).

According to the data of a representative Eurobarometer survey from 2009, a mere 5 percent of the Hungarian population does sports activities regularly (five times a week), compared to the EU average of 9 percent. Even the proportion of people who exercise with “some regularity” (18 percent) is considerably lower than the European average (31 percent). Hungary’s proportion of people who do no sports at all is among highest on the continent.

According to analyses on present-day Hungary, the number of those who could benefit from leisure sports providers exceeds the number of those who actually do benefit from them. The preferred forms of sports at business-based providers are aerobics and other fitness-center activities. People can participate in walking, hiking, running and bicycling without needing to pay for outside service providers (there are, however, many examples of walking, hiking and running events that are organized by service providers.)

Leisure sport consumption is influenced by several factors. Authors emphasize different factors depending on whether they use the neo-classical model, the household model or the psychological approach. In the neo-classical model, the price of a product, the prices of other products and the consumer’s income are definitive; in the household model, the emphasis is on the range of goods that can be obtained in a given period of time; and the psychological model stresses psychological and motivational factors.

Demand for business-based providers is defined by the following factors (Gratton-Taylor, 1985):

- The income and the disposable income of consumer
- Price of the service (and of related and complementary services)
- Quality of service (and of complementary services)
- Distance and availability of the sports facility, transport alternatives and a consumer’s own mobility
- Marketing activities of the providers (and of the competitors)

The propensity to do sports during leisure time may be influenced even by further factors listed in Table 1. A detailed discussion of these factors would go beyond the scope of this paper<sup>2</sup>.

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<sup>2</sup>See: Gratton-Taylor (1985), Hoffmann (2000), Neulinger (2007), Shank (2002), Torkildsen (2005).



**Table 1:** Factors that influence leisure sports consumption

Internal factors	External factors	Situational factors
		Physical environment
Personality	Culture, values	Social environment
Motivation	Socialization	Task
Learning	Social class	Time
Reception	Reference groups and family	Previous experience
Attitude, approach	<i>Fashion</i>	<i>Physical capabilities, skills</i>
<i>Obligation</i>	<i>Media, the effects of</i>	<i>State of health</i>
<i>Interests</i>	<i>professional athletes and stars</i>	<i>Opportunities</i>
		<i>Access</i>
		<i>Substitute products</i>

Source: Based on Shank (2002), completed with the author's ideas.

It is basically the individual that decides about his own sporting activities (his needs and demands are influenced by a number of factors). He makes the decision, ensures adequate leisure time and, when required, supplies the necessary funds. He chooses between the options that may satisfy his own consumer demands: he does sports at corporate providers, in state-run facilities, in public places, in parks, at public organizations (associations) or at home.

### Results of my empirical research – analysis of 31 in-depth interviews

Leisure sports markets are part of the wider business sector, which can be connected to both business and civil society and even to the state. My interviewees mostly talked about the consumer and sponsorship markets; I analyzed 164 paragraphs on the consumer market and 195 paragraphs on the sponsorship market. I discuss the markets in the same order as in the theoretical section.

### Market of sports equipment and sports wear

In the 1990s, the market landscape was covered by small sports retailers. Most of these have ceased to exist thanks to the arrival of large sporting-goods chain stores, which drove the independent shops into bankruptcy. Only the small retailers that sell major brands (Adidas, Nike, Puma) have managed to survive. Unlike in Western Europe, where a wide variety of players compete in the sporting-goods market<sup>3</sup>, Hungary's market structure is an oligopoly,

<sup>3</sup>The order of the first five worldwide in the sports equipment and sports wear retail: 1. Intersport (10 bn euro turnover), 2. Wall Mart Sport, 3. eBay, 4. Decathlon, 5. Sport2000; in production: 1. Nike, 2. Adidas, 3. Pou Chen, 4. Puma, 5. Oxylane (Decathlon) (source: Gábor Pósfai, presentation of managing director of Decathlon, 22.02. 2012.)

ruled by the three giants, Decathlon, Hervis and Intersport. At the end of 2011 Hervis had 28 outlets, Intersport had 17 (seven of which were company-owned and 10 of which were franchises) and Decathlon had 14 stores. Decathlon has been the market leader since 2006. Demand and supply have grown in tandem in recent years: People have been trying out new sports and new sporting goods, which has spurred demand. However, the financial crisis has set back the market for both sporting equipment and sportswear.

According to my interviewee from the sports-equipment sector, Hungary's per-capita spending on sports equipment and sports clothing in 2010 was *60 Euros*, compared to around 200 euros in France – more than three times as much. The per-capita spending in the Czech Republic and Slovenia was twice as much as in Hungary. Hence we Hungarians do not spend much on sports equipment and on sportswear.

Contrary to popular belief, the main generator of revenue for these markets in Hungary is not football or other ball games, but *fitness, hiking and winter sports (skiing)*. Running, swimming, hunting, skating and golf are the other areas where spending on sports equipment and sportswear has continuously increased in recent years. The price-value ratio is a determining factor in consumers' purchasing decisions.

*We are lagging behind other countries in terms of specialization in sportswear.* We use a single kind of sports shoes or clothes for a range of different activities. Street clothes and sport clothes are often interchangeable. This situation has changed in the last 10 years, but there is still room for improvement.

Many small, specialized bicycle shops operate in Hungary (which also do service and repairs), so the segment is scattered. This is the only submarket where smaller shops are able to compete against the three big chains. Bicycle retail represents a significant part of the sports sector's income.

The turnover of various sports stores is *region-specific*. The success of local professional teams can have a direct impact on local demand.

Table 2 summarizes the characteristics of sports equipment and sportswear market, referring back to the theoretical part as well. I will use similar charts to summarize the characteristics of the markets in subsequent sections.

**Table 2:** Market of sports equipment and sportswear**Market of sports equipment and sportswear**

	Sports goods: sports equipment, sportswear
The product, the subject of exchange	<i>Chiefly products connected to fitness, hiking, winter sports</i>
Significant characteristics of the product	Close connection with leisure sport consumption, derived demand, <i>region-specific, specialization is not typical of Hungarian sportswear</i>
Major factors affecting the value of the product	Quality and brand of sports equipment/ clothing, brand, <i>price-value ratio</i> , brand loyalty

Source: Based on András (2003), completion based on the interviews.

**Market of sport professionals**

Three principal topics came up during my interviews on the market for sports professionals:

- training institutions (for fitness trainers, coaches, recreational professionals)
- sport managers
- advisors, consultants

Two opposing trends – excessive liberalization and over-regulation – are both characteristics of business-based training institutions. The system is excessively liberalized because anybody can launch a training program within the framework of the National Register of Vocational Qualifications (OKJ). If an institution trains its students outside the formal education system, it is not even required to provide a minimum amount of training hours. The only regulations relate to the outcome of the training program, which is assessed by a professional exam. There are 30-50 professional training institutions in the country. At the same time, the system is over-regulated because the state has too much say in the curriculum and in the examination system. This results in excessive bureaucracy with no assurance of quality.

The “Big Three” best-known training institutions are *Fitness Company*, *Fitness Academy (Fitness Akadémia)*, and *IWI (International Wellness Institute)*. Fitness Academy began operations in 1996. The owners could not find properly trained people to work in their fitness clubs, so they started to organize weekend to bring the job applicants up to the level where they could lead quality classes for consumers. There was an immense need for such

classes 15 years ago. Business got going with aerobics and body building. They then widened their profile to train up sports organizers, managers, masseurs and finally instructors in various sports. Fitness Company appeared on the market in 1997, followed by IWI in 2000 with similar profiles. TF (University of Physical Education) is another well-known training institution. Naturally there are various higher education (college, university) institutions on the market regarding sports professionals, which are either state subsidized or in fee-paying form (recreation, sports manager).

The Hungarian sports manager market operates entirely differently than in Western Europe. According to respondents who have lived and worked abroad, the Western European market for sports managers works like any other industry: There is a strong presence of professional investors, meaning investors who are familiar with sports and have a direct interest in ensuring quality services. In Hungary, leisure sports businesses are mainly backed by financial investors, whose main goal is to get a return on their money. They invest in leisure sports or in sports centres if they see a good opportunity, but they have little hands-on experience in the field. Ideally, they employ knowledgeable managers, but in many cases in Hungary – especially in case of fitness centres – the “managers” also lack practical knowledge (they may be the investor’s wife, friend, girlfriend or a sports instructor). Hence Hungary’s market for leisure sports managers remains in a formative stage.

There are very few professionals who have real knowledge or experience running a business in the field of fitness centres. Major consulting companies are present only in major projects. Consultancies are more typically present in professional sports.

In many cases, people who sell fitness equipment also advise fitness clubs (Fitness Trade and Finnrelax have taken on hundreds of consultancy projects in recent years). However, their advice mainly concerns equipment sales.

**Table 3:** Market of sports professionals**Market of sports professionals**

The product, the subject of exchange	The professional's capacity to work
Significant characteristics of the product	The professional is the workforce (in training, in organizing, in consulting)
Major factors affecting the value of the product	The professional's education level ( <i>where, in which institution</i> ) capability, characteristics, <i>experience, connections</i>

Source: Based on András (2003), completion based on the interviews.

*Market of sponsors*

Sponsorship of leisure sports is much less significant compared to that of professional sports and draws in much less money. It is generally difficult for a leisure sport organization to find sponsors, although some companies find it beneficial to sponsor leisure sports.

In many cases, *barter deals* take place, where the parties advertise each other or exchange advertising platforms, but do not exchange money.

Leisure sports sponsorship primarily means sponsoring events through which companies can *popularize their products, build their image, and demonstrate social responsibility*. Companies can find value in projecting a positive image and responsibility – not only to consumers, but to their own employees.

By sponsoring professional sports the brand's "real reach" is limited to the team and its loyal supporters (we know that through the media they can reach thousands of people). By sponsoring leisure sports, a brand can engage a wider circle of people "in their own medium." The "new way" is for companies to target leisure communities and leisure activities. Their primary aim is to build *more direct, more active connections* with their target consumers. Brands try to get closer to people in their target group by creating social capital.

*"There are many who try to go into this direction, because this is now the trend, just like in Facebook – building communities, being in direct contact with people."*  
(University expert #3)

*"We do not only give back to the source of our income. We feel we have something to do here on the national level. For instance, there was a Gypsy boy from Tárkányi who saw that he could go to one of our events like anyone else. He had a good time, did some*

*sports, took part in a community, and had a personal experience, while an ETO football match on TV is not much of a personal experience. It is very important in terms of reputation, assessment and image. It is a line of CSR community involvement. Social responsibility is the future. This is the direction that would maximize the number of people who could benefit from the money, instead of just having the a sports team jam as many corporate logos as possible onto their T-shirts... to give back to the community, to get closer to them.” (Business-sector representative #3)*

Sponsorship of leisure sports is *safer and does not present the risks* that are present in professional-sports sponsorship (expectations of victory, the means of achieving success, doping, scandals, and injuries). In leisure sports, there is no pressure to achieve results – everybody who takes part in a running race is a winner. This is a huge advantage. On the other hand, leisure sports lack the drama, the emotion and the thrill of victory that are part of professional sports.

According to the interviewees, Coca-Cola, Magyar Telekom, K&H Bank, Nike, Spar and EDF excel at sponsoring leisure sports in Hungary. These companies' names were mentioned in most of the interviews, and they sponsor all the major leisure sports events. Many times, the *personal preference of a marketing manager or other manager* determines which leisure sport gets sponsored. They might also receive *orders from the parent company* in sponsorship matters.

With few exceptions, sponsorship of leisure sports is more *local* than national. It is only possible to find a few local sponsors for local events. A brand's decision on whether to sponsor local sports depends significantly on its strategy, its market share and its position. Leisure sport sponsorship is a great opportunity for companies to gain a local presence without expending significant resources during the financial crisis. Local (small) companies can also reach their targets by sponsoring local events. According to certain sponsors, the price-value ratio in professional sports sponsorship is not always ideal: They cannot recoup the amount they spend on a team or player. This is why they choose to sponsor leisure sports on a local level.

A company's choice of whether to sponsor leisure or professional sports can be influenced by many factors: Its goals, strategy, market position, market share, and level of success are all important, as is the personality and the commitment of the manager. Other important factors include the maturity and the age of the company (generally, a company that

needs to build its brand nationally prefers the broad media coverage of professional sports) and the company's attitude toward CSR (leisure sports are ideal for image building and demonstrating social responsibility, both internally and externally). There is no cut-and-dried recipe. Nowadays, we must also consider that major sponsors of leisure sports are also present in professional sports (e.g. Magyar Telekom, K&H Bank, Nike).

Sponsors who choose leisure sports expect the following:

- broad reach, a high number of participants who attend events, services
- consistency, good quality, regularly organized events or high quality services
- professional services
- media coverage – local media may be sufficient
- exclusivity, at least in the given industry

Companies may choose not to sponsor leisure sports because:

- in many cases, a leisure sports event occurs only once, not regularly
- insufficient quality of the events
- there are not enough relevant consumers
- for many organizations (especially civil-society groups) there is a lack of sponsorship strategy and a lack of professionalism. The prevailing attitude is, “we want your money”

*“They do not think through exactly what they are asking for... we have received a lot of letters in which they even forget to write “Dear Mr XY Sponsor Manager,” they just go straight to the middle of the letter, which they send to 162 places and hope for some answers. This certainly does not work.” (Business-sector representative #4)*

- There is no expert at the organization who seeks out sponsors, serves them or organizes the sponsorship (particularly at civil-society organizations, but even at fitness clubs). So in many cases, sponsorship is impossible, even on a theoretical level
- the presence of industry competitors at a given event or service

We would expect that sports-equipment manufacturers and distributors would be major sponsors of leisure sports events, but not in Hungary. The exceptions are the Nike marathon and Adidas Streetball. Sponsorship activity is important because it encourages participants and viewers to purchase sports equipment and sportswear.

**Table 4: Sponsorship market**

**Sponsorship market**

The product, the subject of exchange	The company links itself to sports, opportunity for image association
Significant characteristics of the product	Double sided: For the company, demonstrating social responsibility, improving image, increasing awareness, <i>introducing the product, popularizing it, bringing it closer to the target group, "community involvement."</i>
	For the sponsored party: Getting money or other products and services
Major factors that affect the value of the product	Effective appearance in the "media circus," utilizing the value of sports, reaching valuable target groups, <i>with less risk, but often only on a local level</i>

Source: Based on András (2003), completion based on the interviews.

**Merchandising market**

The merchandising market for leisure sports *does not exist* in Hungary at the moment. It is not present in professional sports either<sup>4</sup>; there is simply no culture for merchandising and no demand for these products. Participants at the annual swimming across Lake Balaton competition find value in the T-shirt emblazoned with the words "I SWAM IT!" which they get as a "prize" for completing the race (i.e. swam across Lake Balaton, the 5.2-kilometer swim across Hungary's Lake Balaton is an annual event. In Hungarian, the T-shirt reads "MEGÚSZTAM," which is a play on words: It simultaneously means "I swam it" and "I survived."). However, race organizers could not sell similar T-shirts to non-race participants, ostensibly because they lacked the "I SWAM IT" – and hence lacked value. Participants get their T-shirts as part of the package they receive when they pay their enrolment fees, so they do not buy other souvenir T-shirts at the race. Meanwhile, the spectators do not have enough

<sup>4</sup>“You must be taught if you would want to give presents to your loved ones, of any product from your favourite water-polo team, as it is impossible to buy”.- said by István Gergely olympic waterpolo champion in his blog, (<http://www.felfokon.hu/olimpikon-blog/2012/01/30/merchandising-a-la-vizilabda>) and Stocker (2012) has also shown that this market does not operate in case of professional sports either.



emotional dedication to buy merchandise products. The manager of the Budapest Sports Office (BSI) event organiser said the T-shirts he had intended as merchandising products in different running races ended up going to charity. Still, the BSI expects that the Hungarian merchandising market will develop. The company plans to become active in merchandising as soon as it becomes financially feasible.

Major fitness clubs also try to merchandise their own branded products (mainly sports clothing) to strengthen client loyalty. There is definitely potential in this market, but at the moment, it is generating close to zero sales.

**Table 5:** Merchandising market

**Merchandising market**

The product, the subject of exchange	Products displaying logos, symbols, appearance
Significant characteristics of the product	“Brand value” and “News value”
Major factors that affect the value of the product	Price and <i>emotional</i> commitment, <i>attachment</i>

Source: Based on András (2003), completion based on the interviews.

**Consumer market**

There are three prerequisites for consumers to begin using business-based leisure sports service providers: the right *attitude, adequate leisure time and sufficient money*. This trifecta is only evident in a small part of Hungarian population. Sports do not occupy a prominent place in our consumption structure because we do not have the right attitude. If Hungarians’ attitudes were different, more people would find the money to pay for leisure sports – especially if the consumer behaviour could be changed, could be formed.

The state can do a lot to form attitudes in schools and in the media. Parents, teachers, nursery-school teachers, coaches, and PE teachers also have great responsibility for forming attitudes. Besides the state, civil-society and companies also have an interest in encouraging sports activities: it boosts the number of consumers, which expands the civil and business sectors’ sources of income.

People and their needs cannot be handled as a homogenous cluster on an overall social level. There should be *heterogeneous clusters, or segments*. Besides usual the segmenting criteria – gender, age, income – the cluster-forming factors should include and motivations. I have found the expressions “health sports” and “experience sports” to be helpful in describing

people's reasons, motivations for doing sports. In *health sports*, the *preservation or improvement of health* is the *main objective*; running, bicycling and swimming are prime examples. People who participate in health sports tend to think in the long term. In *experience sports*, the *main objective* is to *gain experience and momentary well-being*; leisure-time athletes tend to think in the short term. There are several "sub-categories" of experience sports: extreme sports, fun sports and adventure sports. *Extreme sports* can be further subdivided into energy-intensive sports (e.g. Iron Man and super marathon) and high-risk sports (e.g. rafting and paragliding). In both cases, *excitement, the production of extra adrenaline and achievement are the main goals*. In *fun sports* (e.g. skateboarding, surfing, snowboarding, beach volleyball and beach football, and all the games we play irregularly), the unambiguous *objective* is *having fun and enjoyment, pleasure and play*. In *adventure sports* (e.g. scuba diving), the main objective is to *break away from the daily routine*, to "*adventure away*." All types of experience sports may be considered "sub-categories" of leisure sports where relaxation and momentary enjoyment, well-being are the most important elements.

According to respondents, the most popular sports today are football, fitness, and bicycling, running/jogging, hiking, swimming and different forms of dance. The aims of sports activities are: relaxation, enjoyment, pleasure, maintaining bodily and mental health, improving quality of life and self-development, and spending meaningful time with friends.

## FINDINGS AND CONCLUSIONS

We can say there are four markets operating in Hungarian leisure sports. The fifth market – merchandising – is not functional. Each market has a hidden potential. Expanding the consumer market is the key to exploiting this potential.

Hungarians spend just half as much as their Czech or Slovak neighbours in the sports equipment and sports clothing markets. Most of the revenues are generated by fitness, hiking and winter sports (skiing). Hungarians are lagging in the specialization of sports apparel; revenues of certain sports apparel are region-specific.

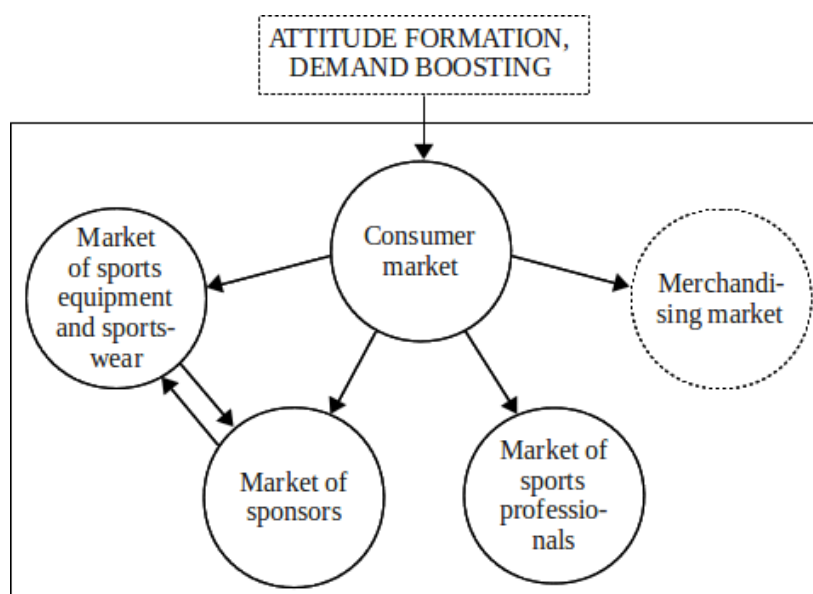
In the market for industry advisers, vocational institutions are characterized by over-liberalization on the one hand (no entry barriers) and over-regulation on the other (examinations and study materials). There is no market for sports managers in Hungary: The area is still developing and there are few true experts in the leisure sports consultancy market.

Sponsorship of leisure sports is minuscule compared to sponsorship of professional sports. Typically, companies sponsor events with the goal of popularizing their products, building their image, creating a positive impression, or demonstrating corporate responsibility. The companies want to get closer to their target groups in their own surroundings. In general, sponsorship of leisure sports occurs on a local level, not on a nationwide basis. It also entails lower risks than sponsorship of professional sports. There are a lot of barter deals as well. *The sponsorship market could grow if the organizations would pay attention to the needs of the sponsors and deal with them in a professional manner.* In addition to professionalism (both in terms of the event and the service), sponsors of leisure sports expect to reach a broad target group. They also expect continuity (not only one event), (local) media coverage, and exclusivity (i.e. they want to be the only sponsor from their particular industry branch).

In the consumer market, very few people participate in sports during their free time. The principal reason is that they do not have the right attitude toward leisure sports, (and they do not have time and money). On the demand side, we see *heterogeneous consumer groups*. Among certain groups, effective demand is strong enough to support expensive services, but there is a need for the state or civil society to create opportunities that are either cheap or free. One fact is certain: the state, the civil sector and business ventures *need to boost demand*.

*The “feeling of happiness” that people experience when they do sports can be an incentive.* It is important for school physical-education programs to teach the kinds of exercise that make students happy. “Happiness through sports” also needs to be emphasized in the media, in civil society, at events, and in the activities and communications of for-profit service providers.

Figure 2 presents the “cognitive map,” the summary of the various markets.

**Figure 2:** Leisure sports' markets

Source: Figure created by the author.

Increasing the consumer market is a leading priority. The number of consumers who are involved in leisure needs to be increased sharply, considering the goals, motivations, and financial background of the sport consumers. Market increases are being held back by the non-dynamic growth of the demand side. As many potential consumers as possible should be turned into effective consumers. *An increase in the consumer market would bring growth in the markets for sports equipment, sportswear, sports professionals, sponsorship and merchandising.*

Further research on each market is necessary, especially quantitative analyses. There is a need for researching the “facility market”, which was not mentioned by the interviewees in this research.

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