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# 11. The diversity of international sports ecosystems and strategic and economic event models of international sports federations

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Since the acceleration of the commercialisation of sport in the 1980s, the economic model of international sports federations (ISFs) has been based almost exclusively on international sport events (Clausen and Bayle 2017) and/or participation in the Olympic Games and the International Olympic Committee's (IOC) distribution of part of the Olympic revenue to Olympic ISFs (Chappelet 2016). This very simplified view of ISFs' financial resources conceals a much more complex reality, as each ISF exists in a very different ecosystem. The ecosystem of Olympic ISFs has grown over the decades into a complex network of actors with varying interests (e.g. political, financial, social) and influence (e.g. supportive, regulatory, coercive function). Besides the classical stakeholders involving the IOC, National Olympic Committees (NOCs), ISFs and National Sport Federations (NSFs), Olympic ISFs' ecosystem nowadays includes a large spectrum of additional stakeholders such as regulatory bodies (WADA – World Anti-Doping Agency, ITA – International Testing Agency), sponsors, media, professional leagues, equipment suppliers and governments (Chappelet 2016).

The purpose of this chapter is to provide an analytical approach to understanding how ISFs regulate their sport/events globally. Using concrete examples, we discuss the influence of international sports ecosystems on the different regulatory configurations that emerge. The expression “configuration” refers to the set of elements that, together, compose a system. The Olympic system and those of various international sports are unique ecosystems which emerged as the result of the sport's history and cultural identity. At the international sport level, there is only very little regulatory intervention of the state and international intergovernmental bodies. It is rather the international associative players (IOC and/or ISFs) and sometimes commercial companies who are the key actors in terms of regulation. This chapter seeks to explain the complexity of international sport federations' event strategy. It contributes to the understanding of ISFs by offering a detailed analysis of the strategies that ISFs develop in order to secure exclusive access to the sport's event market, notably through efforts that aim at preventing independent commercial actors who are not part of the Olympic movement from controlling the event market. The chapter further provides an overview of ISFs' economic models by looking at their events, their main sources of revenue, and the allocation of these revenues to finance the development of their sport and the functioning of their headquarters. The findings and discussion of this chapter allow researchers and students to get a better understanding of how the complex interplay of multiple actors, their interests and influence can impact ISFs' strategy and economic event models. For practitioners, the classification of ISFs in the analytical model constitutes a useful comparison based on which the federation can assess the direction of its strategic objectives.

## THE CHARACTERISTICS OF GLOBAL SPORTS ECOSYSTEMS

The specific global ecosystem of each sport can be characterised by reference to the number of actors present, such as those of the federal network (member associations, athletes), as well as sponsors, commercial event organisers and public actors (United Nations, European Union, states). The ecosystem can also be described by its respective power, analysed by four constructs (Bayle 2021), namely: the ability to unify the global rules of competition; the ownership and control of major competitions; control of the global event calendar and international rankings; and the system of redistributing profits from major events.

According to resource-based theory (Prahalad and Hamel 1990), an entity develops organisational capabilities and know-how by combining competencies and financial, human and technological resources into organised processes. Faced with an increasingly complex environment and a need to respond to change, some authors (e.g. Teece et al. 1997) speak of dynamic capabilities when they refer to the *ability to adapt*.

The assumption of our analytical model is that the regulatory configurations of global sports ecosystems are formed and evolve depending on the application of four key competencies mobilised by the major actors of a sport (ISFs, IOC, public actors, commercial actors, athletes) in accordance with their interests. These competencies are:

- *Social*: offering sports activities for social purposes; policy of social responsibility in and through sport;
- *Economic*: the principles of marketing; economic models, in particular for events; financial control and redistribution mechanisms;
- *Legal*: defining and applying the rules resulting from “hard” law and, increasingly, “spontaneous” law; drafting contracts and using methods for the prevention and settlement of disputes by dedicated bodies created by, or with the assistance of, the IOC: Court of Arbitration for Sport, World Anti-Doping Agency, International Testing Agency (ITA);
- *Political*: interactions and negotiations between actors in the context of conflict or crisis aiming to find compromises or even build partnerships; promoting deliberative bodies and the democratic functioning of ISFs.

## FIVE CONFIGURATIONS FOR THE GLOBAL REGULATION OF SPORTS

Bayle’s (2021) analysis of global sports ecosystems based on these four constructs and competencies highlights the five configurations of regulation: total regulation of a sport by an ISF; regulation coordinated by an ISF; separate regulation; regulation dominated by commercial actors; and private commercial regulation without an ISF. The power of a specific sport ecosystem and the application of the four key competencies (social, economic, legal, political) in ISFs depends on the federation’s strategic objectives as well as the influence and skills required for this among the federation’s main actors.

In the first configuration, all the rules of competition, rankings and major competitions are owned and controlled by an ISF and its federal network (continental and national federations and national professional leagues under the supervision of national federations). ISFs such as football (FIFA) and rugby (WR) are in this dominant position for historical reasons. These

federations have managed to secure their positions by methods such as imposing sanctions for non-compliance with the rules, for example, not releasing players to the national team to participate in international competitions under the federations' control. In the second configuration, that is, regulation coordinated by an ISF, major competitions are not owned by the federal system but instead are controlled by the ISF through a world circuit under its auspices (this is the case for cycling, governed by the UCI, and equestrianism, governed by the FEI). The third configuration, separate regulation, means that different institutions regulate a sport according to different principles, with separate calendars and rules of competition. This is the case of basketball and ice hockey, where the International Basketball Federation (FIBA) and the International Ice Hockey Federation (IIHF) are confronted by powerful North American professional leagues whose economic strategies have been globalised over the last 20 years. The fourth configuration is that of regulation clearly dominated by one or more commercial actors. This is similar to the previous scenario, but the ISF is in a greatly or even completely marginalised position. The competing private system is extremely dominant and the ISF is in a weak position. This is the case in the International Tennis Federation (ITF), the International Golf Federation (IGF), the international motorsport federation called Fédération Internationale de l'Automobile (FIA) and in World Surfing (WS). The final configuration for regulation is purely private/commercial. It is characterised by the lack, or very embryonic emergence, of a legitimate ISF to oversee the sport. Examples are the sports of freeride skiing, trail running, MMA (mixed martial arts), esports, parkour and breaking (also known as breakdancing).

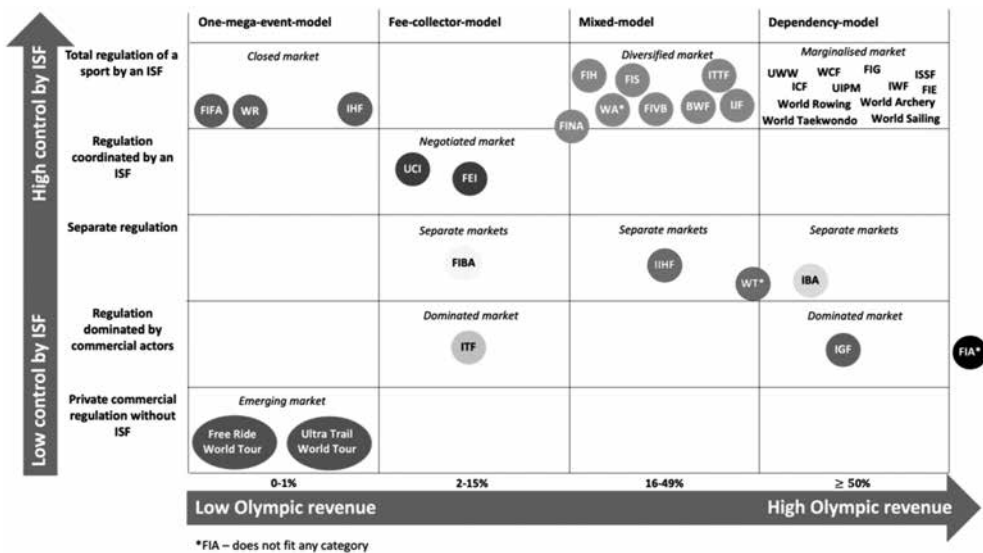
## FOUR ECONOMIC EVENT MODELS OF INTERNATIONAL SPORT FEDERATIONS

The majority of research projects have found it difficult to analyse the economic models used by ISFs due to a lack of access to data (financial records are either unpublished or offer sparse detail). One of the first descriptive research papers on economic models was published only relatively recently. To conceptualise and differentiate ISFs' economic models around their events, Clausen and Bayle (2017) compared several ISFs using the following indicators: event portfolio, event ownership/rights, event income and expenses, and Olympic revenue dependency. The authors demonstrated that four types of economic models can be distinguished: the "one-mega-event model" (e.g. FIFA), "fee-collector model" (e.g. UCI), "mixed model" (e.g. FIH) and "Olympic-dependence model" (e.g. World Rowing). Each model has its advantages and risks. While ISFs in the one-mega-event model generally manage a highly popular sport that attracts high levels of media attention, their dependency on a single event also represents a risk (e.g. event cancellation, pressure from key stakeholders upon which the ISF depends financially). With the commercial rights of major events often in the hands of private event organisers, ISFs in the fee-collector model depend on revenues from calendar and licence fees. The mixed model produces a fairly stable situation as it spreads ISFs' financial risks across several sources of income (e.g. several major events). Smaller ISFs tend to depend on Olympic revenue; this dependence on the IOC as their main funding entity means that these ISFs tend to align with the IOC's requirements and expectations. Despite the differences between the four economic models, a general trend can be observed: by contributing considerably to event profits, stakeholders that financially invest in ISFs' sport

events such as sponsors, as well as athletes who are intrinsic to the sporting spectacle, claim greater involvement and have higher expectations of ISFs.

## METHODOLOGY

Based on the five regulatory configurations and the four economic event models, Figure 11.1 classifies Olympic ISF into a combined analytical model. Depending on the classification, the model indicates the variance in terms of control that an ISF has over its sport as well as the range regarding the share of revenue from the Olympic Games. The analytical model represents an explanatory approach that combines two models of analysis: a strategic-regulatory and an economic event model. The strategic-regulatory model analyses the regulatory framework that ISF have set up to control, promote and monetise the events of their sport (e.g. World Championships, World Cups, circuits, leagues, etc.). In the combined analytical model, we use the strategic-regulatory model to classify ISFs according to the level of control the federation exercises over the major events of its sport (from “high control” to “low control”).



Note: BWF – Badminton World Federation, FEI – International Equestrian Federation, FIA – International Motor Sport Organisation, FIBA – International Basketball Federation, FIE – International Fencing Federation, FIFA – International Football Federation, FIG – International Gymnastics Federation, FIH – International Hockey Federation, FINA – International Swimming Federation, FIS – International Ski Federation, FIVB – International Volleyball Federation, IBA – International Boxing Association, ICF – International Canoe Federation, IGF – International Golf Federation, IIHF – International Ice Hockey Federation, IHF – International Handball Federation, IJF – International Judo federation, ISSF – International Shooting Sport Federation, ITF – International Tennis Federation, ITTF – International Table Tennis Federation, IWF – International Weightlifting Federation, UCI – International Cycling Federation, UIPM – International Modern Pentathlon Federation, UWW – United World Wrestling, WA – World Athletics, WCF – World Curling Federation, WR – World Rugby, WT – World Triathlon.

Figure 11.1 Classification of ISFs according to the analytical model

The economic event model differentiates ISFs depending on their event portfolio and types of revenues related to their events such as commercial revenues, fees, and Olympic revenue. In the combined analytical model, we use the economic event model to classify ISFs according to their dependence on the Olympic revenue: for the one-mega-event model, the Olympic revenue is marginal (0–1% of the ISF's total revenue); the fee-collector model is also only moderately dependent on the Olympic revenue (2–15% of the ISF's total revenue); the mixed model includes a variety of ISFs that range from moderately dependent (16% of the ISF's total revenue) to fairly dependent (49% of the ISF's total revenue); and the dependency model is highly dependent on the Olympic revenue (50% and more of the ISF's total revenue). By combining both models of analysis, Olympic ISFs are clustered into seven groups. Following the characteristics of the combined models, we labelled these groups as distinct event markets: closed, diversified, marginalised, negotiated, separate, dominated and emerging market.

The data was collected between 2015 and 2019 (before the COVID-19 pandemic). The analysis examined ISFs' financial accounts and the types of revenue generated, notably from World Championships/World Cups, the frequency of which varies, as well as other types of events (e.g. international circuits, the emergence of new sport formats) and the distribution of Olympic revenue by the IOC in the four-year period following the Olympic Games. We considered and analysed the weight of revenue from events in relation to the ISF's total revenue. We have not taken 2020 and 2021 into account due to COVID-19; international sports events were severely disrupted – cancellations, postponements and rescaling affected economic models.

Distinguishing the regulatory configurations of global sport ecosystems allows an analysis of the competition (whether weak or strong) and the power relationships in a system where economic value is essentially dominated by the most prestigious events (Olympic Games, major world championships) and mediatic sports (soccer, basketball, tennis, etc.).

As it is often difficult to access detailed information on ISFs' economic data and strategic objectives, formal interviews and less formalised discussions (on the phone, emails) with staff members of several of the analysed ISFs took place.

This approach afforded us insight into certain dynamics within ISFs. We also conducted an informal expert interview in January 2022 with the Deputy Executive Director of ASOIF, the Association of Summer Olympic International Federations, and one with an academic

*Table 11.1 Interviews and discussions with Ifs*

Who	When	What	How
BWF (Secretary General)	April 2021	Events, strategy	Online interview (recorded)
FIS (Head of Services)	June 2021	Events and strategic objectives	Online interview (recorded)
IWF (Operations Director)	January–April 2022	Event organisation and control	Discussion via telephone, emails
FEI (Eventing and Olympic Coordinator)	March–June 2021	Event organisation, control and strategy	Discussions via telephone, emails
UCI*	April 2021–January 2022	Event calendar, strategy	Informal discussions

*Note:* \* One of the authors is a former UCI staff member. Several informal discussions with former colleagues regarding the UCI event calendar and strategic objectives took place.

expert in the field of Olympic sports (May 2021) to confirm our reasoning and complete our information.

## DISCUSSION OF RESULTS

### **Total Regulation of a Sport by an ISF**

Three types of strategic and economic models can be distinguished in the total regulation configuration: the one-mega-event, mixed and dependency models.

In the one-mega-event model, the ISF gets most of its income (approximately 75%) from a single mega-event. This event is generally held every four years (in the case of the football and rugby world cups) but sometimes every two years (e.g. the handball world cup). ISFs have tried to increase the profitability of such events by broadening the base of countries that participate in the final phase (e.g. in football/soccer, increasing from 32 countries to 48 from 2026) and reducing the interval between events to two years, although facing considerable opposition from stakeholders (players, clubs and national professional leagues). With a view to managing this dependency on a single event, these ISFs have attempted to launch lucrative new events with the concept of organising two or three major event “products”. The share of Olympic revenue remains relatively trivial for these ISFs (about 1% of income), although state aid to national federations may be greater because of the Olympic label. The major men’s event allows other international competitions to be financed and supported, such as youth and women’s world cups, which often return a loss.

The key competence of these ISFs and their federal networks is legal/political, namely the ability to lock down access to domestic and international competitions. This model is very clearly illustrated by football (FIFA) and rugby (WR). The organisational capacity consists of marketing a mega-event (men’s world cup every four years) from a position of monopoly. These ISFs hold all the international media and commercial rights without taking the risk of organising major competitions. In fact, the organisation of these mega-events is transferred to national/local public actors as the major financiers, especially indirectly.<sup>1</sup>

These ISFs offer their sport genuine leadership. They use the four key competencies to construct and strengthen their position of monopoly in terms of events and practical activities. However, they must manage their dependence on the single event which allows them to finance their other loss-making youth competitions, the professional operation of their headquarters and the support and development policy for their national federations. We labelled the event market of this group “closed market” as these ISFs managed to completely lock access to their event market, meaning the ISF is the sole rightsholder of the sport’s main events.

In the mixed model of funding, resources do not come from a single event but rather from several (World Championships, World Cup or other international circuits, other events) and from revenue from the IOC for participation in the Olympic Games. Despite this common feature, the proportion of income derived from events varies among the ISFs in this model. Thus it is 36% for IJF, 37% for FIH, 53%<sup>2</sup> for FIS, 74%<sup>3</sup> for FINA and 84% for BWF. The proportion of funding from Olympic revenue is generally in the average range for Olympic ISFs (30%) or less: BWF 14%, IJF 16%, World Aquatics (formerly FINA) 16%, FIH 33% and FIS 39%. Other ISFs have reoriented their event portfolio or strategic partnerships in order to diversify their revenue and reduce dependence on a single event or Olympic income. We

therefore labelled the event market of this group “diversified market”. In the case of volleyball, the federation (FIVB) has worked in association with an investment fund (CVC) to develop a marketing strategy for a broad portfolio of events; however, fans have found this difficult to understand. In 2010, World Athletics established the Diamond League, replacing the Golden League (1998–2009); this series was an addition to the World Championships which had been inaugurated in 1983. Diamond League organisers are related actors of ISF’s federal system.

The Olympic dependency model means that over 50% of an ISF’s funding comes from participation in the Olympic Games (Clausen and Bayle 2017). This model generally concerns the Olympic ISFs of non-professional sports: rowing, canoeing, fencing, weightlifting, gymnastics, wrestling, pentathlon, taekwondo, archery and sailing. Although these are less attractive to financial players in international sport (sponsors, organisers, television) compared with professional sports, the Olympic status of these ISFs often allows their national federations to benefit from significant public support. The main competence of the ISFs in this model is clearly political: to meet the criteria set by the IOC and conduct the necessary lobbying to remain on the Olympic Games programme, as is the case for World Rowing, for example (Olympic revenue: 56% of the total revenue). As the main events of these sports generally reach a smaller audience, they are less attractive to financially strong sponsors. On the international scene, these sports occupy a marginalised position. We therefore labelled the event market of this group “marginalised market”.

### **Regulation Coordinated by an ISF**

In the coordinated regulation configuration, the only strategic and economic model is the fee-collector model. The core competence of these ISFs is quite political and the organisational capacity consists of ensuring that private commercial actors who own events, and indeed professional athletes and teams, adhere to the world circuit under the control of the ISF and pay the significant participation fees. The ISF, by its control of the world rankings, also allows athletes to earn points to qualify for the world championships and the Olympic Games. The ISF has a lucrative world championship product and access to the Olympic Games represents a second major source of funding and legitimacy. Fees represent 45% of the total income of Union Cycliste Internationale (UCI), of which 28% is the organisation fee for its world championships (paid by the host city/region) and 17% participation fees for the world circuit that it controls. The proportion of fees for the International Equestrian Federation (FEI) is 28%. In addition to calendar and organisation fees for FEI events, this revenue consists of subscription fees for athletes and horses and equine passports. In both of these cases, the ISFs have managed to retain or gain partial control over lucrative events in their sport. However, the fee-collector model requires that the ISF demands reasonable fees that organisers and teams/athletes are willing to pay. As the below example of the UCI illustrates, these ISFs are sometimes challenged by commercial event actors. To limit the drain of event revenues, the ISF may have to negotiate with these actors. We therefore label the event market of this group “negotiated market”. The proportion of the Olympic contribution to overall income thus remains quite modest (FEI 11% and UCI 13%). These two ISFs have formal regulatory powers but rather limited capacities to finance the global development of their sports.

As an illustration of this model, we can see that the UCI is faced with three key historical commercial operators. First and foremost is the powerful media and events group, Amaury Sport Organisation (ASO), which owns two of the three Grand Tours (Tour de France and

Vuelta a España) as well as many other professional cycling events. ASO owns nearly 60% of the WorldTour calendar and organises 110 days of racing a year. Two other commercial operators are very influential: the Italian media group RCS Sport, owner of the Giro d'Italia, and Flanders Classic, owner of several Belgian and Dutch classics. Neither the UCI nor its network of federations owns these competitions; however, since 2005 it has succeeded in coordinating the calendar and controlling the world rankings (Aubel and Ohl 2015). The UCI's control of participation in the world championships and Olympic Games affords it the power to sanction actors – athletes and organisers – who do not respect the ISF's rules.

In another example, the FEI experienced a partial loss of control of the organisation of professional equestrian sport with the creation of two circuits in 2005 by Global Champions Tour, a private commercial organiser, namely the “Longines Global Champion's Tour” outdoor circuit for individuals and the “Global Champion's League” outdoor circuit for teams. The FEI has four circuits but these are relatively insignificant in terms of revenue. Furthermore, a new player also arrived in the sport in 2013, when the Rolex Grand Slam brought together the four leading show jumping events. The FEI receives most of its revenue through athlete and horse registration fees, passports and the FEI calendar.

### **Separate Regulation**

In the third configuration, separate regulation, different institutions regulate a sport according to different principles, with separate calendars and rules of competition. We therefore label the event market of this group “separate markets”. Typical examples are basketball and ice hockey. Both the International Basketball Federation (FIBA) and the International Ice Hockey Federation (IIHF) are confronted by powerful North American professional leagues whose economic strategies have been globalised over the last 20 years with the sale of media rights abroad and the recruitment of international players through the draft system. In this way, the NBA generates about 80 times more revenue than FIBA.

Consequently, there is sometimes collaboration but there is also competition and even ignorance by the major American leagues, their franchises and their star players towards the ISF. The difficulty in finding compromises in the calendar in order to encourage the best players to participate in the world cup and Olympic Games can be explained by economic and legal issues (the assumption and cost of participation fees, insurance against injury, etc.) and the athletes' need for rest from competition. In particular, it is the major event that generates significant commercial revenues for these ISFs (TV rights, sponsorship, organisation fees paid by a state, region or town to host the event) – an estimated 65–70% for FIBA World Cup and 55% for IIHF World Championships. Furthermore, the ISFs do not have control of the most lucrative European club competitions. This is the case of the EuroLeague in basketball, a closed private league created in 2000, which has become the most prestigious title for European clubs. This is also the case in ice hockey with the KHL closed continental league that is dominated by Russia. On the other hand, a compromise was reached in 2014 to create the Champions Hockey League. This league is organised by European Ice Hockey Club Competition Ltd., a company whose shareholders include 26 clubs (63% of shares), six leagues (25%) and the IIHF (12%). However, this competition has found it hard to get off the ground.

This mode of regulation is therefore distinctive because the ISF is faced with a hegemonic private commercial operator with which it must share regulation. This competition has not



prevented instances of cooperation, as illustrated by the creation of the Basketball Africa League in 2020 by the NBA and FIBA and the ongoing discussions for an NBA Europe. The NBA, as part of its “NBA Cares” global community outreach strategy, also partnered with FIBA to implement its “Basketball Without Borders” programme. There is therefore joint social regulation to some extent, which is not the case in respect of economic and legal regulation.

The key competence of the ISFs in this configuration is primarily political, while FIBA and IIHF also have the capacity to negotiate the participation of the United States and Canada as well as international players from North American basketball and ice hockey leagues in the world championships and Olympic Games (although this was not the case for the 2022 Beijing Games). IIHF in particular depends on the sporting and economic value of these two competitions; they are crucial to its economic model. Indeed, the Olympic contribution to the total revenue is 27% for IIHF. FIBA only publishes sparse financial information. Based on the financial information gathered by Owen (2021) and the cost allocation of the Olympic revenue for Tokyo 2020 revealed by Weinreich (2020), the part of the Olympic revenue in FIBA’s total revenue amounts to an estimated 4%. Three-quarters of FIBA’s revenues are said to stem from hosting fees and the Olympic revenue distribution (Owen 2021).

### **Regulation Dominated by Commercial Actors**

The fourth configuration is clearly dominated by one or more commercial actors (private commercial circuit/organiser). This is similar to the previous configuration, but the ISF is in a considerably or even completely marginalised position. The competing private system is extremely dominant and the ISF is in a weak position. For example, the International Tennis Federation (ITF) is very isolated as the four grand slam tournaments are historically owned by three national federations and a club (Wimbledon) while the powerful ATP and WTA circuits mean that professional players can make a living all year round.<sup>4</sup> It was for these reasons that the ISF decided to sell the exclusive commercial rights of its main product, the Davis Cup, to the investment fund Kosmos for 2.5 billion euros over a 25-year period. In the context of a very fragmented governance, an attempt has emerged to establish a new political regulation with a working group known as T7. This involves the seven major actors in tennis (the four grand slam tournaments, ATP, WTA and ITF) and was launched in 2021 at the ATP’s initiative to consider a unified calendar and shared commercial offers. The ITF has developed a mixed funding model: 50% of its revenue stems from the Davis Cup, 15% from the sale of sports data and 8% from Olympic revenue.

The global regulation model of golf is quite similar, dominated by six major commercial tours (including the powerful PGA Tour). The International Golf Federation (IGF) attracts very modest revenues and was established solely to manage golf in the Olympic Games. The only event organised by the IGF is the World Amateur Team Championships. Golf’s ISF is totally dependent on Olympic revenue.

Another example of this configuration is Formula 1 and the non-Olympic ISF of motorsport (FIA). This ISF only receives 1% of the overall revenue of the series, which was bought by the American group Liberty Media for 4.4 billion dollars in 2016. Many other sports are also dominated by private commercial operators who own the most lucrative circuits and are completely outside the control of federations (e.g. World Surf League). FIA generates the majority of its revenue through investment incomes.

In this model, the ISF has no control over the overall rules of competition, the event calendar or the world rankings. Neither does it have an economic model that allows it to pursue an ambitious development and solidarity policy with its national federations. We therefore labelled the event market of this group “dominated market”.

The ISF’s competence is above all political and social through its capacity to negotiate the participation of other actors in the development of the sport. This is often achieved by appealing to the social responsibility of dominant commercial actors (major events/sponsors) and sports stars. An additional strategy is for ISFs to get their sports added to the Olympic programme. This was the case for tennis (1988) and golf (2016) and is an objective for surfing after being invited to the programme of the 2020 and 2024 Olympic Games. Olympic recognition facilitates an ISF’s globalisation of its development strategy by legitimising state aid to national federations, which become Olympic federations.

### **Private Commercial Regulation without ISF**

The final regulation configuration is purely private/commercial. This is characterised by the lack, or very embryonic emergence, of a legitimate ISF to oversee the sport. This is the case with freeride skiing and trail running. These new niche sports, which have gained popularity in the media, are following the same regulatory path. In freeride skiing a private commercial operator established a major event, Xtreme de Verbier, in 1986. This was followed by the Ultra-trail du Mont-blanc in 2003, which became a leading event in trail running and provided the momentum to establish an international circuit.<sup>5</sup> The skiing and athletics ISFs have not entered the niche markets of these activities that are derivatives of their historical sports. Consequently, opportunistic private actors have been able to capture the value of the market and have succeeded in internationalising their activities, at times playing the role of a quasi-federation on the fringes of the Olympic system. They control the calendar and the rules of competition and, in the case of freeride skiing, have organised junior events in recent years, in this way setting out the future of the discipline. In breaking, Red Bull owns the largest breaking competition in the world, the Red Bull BC One. On the advice of the IOC, the dancesport ISF recently integrated breaking into its activities and the discipline has been added to the programme of the Paris Olympic Games. Esports also seem to belong to this configuration, as video game publishers remain the owners and organisers of competitions. However, the IOC distinguishes between “virtual sport” and “video game competitions”, the latter being considered less legitimate by the institution. No international esports federation or organisation is currently recognised by the Global Association of International Sports Federations (GAISF). However, ISFs are starting to launch virtual sports competitions under their auspices (the eSailing World Championship has been recognised by the sailing ISF since 2018; the UCI Cycling Esports World Championships were held on the Zwift platform for the first time in 2020).

Mixed martial arts (MMA) events are controlled by a few private leagues, the most powerful of which is the Ultimate Fighting Championship (UFC), while there are several organisations that aspire to become the legitimate MMA representative. GAMMA (Global Association of Mixed Martial Arts) has already signed an agreement with the ITA for doping controls in MMA. IMMAF (International Mixed Martial Arts Federation), the “historical” organisation, claims to represent MMA with strong support from Western countries. This organisation is seeking to become the signatory of the World Anti-Doping Code. Finally, WMMAA (World Mixed Martial Arts Association) is seeking to be the official MMA representative with

the support of the Russian/Asian bloc. However, none of these organisations are currently recognised by GAISF.

The key competence of a nascent ISF is political together with its organisational capacity to institutionalise its activities. This may take the form of recognition by GAISF, the first institutional gateway to the Olympic system; and/or being a signatory of the World Anti-Doping Code; and/or by members being recognised by official national bodies such as the Ministry of Sports/National Olympic Committee; or by connection with an existing national federation.

The sports mentioned have the common characteristic of being new, popular and sometimes contested activities. They are also practices that interest the youth audience that the IOC and the Olympic Games want to capture. We therefore label the event market of this group “emerging market”.

## CONCLUSIONS AND PROSPECTS

We have shown that ISFs’ events are organised in a range of ecosystems and regulatory configurations. From the initial analysis, we identified and discussed ISFs’ economic and strategic models. This allows us to understand the context as well as the opportunities and limits of ISFs’ event strategies on the four key competencies that each, in theory, can implement. Our analytical framework also allows the examination of the complexity of situations and the effects of learning from which ISFs can benefit in light of past experiences and the strategies implemented by some of them.

Faced with the COVID-19 crisis, the dependence of ISF revenues on funding from international sport events has risen in an increasingly “VUCA” environment (volatility, uncertainty, complexity and ambiguity). The IOC has invited ISFs to reconsider their economic models in order to become less dependent on events. Three main trends have become apparent in respect of the economic models of ISF events: more states using sport as soft power, the emergence of new financial investors and the Olympic embrace of new sports.

First of all, there is the growth in the number of states using the soft power of sport by hosting major international events, as well as by infiltrating sports governance by (quasi-)public sponsors or state-backed presidential candidates. Thus Russian oligarchs and sponsors are or were until recently heading the international federations of fencing (FIE – Alisher Usmanov until February 2022), shooting (ISSF – Vladimir Lisin until January 2023) and chess (FIDE – Arkady Dvorkovich). This strategy of soft power through sport has historically been used by major Western countries. However, emerging countries have also developed very visible event financing strategies with ISFs over the last ten years. For example, this is the case of South Korea (World Taekwondo), Russia (FISU and AIBA), China (ISAF), the Gulf states (FIA and FINA), some Central Asian countries (Kazakhstan/FISU, Turkmenistan/UCI) and the Middle East (Qatar/FIFA and many major sports world championships – including handball in 2015 when a Qatari team of imported players reached the final; cycling in 2016; and athletics in 2019). However, these hosting strategies also carry image and reputational risks. They may have been perceived as short-term opportunistic strategies to meet ISFs’ financing needs.

More recently, we have seen the emergence of private equity investors. This can take different forms: the full purchase of rights (KOSMOS/ITF competition) or the creation of a joint company to maximise commercial rights (WTT events/ITTF, CVC/FIVB, Infront/FIBA, etc.). Companies are also sometimes created to more clearly separate an ISF’s commercial

activities from its regulatory activities, including at the request of the European Union (FIBA Media & Marketing Services, FIA/FOCA). These strategies allow ISFs to generate new resources. At the same time, they also create dependencies and a potential loss of autonomy regarding the federation's governance and regulation of its sport.

The third trend is related to strategies that seek the Olympic adoption of “new” sports including those that emerged and were popularised in the 1970s such as surfing, skateboarding and climbing. A common feature in the DNA of all these sports is that they are perceived as a counter-culture to traditional Olympic events. This is a recent strategy which has received the assistance of the IOC as it seeks to attract a younger audience. Street sports that have emerged more recently, such as parkour and breaking, are subject to the same logic with competition formats that have been reconsidered or invented from scratch. Sports that are still very marginalised by the Olympic system could also ultimately find themselves having an Olympic destiny: trail running, freeride skiing or even esports or MMA.

At the same time, the IOC is challenging “traditional” sports that no longer offer satisfactory governance or integrity or are of waning interest to the general public and the young in particular. Boxing, weightlifting and modern pentathlon may thus drop out of the Olympic programme after the 2028 Los Angeles Games while skateboarding, sport climbing and surfing could be installed permanently after that date.

This chapter allows the reader to gain a better understanding of the complex strategic-regulatory and economic event models of ISFs. Combining five configurations of ISFs' ecosystems and four economic event models, the analytical framework offers a new perspective on ISFs' event-related activities. For future studies, we suggest a complementary, more sociological perspective which analyzes in more detail the power relations both within ecosystems and within each ISF. Such an analysis seems even more relevant in light of ISFs being more and more caught in internal power struggles to obtain or maintain power over their sport and new disciplines related to their sport.

## NOTES

1. By financing the construction and renovation of stadia and urban facilities; public subsidies and tax benefits allocated to the organising committee; and the provision of public personnel.
2. FIS – revenue from events, of which: World Championships 34%, World Cups 14%.
3. FINA – revenue from events, of which: World Championships 42% (all aquatic disciplines contested in a 50-metre pool), World Swimming Championships 11% (swimming-only championships contested in a 25-metre pool), other events 17%.
4. The ATP Tour and Grand Slam each have a turnover of about one billion dollars, while the ITF's turnover was just 70 million dollars before the changes to the Davis Cup format in 2018.
5. The Freeride World Tour was launched in 2008 with five stages on three continents; the Ultra-Trail World Tour was created in 2014 with 28 events in 22 countries on five continents. In 2022, it was replaced by the UTMB World Series.

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