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## THE IMPACT OF CORONAVIRUS PANDEMIC LOCKDOWNS ON SPORTS ECONOMICS

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### Abstract

*Introduction.* Coronavirus named Coronavirus 2019-nCoV or (Covid-19) by the World Health Organization (WHO) has spread to all corners of the globe, disrupting many aspects of day-to-day life. The pandemic has led nations to implement stringent social distancing measures to prevent the spread of the virus; these include stay-at-home advice, closures to schools and businesses and a pause to everyday social life to reduce close contact among people. Sport is no exception: livelihoods in the sector have been severely disrupted; gym, leisure, sport and recreational facilities have shut down; professional and community sport is suspended; and major events have been cancelled. Studies show that this has many economic and social repercussions, with the sports and tourism sectors effectively shutting down, and the strictest lockdown measures.

This study *aimed* at the impact of coronavirus epidemic lockdowns on the sports economy.

*Material and methods.* The research has been examined descriptively and the first and second sources available are generalizations of literature. The content of web official sites has been evaluated using the documentation technique.

*Results.* Nearly a year after its initial outbreak, the deadly strain of the coronavirus, Covid-19, is still raging across the world and the sports ecosystem has not been spared. Whilst countries' responses have varied widely, the global response prompted the almost total shutdown of competitions at all levels, including multiple postponements of mega sports events such as the Olympic Games and the European Football Championship. Estimates show that nearly a million sports-related jobs have been impacted in the EU, not only for sports professionals but also for those in related retail and sporting services such as travel, tourism, infrastructure, transportation, catering and media broadcasting, to name but a few.

*Conclusions.* Covid-related measures are estimated to have caused the loss of some €50 million in GDP across the EU-27. In 2018, the sports industry saw a 7 % gain globally largely owing to mega events such as the FIFA World Cup. This spurred participation in sports activities and led analysts to optimistically estimate the value of the global sports market at US\$627 billion by 2023 up 33 % from 2018.



COVID-19 has caused profound changes in the products, the process of managing sports and leisure, and the economic, social, and cultural situation of the sports industry, and it seems that the effect of these changes will last long after the disease is controlled. Predicting and forecasting the sports industry in the post-corona era will play an important role in future planning and helping the industry grow in the future.

**Key words:** Coronavirus, Covid-19, sports, economic.

## Introduction

In late December 2019, reports emanating from Wuhan, China first lighted on unusual health conditions that were quickly identified as a novel coronavirus, named Coronavirus 2019-nCoV or (Covid-19) by the World Health Organization (WHO). With delayed symptoms or even asymptomatic transfer, the virus rapidly crossed borders and spread throughout the world.

The virus has taken a toll on both big and small aspects of life. From international travel and global relationships to social isolation, self-quarantining, and the way in which we communicate with others, all aspects of personal and professional life are under scrutiny in order to battle this pandemic.

One aspect of life abruptly removed from society was sport. What once was a part of daily life for many, was now curtailed for an indefinite amount of time. With a death count of over 700,000 and billions of dollars lost because of cancellations, postponements, etc., Covid-19 has affected everyone in some way. In sports, local, amateur, and professional leagues and stakeholders have been wading through these uncertain waters [1].

WHO first declared Covid-19 a world health emergency in January 2020; on March 11, it announced the viral outbreak was officially a pandemic, the highest level of health

emergency. Since then, the emergency evolved into a global public health and economic crisis that affected the \$90 trillion global economy beyond anything experienced in nearly a century

In the year since the Covid-19 outbreak was first diagnosed, it has spread to over 200 countries and all U.S. states.

The pandemic has negatively affected global economic growth beyond anything experienced in nearly a century. Estimates so far indicate the virus reduced global economic growth to an annualized rate of -4.5% to -6.0% in 2020, with a partial recovery of 2.5% to 5.2% projected for 2021. Global trade is estimated to have fallen by 5.3% in 2020, but is projected to grow by 8.0% in 2021.

According to a consensus of forecasts, the economic downturn in 2020 was not as negative as initially estimated, due, at least in part, to the fiscal and monetary policies governments adopted in 2020.

Major advanced economies, which comprise 60% of global economic activity, are projected to operate below their potential output level through at least 2024. Compared with the synchronized nature of the global economic slowdown in the first half of 2020, the global economy has shown signs of a two-track recovery that began in the third quarter of 2020 with



developed economies experiencing a nascent recovery and economic growth in developing economies lagging behind. A resurgence in infectious cases in Europe, the United States, Japan, Brazil, India, and various developing economies renewed calls for lockdowns and curfews and threatened to weaken or delay a potential sustained economic recovery into mid to late 2021 [2].

The global outbreak of Covid-19 has resulted in closure of gyms, stadiums, pools, dance and fitness studios, physiotherapy centres, parks and playgrounds. Many individuals are therefore not able to actively participate in their regular individual or group sporting or physical activities outside of their homes. Under such conditions, many tend to be less physically active, have longer screen time, irregular sleep patterns as well as worse diets, resulting in weight gain and loss of physical fitness.

Low-income families are especially vulnerable to negative effects of stay at home rules as they tend to have substandard accommodations and more confined spaces, making it difficult to engage in physical exercise [3].

Since its outbreak, Covid-19 has spread to all corners of the globe, disrupting many aspects of day-to-day life. The pandemic has led nations to implement stringent social distancing measures to prevent the spread of the virus; these include stay-at-home advice, closures to schools and businesses and a pause to everyday social life to reduce close contact among people.

Sport is no exception: livelihoods in the sector have been severely disrupted; gym, leisure, sport and recreational facilities have shut down;

professional and community sport is suspended; and major events have been cancelled. Studies show that this has many economic and social repercussions, with the sports and tourism sectors effectively shutting down, and the strictest lockdown measures [4].

However, in recent months, this type of organisation has faced an unpredictable situation that has shaken the foundations of sport: the Covid-19 outbreak. The Covid-19 outbreak is a global pandemic still under study [5].

Covid-19 has affected and continues to affect all global areas and regions [6] due to its highly infectious nature [7]. In this context and with the need to assume responsibility, the governments of most countries have been forced to undertake restrictive measures and limitations, which are necessary to contain the virus that has changed the lives of many people, organisations, and institutions [8].

The sports sector, despite being an important sector at economic, sporting, and social levels, has not been exempt from these restrictions. According to Ratten [9] “the sport sector has been especially influenced by the Covid-19 crisis in a way that has never been seen before”.

All physical activity, face-to-face, and group sports were suddenly and indefinitely restricted in many countries, often being relegated to home-based physical training [10]. As a result, sports organisations have had to reinvent themselves to offer a quality service to their users [11].

Lockdown measures, other restrictions and the pandemic itself will most likely impact considerably on the sport sector as a whole. With there being

several different ways that the sport sector can be affected by the current pandemic, it is likely that different sub-sectors will be affected to varying extents, albeit all being affected at some level.

As Covid-19 has had a widespread impact across the economy of there are a variety of ways that organisers, federations, clubs, athletes, local grassroots sport clubs, associations, coaches and other employees have already been affected or may be affected in the future [12].

### **Aim of the study**

This study aimed at the impact of coronavirus epidemic lockdowns on the sports economy.

### **Material and methods**

The research has been examined descriptively and the first and second sources available are generalizations of literature. The content of web official sites has been evaluated using the documentation technique.

### **Results**

The sport sector, including those who have dedicated their lives and often businesses to promoting health through physical activity, is profoundly worried about the wellbeing of people affected by the pandemic outbreak.

The sport sector is eager to make its contribution to the revival of what was once considered a normal way of life.

Sport can help individuals and societies to soften the negative effects of the crisis on their lives through mechanisms that can contribute to people's health, socialisation, education and a general sense of wellbeing.

In addition to its disastrous short and mid-term health impact (including inactivity, mental health risks linked to loneliness and anxiety), the pandemic will also have extraordinary long-term consequences on people's daily lives, health, and generally on societies and many sectors of the economy, especially service sectors, e.g. tourism, food and accommodation services, transportation, and sport [13].

Sport has also seen similar effects. Whilst state responses have varied widely, the global response has prompted the almost total shutdown of competitive sport at all levels.

This shutdown has thus far included multiple postponements of mega-events such as the Olympic Games and European Football Championship, various leagues and events in sports as diverse as tennis, hockey and Formula 1.

What's more, despite initial reticence from bodies such as FIFA, UEFA and the IOC, their subsequent decisions to postpone or delay such events have been met with positivity from various stakeholders.

Nevertheless, whilst the pandemic has limited the extent to which people, including both athletes and the general population, can move around, exercise and socialise with one another.

Contradictory evidence is also emerging that many are more aware of the importance of physical activity than ever. Clearly, evidence about the long-term impact of the virus on sport is only now beginning to emerge [14].

In 2018, the sports industry saw a 7 % gain globally largely owing to mega events such as the FIFA World Cup. This spurred participation in sports activities and led analysts to



optimistically estimate the value of the global sports market at US\$627 billion by 2023 – up 33 % from 2018.

However, nearly a year after its initial outbreak, the coronavirus (Covid-19) infection is still raging across the world's health, educational, financial, and commercial institutions, and the sports ecosystem has not been spared.

With one person dying every 17 seconds, Europe accounts for some 30 % of global cases and 26 % of deaths.

Whilst country responses have varied widely, the global response has prompted the almost total shutdown of competitions at all levels, including multiple postponements of mega sport events, such as the Olympic Games and the European Football Championship, not to mention various competitions in sports as diverse as tennis, hockey and Formula 1.

According to a recent forecast, Covid-19-related measures have had a double negative impact on EU27 sport, translating into a 15 % loss (or €47 million) of direct sports-related GDP and a 16 % loss of sports-related jobs (or 845 000).

The scale of those affected extends beyond sports professionals to also include those in related retail and sporting services such as travel, tourism, infrastructure, transportation, catering and media broadcasting, to name but a few, in which case the proportions of the losses will reach respectively €79 million in GDP and 1.2 million in jobs.

Among the EU countries, the sports sectors that have a high relative importance to the national economy are estimated to suffer the greatest loss in terms of GDP and employment.

This is the case in Austria (respectively 20% and 20%), Spain

(19%, 20%), Cyprus (19%, 19%), Croatia (18%, 16%) and Denmark (15%, 15%). Those expected to be the least impacted are Greece (3%, 4%), Bulgaria (5%, 6%) and Belgium (5%, 7%).

Interestingly, research undertaken during the lockdown period (April-May 2020) revealed that Covid-19 restrictions increased the appeal of outdoor activities.

A survey among consumers in France, Germany, Italy, Poland, Spain, Sweden and the UK showed that 70% of respondents were looking forward to participating in outdoor activities after lockdown eases.

In addition, 67% declared that they missed being able to take part in activities such as hiking, climbing, cycling, snow sports and other mountain activities during lockdown, while 86 % asserted that outdoor activities were essential for people's well-being.

Finally, nearly 60% of consumers agreed that they had missed outdoor activities above all else while restrictions were in place [15].

According to European Commission 2020 “Mapping study on measuring the economic impact of Covid-19 on the sport sector in the EU Final report” provides several recommendations to mitigate the economic impact of the ongoing pandemic.

Key findings suggest that the sport sector will be significantly impacted by the Covid-19 pandemic in 2020 despite measures being taken to mitigate its negative effects.

Looking at total effects, the overall impact of Covid-19 is estimated to be between 79,641 and 99,168 million Euros GDP and between 1,279,274 and 1,588,456 employees (sport-related

employment).

In comparison to the reference scenario, and under the 'higher' scenario estimates, this represents a 15.7% and 16.5% drop respectively.

EU member states are affected differently by the pandemic at the national level, depending on the size of total sport-related GDP per country, the importance of the sport sector, and measures put in place to respond to the pandemic, among other things.

Under the 'higher' scenario, Germany has the largest estimated decrease in direct sport-related GDP (total figures of 34,154 million EUR), followed by the United Kingdom (20,038 million EUR) and France (8,571 million EUR).

Czech Republic is the only member state estimated not to see their sport-related GDP decline by at least 10% in 2020 under this scenario.

The impact of Covid-19 also varies across the sport sector, which consists of different sub-sectors.

The financial effects on the health sector for example are estimated to be both positive and negative, since reduced physical activity is likely to result in short-lasting decrease in injuries but also in long-term negative health outcomes.

For sport events and sport journalism, Covid-19 is expected to have a strong effect, with the duration of that effect depending on the size and/or type of event [16].

The arts and recreation component of GDP is impacted by the restrictions on mass gatherings and the additional requirements on public venues.

Within this, we identified the specific GDP subcomponents that would be most affected. These

contribute about \$2 billion dollars to the economy or 0.7 percent of GDP.

While affected, many of these identified groups are likely to continue experiencing some activity, even with public venues being closed and all mass gatherings cancelled [17].

Nearly a year after its initial outbreak, the deadly strain of the coronavirus, Covid-19, is still raging across the world and the sports ecosystem has not been spared.

Whilst countries' responses have varied widely, the global response prompted the almost total shutdown of competitions at all levels, including multiple postponements of mega sports events such as the Olympic Games and the European Football Championship.

Estimates show that nearly a million sports-related jobs have been impacted in the EU, not only for sports professionals but also for those in related retail and sporting services such as travel, tourism, infrastructure, transportation, catering and media broadcasting, to name but a few.

Additionally, Covid-19 related measures are estimated to have caused the loss of some €50 million in GDP across the EU-27.

In 2018, the sports industry saw a 7% gain globally largely owing to mega events such as the FIFA World Cup.

This spurred participation in sports activities and led analysts to optimistically estimate the value of the global sports market at US\$ 627 billion by 2023 up 33% from 2018.

However, nearly a year after its initial outbreak, the coronavirus infection is still raging across the world's health, educational, financial, and commercial institutions, and the sports eco system has not been spared [18].



## Conclusions

Covid-19 has exposed some of the complexities and the frailties of sports governance. The consequences of Covid-19 and the widely predicted economic crisis have exposed even more some of the critical junctures of sports governance systems, with stakeholders having diverging interests and policy solutions.

Nowhere has this been more evident than in debates about how to conclude football seasons across Europe. With the information we have at this moment, there are probably two areas in which changes could be forthcoming as a result of the coronavirus crisis [19].

The Covid-19 pandemic has had and will continue to have very considerable effects on the sporting world as well as on the physical and mental well-being of people around the world.

The following recommendations seek to both support the safe re-opening of sporting events and tournaments following the pandemic, as well as to maximize the benefits that sport and physical activity can bring in the age of Covid-19 and beyond [20].

Covid-19 has caused profound changes in the products, the process of managing sports and leisure, and the economic, social, and cultural situation of the sports industry, and it seems that the effect of these changes will last long after the disease is controlled.

Predicting and forecasting the sports industry in the post-corona era will play an important role in future planning and helping the industry grow in the future [21].

During the coronavirus epidemic period, the sports sector, like many other sectors, was affected economically with the shutdowns.

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