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# The Comeback: COVID-19's Impact and the Return of Sports

BY [CHRISTIAN PEREZ](#) / ON APRIL 26, 2021



*Photo by Abigail Keenan on Unsplash*

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Recent promising vaccine news<sup>1</sup> has many U.S. citizens finally seeing the light at the end of the pandemic tunnel and maybe even thinking about making travel plans to a tropical destination, to Europe, or perhaps catch a ballgame.<sup>2</sup> Unfortunately, however, the pandemic is still ongoing. Throngs of people wary of the vaccine and new COVID-19 variants popping up likely mean we are not entirely out of the pandemic's grasp.<sup>3</sup> And let us not forget the price paid in lives already: three million lives worldwide and half a million in the United States.<sup>4</sup> So, it may seem a little distasteful to talk about COVID-19 and its impact on the sports industry, but sports matter economically and to our individual and collective psyche.

Sports play an undeniable role in most of our lives, whether as a member of an organized sport or as a spectator.<sup>5</sup> In the United States, it is hard to miss the latest scores and updates from all major sports teams, whether it is professional, collegiate level, or anything else. For many of us, our lives in some parts revolve around the athleticism and competitiveness that

makes up sports. Sports have also served as a global unifier. As Nelson Mandela once said: "Sport has the power to change the world. It has the power to inspire. It has the power to unite people in a way that little else does."<sup>6</sup> The recent pandemic has presented complex challenges and uncertainty to many American institutions, including sports<sup>7</sup>. In particular, the sports industry has remained resilient but still has experienced its fair share of economic issues.

As the Coronavirus spread across the globe, a vast number of major sporting events and matches were either postponed or canceled to protect the health of athletes, fans, and all those involved.<sup>8</sup>

Every aspect of the sports world was affected, from athletes, teams, leagues, to sponsorships, sports retail, hospitality, and media coverage.<sup>9</sup>

The impact of COVID-19 on sports was, and still is, far-reaching, with many stakeholders financially affected by shortened seasons, postponements, or cancellations. The many different affected stakeholders include:

- Sports teams or individual sportsmen/sportswomen, e.g., New York Yankees
- Governing bodies, e.g., the International Olympic Committee
- Stadium, arena, and venue operators, e.g., the Madison Square Garden Company who operates Madison Square Garden
- Insurers
- Team physicians and medical staff
- Vendors, e.g., those who supply the equipment for each sport or sell the tickets;
- Sponsors, e.g., Chase Bank or Nike
- Local businesses surrounding the venues, e.g., hotels, restaurants, and bars
- The media
- Fans, e.g., Ticket holders or those who watch on media platforms
- The travel industry

While many constituencies welcomed the postponements and cancellations as promoting crucial public health objectives,<sup>10</sup> there is no doubt that unwanted consequences resulted, and that some of those consequences will persist in the coming years.<sup>11</sup>

Postponements and cancellations also triggered legal ramifications that may take years and patience to resolve.<sup>12</sup> In particular, postponements have wreaked havoc on contracts negotiated by sponsors, broadcast networks, sports leagues, teams, and players.<sup>13</sup> Those deals, routinely worth some worth millions and even billions of dollars, could not be performed because of postponements and cancellations. For example, a decade ago, NBC and the International Olympic Committee (IOC) agreed on a \$4.4 billion deal<sup>14</sup> that ran through the last year's Olympics. Years later, the deal was extended into the 2030s, with NBC paying the IOC \$7.8 billion for sponsorship and exclusive rights.<sup>15</sup> That substantial payout was

based on NBC's reliance on viewership, promotion, advertising. NBC's financial projections were predicated partly on revenue the network anticipated generating through Olympic broadcasts during the 2020 summer. The Olympics postponement to this summer, at the very least, required reworking a vast number of contracts and a loss of substantial revenue for both NBC and the IOC.<sup>16</sup>

Sponsors and local businesses were also affected by the postponement of last year's Olympics.<sup>17</sup> This troubling trend was replicated for the U.S. sports leagues, which saw massive losses in associated revenue.<sup>18</sup> Local businesses, in particular, were also hit hard, as they were expecting people to see their products and services on signs, banners, and advertisements.<sup>19</sup> Hotels, local restaurants, and bars that project revenue from these sporting events also lost out. The travel industry was equally hit as hard.<sup>20</sup> Employees of these various businesses undoubtedly absorbed those losses with lower earnings, layoffs, and furloughs.

Fortunately, the sports industry does not seem to be finished yet. Sports leagues have come back or are in the process of coming back at full or slightly reduced schedules.<sup>21</sup> There is also some optimism that the sporting goods industry will bounce back in 2021,<sup>22</sup> and there is hope that the sports industry might bounce back revenue-wise, perhaps with an assist from legal sports betting.<sup>23</sup> States also, eager to combat historic budget shortfalls due to the pandemic, are turning to sports betting to fight back.<sup>24</sup> While the Supreme Court's decision to reverse a federal ban<sup>25</sup> on sports betting in 2018 saw the practice blossom in 22 states, some states, like New York and New Jersey, had held out until now.<sup>26</sup>

Most importantly, 2021 has ushered the return of a sports product closer to the one we enjoyed pre-pandemic.<sup>27</sup> There is, of course, some debate as to whether sports should return so quickly and with fans.<sup>28</sup> Hopefully, the optimism behind the momentum to return is reflected in the stock market as sports leagues and teams have seen evaluations increase recently.<sup>29</sup> After all, the pandemic has proven that even though the sports industry faced financial and personal struggles, there was still an apparent demand for its return. Hopefully, the sports industry will continue to bounce back, and sports will remain a part of our lives for years to come.

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