

ANALYSIS OF THE SPORTS SERVICES MARKET IN SLOVENIA

Jakob Bednarik, Edvard Kolar and Gregor Jurak

University of Ljubljana, Faculty of Sport, Ljubljana, Slovenia

Original scientific paper
UDC 796.062:366.626(497.4)

Abstract:

This paper presents a study of the sports services market in Slovenia, besides the educational system, based on an analysis of several sources of public data: the income structure of sports organizations involving a sample of 8,092 organizations, the population's consumption expenditure on sport using a representative sample and the public expenditure on sport according to reports about the realization of the national programme for sport in Slovenia. The research reveals that the total expenditure on sport in Slovenia in the studied year of 2005 amounted to 1.93% of GDP. In the structure of expenditure, the largest share of 85% is taken by private money (corporations, households), whereas public funding (state budgeting, local authorities, lottery money, EU funding) amounts to slightly less than 15%. The overall amount of expenditure was constantly rising until 2005 due to a stronger economic growth in Slovenia. Nevertheless, the amount spent on sport lags behind the increase in the population's consumption expenditure on the so-called leisure industry, resulting in sport losing the market share within the industry. The average Slovenian household spends 2.88% of the family budget on sport, equalling EUR 496 per year. Two-thirds of these funds are spent on sports products and one-third on sports services. More and more sports services are being offered by the private sector, although the non-governmental sports sector created 70.6% of the total income of sports organizations. Left unchallenged, the weaknesses of the Slovenian sports services market could become a real obstacle to the further successful development of sport; therefore, some countermeasures to improve and form new sports services are presented in the last part of the paper.

Key words: *sports management, sports organization, macroeconomic aspect, public expenditure, private expenditure, income structure*

Introduction

The European sports market development in the early 1970s requested properly arranged economic data which would allow an easier overview of the market. The first research group, led by Michael Collins, attempted to find the initial indicators of the economic value of sport in nine European countries (Jones, 1989). The following study was led by a French working group which introduced more standardized methodology. The French working group mainly studied the macroeconomic relationship between sport and the economy, particularly focusing on the sources of sports financing on a larger sample of European countries (Andreff, Bourg, & Halba, 1994). Despite the strong need to collect such data due to the rapid development of all types of sports across Europe, in particular sports events, sports sponsorship and the popularization of sport on television (Andreff, 2000), no similar study has been conducted since. Therefore, researchers have to rely on the results acquired in individual countries. Yet only a few use the accepted research approach of the French working group, whereas the

others use their own methodology approaches when researching the sports market and the economy.

On the basis of the approach taken by Andreff and colleagues several research studies were carried out in Slovenia. It was estimated that the economic strength of Slovenian sport in the year 1997, expressed by the public and private expenditure on sport, amounted up to 2.3% of GDP (Bednarik, Kolenc, & Močnik, 2001a). The development level of sport in different parts of Slovenia mainly depends on the economic strength of a given area and slightly less on the age structure and urbanization level of the population (Bednarik, Petrović, Potočnik, Simoneti, Šugman, & Štrumbelj, 1999).

Bednarik, Petrović and Nyerges (1997) found that elite sports' results in Slovenia had a market value. The potential number of spectators and viewers of sports events is relatively large, yet very limited due to the country's absolute small population of 2 million citizens (Bednarik & Petrović, 1998; Bednarik, Šugman, Urank, & Kovač, 2007). As a result, the potential for the sponsoring of Slovenian sport is small in an absolute sense,

whereas, relatively speaking, the sponsorship potential of sport in Slovenia is great (Bednarik, Simoneti, Petrović, & Štrumbelj, 1998b). Some of the sponsorship goals of companies, such as an increase in the market share and higher sales, are more important in an international area than in Slovenia (Irwin & Sutton; 1994; Cornwell & Maignan, 1998), indicating that Slovenian sport is not being sponsored for entirely commercial reasons. Nowadays the priority of companies' goals is slightly more focused on corporate social responsibility (Jurak, Bednarik, & Kovač, 2009) than a couple of years ago (Bednarik, et al., 1998). Nevertheless, the amount of money spent on sponsorship by Slovenian companies is large relative to the economic strength of the country. A similar limitation arises with sports events and TV viewing. Namely, Slovenians mostly watch sport on television and less frequently actually attend sports events (Bednarik & Petrović, 1998; Jošt, et al., 1999); this is reflected in Slovenian's low spending levels on attendance fees to sports events (Bednarik, et al., 2001a). Different sports in Slovenia vary in their appeal to individual TV viewers and spectators of sports events, while the structure of spectators and viewers also differs for different sports (Bednarik & Kline, 1997; Bednarik, et al., 2007). Despite the relatively well-saturated market of spectators, the size of the market limits the financial potential of sports events (advertising during broadcasting) in comparison to other countries that have larger populations yet are less successful in achieving elite sports results. The issue also exerts a strong negative effect on the financial resources of elite sport, which is at large still financed by public funding, similarly to the sport of children and youth (Kolar, 2005).

One important source of financing Slovenian sport involves volunteers. They represent almost 80% of the workers in non-governmental sports organizations (Bednarik, et al., 1998a; Jurak, 2006). These volunteers perform 65.8% of all work in these organizations (Jurak, 2006) and the estimated contribution of volunteer work to the income made by sports organizations is nearly 15% (Bednarik, et al., 2000, 2001a). It is also estimated that volunteer work represents 13.5% of economic strength outside the education system, equalling EUR 81.2 million or .311% of GDP (Jurak & Bednarik, 2006). The amount of volunteer work lags behind that witnessed in the developed European countries (Jurak, 2006). Nevertheless, this is expected given the relationship of volunteer work to GDP.

Despite the country's idiosyncrasies the model of financing sports organizations in Slovenia is very similar to the financing model used in the EU (Bednarik, Petrović, & Šugman, 1998). Most funding is secured from private sources (Bednarik, Kovač, & Jurak, 2001b); however, the level of public expenditure on both the national and local levels in Slovenia is lower than in the neighbouring and Western European countries (Sever, Bednarik, & Šugman, 2000; Bednarik, et al., 2001b).

The aim of this paper was to analyse the current status of the sports services market in Slovenia from the financial point of view. We tried to get answers to the questions about the changes in the demand for sports services in Slovenia and the meeting of this demand when seeking to predict future trends and adjust strategies on the macro level. A model of analysis of sports services market was used for this purpose. The consumption expenditure of the population and companies on sport demonstrates the demand for sports services, whereas the income

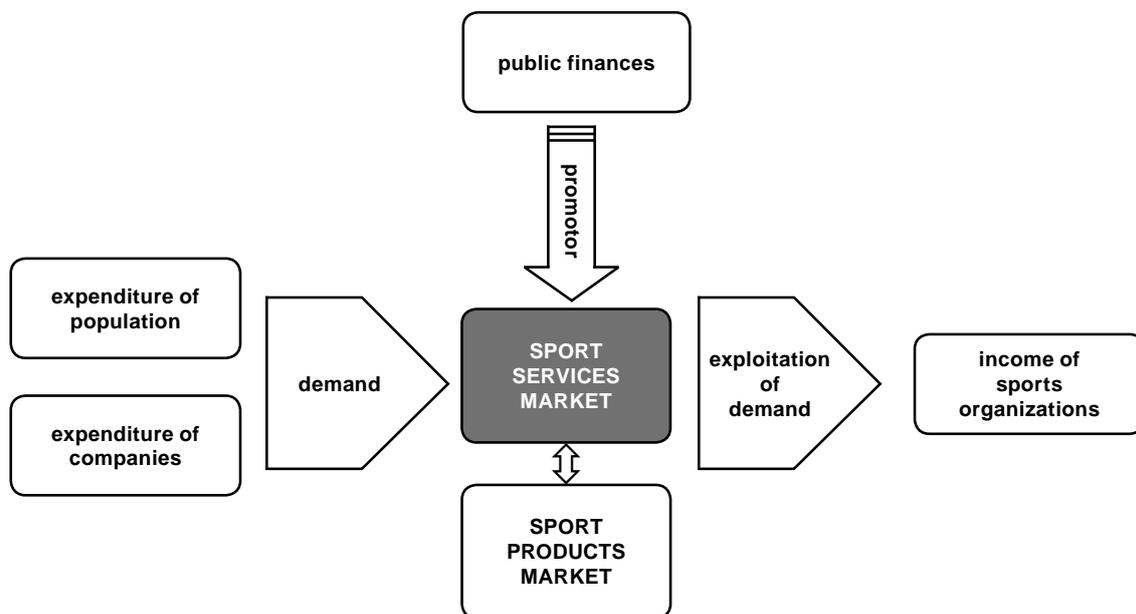


Figure 1. A model of analysis of the sports services market.

of sports organizations shows the exploitation of this demand, where public finances are understood as a promoter of the demand for services in the sports market (see Figure 1).

Methods

Public data obtained from the Statistical Office of the Republic of Slovenia (SORS), the Agency for Public Legal Records and Services in the Republic of Slovenia (APLRS), the Ministry of Education and Sport (MES) and the Foundation of Sport (FS) were used for the analyses.

The income (from sales, other income, income from financing and transferred earnings) of sports organizations is represented by the total income of organizations (sports clubs and associations, sports companies, private ventures, public institutions, private institutions) that provide sports activity besides the educational system. Data were collected from APLRS (2007) at our request, using annual financial reports.

In terms of both number and income, the largest groups are sports clubs and associations (non-governmental sports organizations) which are besides the educational system also the most important for Slovenian sport. As a result, the study focuses mainly on an analysis of the income of non-governmental sports organizations (sports NGOs). The APLRS records merely reveal a book-keeping review of the income; some other data that were available were used to evaluate the income structure from the aspect of sports contents. The structure has been designed on the basis of the following information:

- data from the end-of-year financial results as given to the APLRS by the sports NGOs for the 2006 financial year as well as from the government budget and other public sources; this is also the only item in the annual reports of sports NGOs explicitly discussing income from public sources and was therefore the only indicator available for estimating the income structure;
- data obtained from the SORS about the population's expenditure in 2005; data about expenditure on sports events, sports courses and membership fees were extracted from the total population's expenditure.
- The evaluation of the income of sports NGOs received from companies and other private sources that are based on the difference between the total income of sports NGOs, the income of sports NGOs from the government budget and other public sources and the population's expenditure on sports events, sports courses and membership fees.

The population's consumption expenditure (households) on sports services was represented by sports events, training fees for sports activities

and charges for facility hire, sports courses and sports clubs membership fees, sports equipment rental charges and ski lift services. The population's consumption expenditure on sports products was represented by the costs of clothing, shoes, bicycles, large equipment for sport and leisure and equipment for sport, hunting, camping and outdoor recreation. Data about the population's consumption expenditure on sports services and products for 2005 were collected from the SORS (2007). The sample was representative, meaning it is stratified for regions and the type of density of an area. Methodology for the selection of individual items of household expenditure is available from the authors.

Public expenditure on sport that has attracted public interest was represented by expenditure on sports programmes and investments by the state, local authorities, the Foundation for Sport (using the lottery proceeds) and the European Union through the National Programme for Sport.

The expenditure of companies on sport was represented by an estimate based on the difference between the total income of sports NGOs and income from the public sources, the population's consumption expenditure on sport events, courses and membership fees.

Basic descriptive characteristics were calculated for all variables. To analyse the trend a comparison with previous years was undertaken.

Results

The total *expenditure on sport* in 2005 was EUR 528 million or 1.93% of GDP (Table 1). Half of the money in sport was spent on sports products (51.9%), followed by sports programmes (40.6%) and investments in sports facilities (7.5%). In the expenditure structure, private expenditure holds the largest share with 85.3%, whereas the share of public expenditure is 14.7%.

The population's expenditure on sport shows that in 2005 the population spent more than EUR 79 million on different sports services of sports organizations (see Figure 2). Through the sale of sports services (sports courses rental, membership fees for sports clubs) NGOs made an estimated EUR 35 million and achieved a 62% market share.

The expenditure of companies on sport services represented an estimated 17.6% of the total expenditure on sport, equalling EUR 92.8 million or .34% of GDP (see Table 1). The companies spent most for sports services (34.3% of the total expenditure for sports services). In the last few years a change of companies' expenditure on sport has been noticed (Figure 3).

Large fluctuations can be noticed in *public expenditure on sport* (Figure 4), especially due to the local authorities' expenditure.

The total income of all sports organizations in the last studied year reached .79% of GDP. The

Table 1. The expenditure structure of sport in 2005 – sports market demand

| Expenditure on sport in 2005 | TOTAL (EUR) | % | For sports services (EUR) | | For investments in sport (EUR) | | For sports accessories, equipment, clothing, shoes (EUR) | |
|---|-------------|-------|---------------------------|-------|--------------------------------|-------|--|-------|
| | | | | % | | % | | % |
| TOTAL EXPENDITURE | 528,257,325 | 100.0 | 214,320,055 | 100.0 | 39,855,961 | 100.0 | 274,081,309 | 100.0 |
| Total public expenditure | 77,716,567 | 14.7 | 41,751,331 | 19.5 | 35,965,236 | 90.2 | | |
| Government budget expenditure | 14,738,654 | 2.8 | 9,273,172 | 4.3 | 5,465,482 | 13.7 | | |
| Local government expenditure | 56,361,676 | 10.7 | 29,209,581 | 13.6 | 27,152,095 | 68.1 | | |
| Lottery money | 6,616,237 | 1.3 | 3,268,578 | 1.5 | 3,347,659 | 8.4 | | |
| Total private expenditure | 450,540,758 | 85.3 | 172,568,724 | 80.5 | 3,890,725 | 9.8 | 274,081,309 | 100.0 |
| Expenditure of companies | 96,716,192 | 18.3 | 92,825,467 | 43.3 | 3,890,725 | 9.9 | | |
| Expenditure of population | 353,824,566 | 67.0 | 79,743,257 | 37.2 | | | 274,081,309 | 100.0 |
| Expenditure of the population on products | 274,081,309 | 51.9 | | | | | 274,081,309 | 100.0 |
| Expenditure of the population on services | 79,743,257 | 15.1 | 79,743,257 | | | | | |

Sources: Statistical Office of the Republic of Slovenia, 2007; Ministry of Education and Sport, 2006; Foundation of Sport, 2006

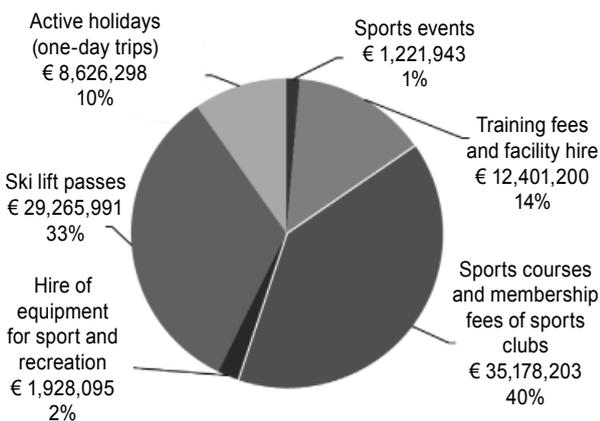


Figure 2. Structure of the population's expenditure on sports services in 2005 – sports services market demand.

highest incomes were earned by the organizations which were subjected to the Law on Non-profit Organizations (see Table 2). This group was closely followed by the companies from the field of sport. Besides these, services in the sports field were also provided by both the public and private institutions. Professional sportspersons (private sports workers and professional athletes) form a specific group; their income is not shown in Table 2 due to the lack of available data. In the first half of the year 2007, their number rose to 1,515 according to the APLRS records. A characteristic of this group of sports services is that its members offer their services to sports organizations. When analysing the income and expenditure of other sports organizations they

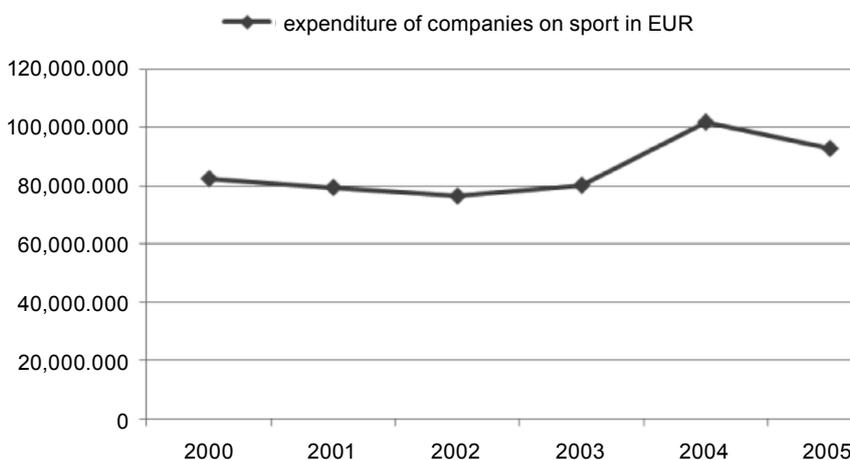
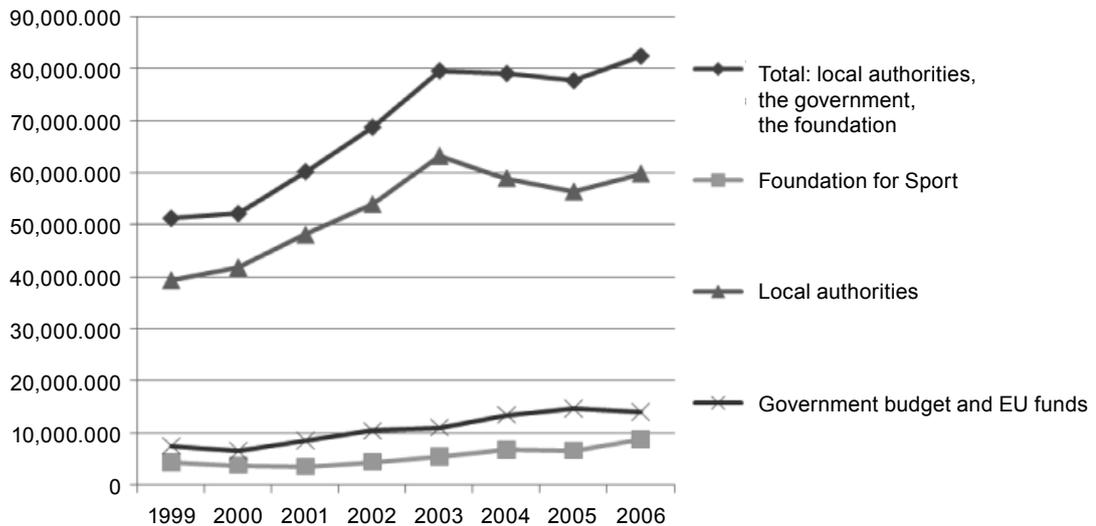


Figure 3. Trend of companies' expenditure on sport in EUR.

Sources: Statistical Office of the Republic of Slovenia, 2007; Agency for Public Legal Records and Services in the Republic of Slovenia, 2007



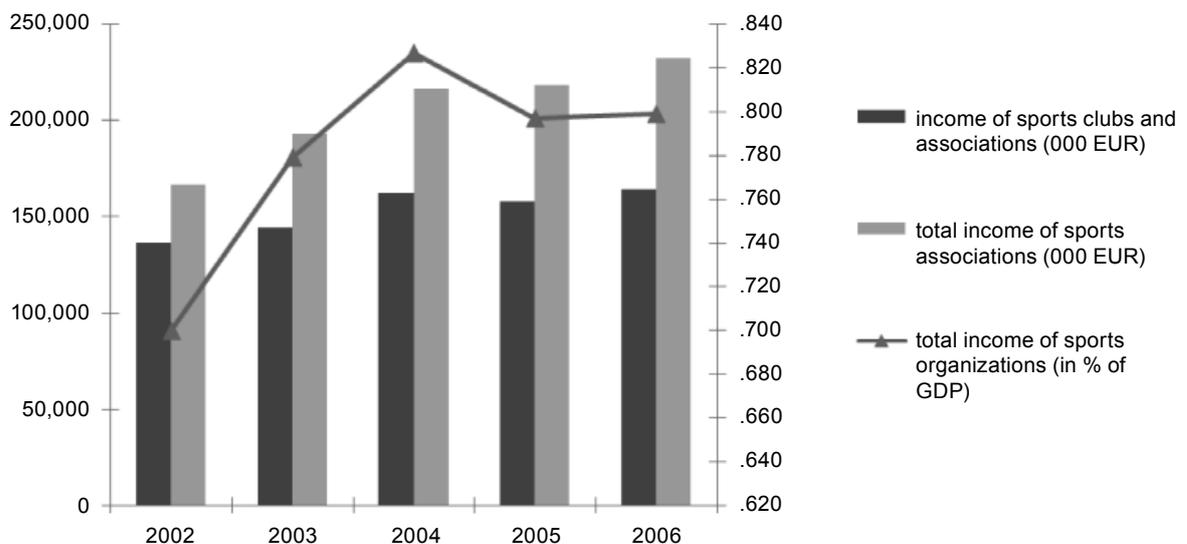
Sources: Ministry of Education and Sport, 2006; Foundation of Sport, 2006

Figure 4. Trend of public expenditure on sport in EUR – promotion of the sports services market.

Table 2. The structure of sports organizations and their income in 2006

| | transfers | | suppliers | |
|-------------------------------|-------------|-------|-----------|-------|
| | in EUR | % | number | % |
| Sports clubs and associations | 163,873,256 | 70.6 | 5,941 | 73.4 |
| Sports companies | 34,342,818 | 14.8 | 188 | 2.3 |
| Public institutions in sport | 25,994,362 | 11.2 | 34 | .4 |
| Private ventures in sport | 5,967,188 | 2.6 | 398 | 4.9 |
| Private institutions in sport | 1,922,125 | .8 | 16 | .2 |
| Private sports workers | - | - | 633 | 7.8 |
| Professional athletes | - | - | 882 | 10.9 |
| Total | 232,099,749 | 100.0 | 8,092 | 100.0 |

Source: Agency for Public Legal Records and Services in the Republic of Slovenia, 2007

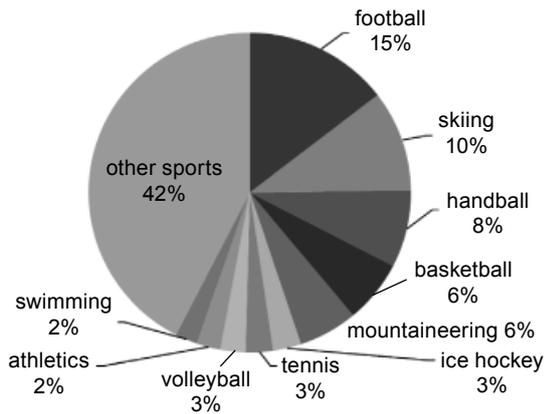


Source: Agency for Public Legal Records and Services in the Republic of Slovenia, 2007

Figure 5. Comparison of the income of all sports organizations and the income of sports NGOs between 2002 and 2006 (in 1,000 EUR) – exploitation of sports services market demand.

mainly represent the expenditure parts of these organizations, yet the total income of all entities in sport is not increasing significantly.

In the last few years some changes have become obvious in the income trends of sports NGOs and the income of all sports organizations (see Figure 5). Whereas the increase in the sports NGOs' income has slowed down, the total income is still rising nominally, pointing to the growing volume in the private sports segment which is represented by the income of sports companies and entrepreneurs in sport.



Source: Agency for Public Legal Records and Services in the Republic of Slovenia, 2007

Figure 6. Share of income of sports NGOs according to sports discipline in 2006.

Sports NGOs from the ten largest sports disciplines according to the income size generate more than a half of the total income of the sports NGOs (see Figure 6) with the commercial sports being in the lead. Football, basketball and handball together generate 29% of the total income of sports NGOs. These sports are uncompromisingly increasing their share of income. In the last five years, the share of the ten largest sports disciplines rose by five percentage points, with a two percentage point increase being seen from 2005 to 2006.

Discussion and conclusions

The financial effects of sport depend on a successful exchange between the providers of sports services and their potential consumers. Constant monitoring is therefore needed in order to perceive changes in the sports services market. The presented research approach is appropriate for such monitoring since it offers: a relatively good comparison as the data used are collected by competent institutions for public statistical purposes; a good representation of samples; the possibility to use the SORS sample for a comparative economic analysis of sport with other expenditure made by the population; a possibility of making comparisons with other countries of

former Yugoslavia as the book-keeping reports have the same normative origins. Also, some other research approaches must be taken to overcome the weaknesses of the presented research approach. Since universal data for all subjects regardless of their specifics are collected, data about income are limited to the common characteristics of legal entities and thus the content structure of income from sport (sponsorship, individual public sources, population) only allows estimates of expenditure. With this limitation, the findings of the used model of analysis provided answers to the questions about the changes in the sports services market in Slovenia. The findings have exposed certain weaknesses which could become an obstacle to the future development of Slovenian sport.

Total expenditure on sport in Slovenia was nominally increasing until 2005 and has been falling in relation to GDP due to the larger investments being made in other social segments in Slovenia, particularly in the transport infrastructure. The share of expenditure on sport has fallen from 2.3% in the year 1997 (Bednarik, et al., 2001a) to 1.93% of GDP in the year 2005, which is still similar to the developed countries (Watt, 2003; Bartoluci, 2004). The proportion between private and public expenditure in Slovenian sport (Table 1) has not changed through the years (see Bednarik, et al., 2001b); however, the volume of expenditure dictated by the economic growth has been changed. Simultaneously with stronger economic growth the expenditure on sports services also rose, yet this trend stopped in 2005. Future analyses should show whether this was a systematic or accidental halt in growth.

Table 1 also reveals that Slovenians spend most of their money on sports products (sports clothing and shoes, sports equipment), three times more than on sports services (sports courses rental, membership fees for sports clubs, training fees and ski passes, tickets to sports events). In the household consumption expenditure (EUR 17,215), the expenditure on sport is nearly as high as the expenditure on culture. Data from the SORS (2007) reveal that in 2005 every household spent EUR 496 per year on sport (2.88% of the total household consumption expenditure), EUR 375 was used for sports products and EUR 121 for sports services. The Slovenian expenditure for sports services is comparable with the one in the EU-15 countries (Eurostat, 2005), yet it is lower than expenditure by the Australian households (Australian Bureau of Statistics, 2004).

Sports services have been in the household consumption expenditure included within the group *Leisure and culture*. This part of the household consumption expenditure depends not only on cultural factors but also on household income. These reasons explain the big differences found across the EU-25 members (Puente, 2005).

Data from the National Office of Macroeconomic Analysis and Development concerning purchasing power parity led to the conclusion that households from the top two income categories (people with the highest and medium-high income) are responsible for 70% of all expenditure on sport in Slovenia.

Slovenia's economic growth in the past decade (Eurostat, 2009a) has also led to the population spending more in the area of the so-called leisure industry (music, film, culture, sport). Despite this economic growth, sports organizations did not take advantage of the population's greater expenditure on the leisure industry. Between 2000 and 2005, the proportion of the total consumption expenditure on leisure and culture (including all expenditure for leisure activities: holidays, gardening, music, film, culture, sport, etc.) in the total consumption household expenditure grew by almost 1% of the total population's consumption expenditure, whereas in the same period the proportion of spending on sport decreased both in comparison to the population's total consumption expenditure and the proportion of the consumption expenditure on leisure and culture (see Table 3).

We can conclude that the larger expenditure of companies on sport in the last two years (see Figure 3) was reached due to the stronger economic climate and faster growth of GDP in the years 2004 and

2005 (Eurostat, 2009b). An increase is also noticed in the public expenditure on sport (Figure 4), although a more detailed analysis shows that a strong positive change was due to EU structural fund financing, even though funding for sports programmes was falling on both the national and local levels (Table 4). A question arises here about the fulfilment of the promotion role of public funds for the sports services market.

The annual reduction of the average income per sports NGOs and the increase in the share of income in the biggest sports (Figures 5 & 6) confirm that the commercialization of sport in Slovenia has been largely to the benefit of TV sports; similar conclusions have also been reached in other research studies (Lobmeyer, 1992; Bednarik & Petrović, 1998; Jošt, et al., 1999).

The analysis of expenditure on sport reveals that the population spent the most (Table 2), yet an evaluation of the income structure of sports NGOs reveals that these organizations create most of their income from companies via sales of sponsorship and TV rights (59% of their total income), whereas public sources represent only 19% and the population 22% of their total income. The greater attention paid to the expenditure of sponsors, which are the main source of income for sports NGOs, is also a danger for commercially less interesting sports. Namely, commercially more interesting

Table 3. Sport services vs other leisure activities

| Year | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | Trend |
|--|-------|-------|-------|-------|-------|-------|-------|
| Proportion of consumption expenditure on sport in % of total expenditure of the population | 3.04 | 2.87 | 2.87 | 2.87 | 2.92 | 2.88 | • |
| Proportion of consumption expenditure on sport in % of total expenditure on leisure and culture | 35.77 | 32.24 | 30.23 | 29.35 | 29.97 | 29.72 | ↓ |
| Proportion of consumption expenditure on leisure and culture in % of total expenditure of the population | 8.51 | 8.89 | 9.51 | 9.79 | 9.74 | 9.46 | ↑ |

Source: Statistical Office of the Republic of Slovenia, 2007

Table 4. Proportion of public expenditure on sport programmes in % of total public expenditure for the 2002 to 2005 period

| | 2002 | 2003 | 2004 | 2005 |
|--|------------|------------|------------|------------|
| Total public expenditure on sport in EUR | 68,750,867 | 79,608,566 | 79,104,504 | 77,716,567 |
| % of expenditure on sports facilities | 46.0 | 50.4 | 57.8 | 55.1 |
| % of expenditure on sports programmes | 54.0 | 49.6 | 42.2 | 44.9 |
| Public expenditure on sports programmes | 37,123,595 | 39,449,248 | 33,397,222 | 34,871,640 |
| Youth sport (out of school) | 9,611,313 | 11,258,333 | 12,112,821 | 12,654,223 |
| Top and high-performance sport | 9,812,458 | 10,278,788 | 9,740,894 | 10,368,705 |
| Physical recreation | 1,896,420 | 2,126,272 | 2,015,748 | 2,107,678 |
| Sport for people with disabilities | 133,080 | 139,741 | 204,265 | 173,580 |
| Functioning of sports federations and public sports institutes | 8,163,404 | 10,225,885 | 6,291,026 | 6,970,313 |
| Development and expert tasks in sport | 7,506,919 | 5,420,229 | 3,032,467 | 2,597,142 |

Sources: Ministry of Education and Sport, 2006

sports create a bigger share of income from this source, have a more intensive media contact and are, therefore, more attractive to sponsors. It is noted that only 16 sports are generally attractive to sponsors in Slovenia, with football and basketball being clearly in the lead (Jurak, Bednarik, Kolar, Kolenc, & Kovač, 2008). Sports NGOs should accordingly target their sports services more at the population's expenditure and increase their income from this source so as to decrease their dependency on income from companies (sponsors). Longitudinal monitoring of sports activities of Slovenians (Petrovič, Ambrožič, Sila, & Doupona, 1998; Jošt, et al., 1999; Kovač, Starc, & Doupona Topič, 2005) reveals that the proportion of sportingly active people in Slovenia is rising (52.4% of the Slovenian population is sportingly active, whereas 37.7% do sports activities once a week; Kovač, et al., 2005) and so too is the potential income of sports organizations they can earn from providing sports services to the population. On the other hand, it has been noticed that ever more people are becoming sportingly active individually, outside the framework of sports organizations. It can be concluded that sports organizations are only partially exploiting their marketing potential.

Based on the obtained findings we suggest measures to be applied on two levels – sports organizations and national level, in order to neutralize potential obstacles.

One of the idiosyncrasies of the Slovenian market is its small size. This is reflected in the small potential of sponsorship and advertisers during TV broadcasts and the fact that sales of TV rights in other countries are not large because Slovenian sports events are not interesting enough outside the borders. The main question is how to overcome the limitations of the absolute small size of the Slovenian elite sport products, which are mainly designed for passive participants in sport (Chelladurai, 1994). The number of passive participants is sufficient or even large considering the proportion of the population; nevertheless, their absolute number is very small. A solution could be found in the internationalization of sports events – international competitions and international league competitions. In Europe this process is fully underway and being enthusiastically utilized by the Slovenian club sports (Adriatic Basketball League, EBEL Ice Hockey League, Interleague Volleyball).

The findings reveal that the services of sports organizations are less competitive and that sport is losing its market share in the population's expenditure on leisure activities. In particular, sport clubs and their associations cannot keep pace with the development of society. These organizations should focus more on offering new services and creating new sales pathways and projects to accelerate service sales. The new services should target new

groups (e.g. tourists, older age population, people with health problems). Obviously, the majority of sports clubs and associations focus on similar services in the sports market which has resulted in the limited volume and income structure. Existing services of sports organizations should be used to increase income through sports events and changes in ticket sales (elite sports events are often advertised as being free of charge, VIP tickets are also given away). In order to carry out marketing activities that lie beyond an NGO (e.g. sales of players, commercial service activities in mass sport), sports clubs and associations should form trade corporations which would be more business-oriented so as to promote these activities.

There are other reasons for the stagnation of the Slovenian NGO segment that cannot be perceived from the macroeconomic point of view. The management of sports organizations is poor due to the NGOs being run non-professionally. According to the Slovenian Olympic Committee, the NGO segment is less competitive due to its inability to claim volunteer work as a service cost, which leads to the less favourable economic position of such organizations when compared to professional organizations.

The task of the Slovenian Olympic Committee should be to set up a system aimed at ensuring a continuous improvement in the quality of management in sports organizations (management quality certificates) and to make sure volunteer work in sports NGOs is valued and established as an economic category and suitably reflected in book-keeping records. An improvement in the quality of sports services and the volume of sales should be encouraged on the national level with other measures, including tax relief for all consumers of sports services and products. Other possibilities relate to encouraging the participation of public finances in setting up an innovative environment in sports organisations, the co-operation of sports organizations on both the horizontal and vertical levels in innovative networks and the co-operation of sports networks with networks in education, tourism and health. The government could pass suitable legislative solutions to reduce income tax on sports NGOs' marketing activities and by reducing or waiving value-added tax on sport services.

In order to develop sports infrastructure the public sources should encourage the construction and renovation of sports facilities offering better quality services. From the aspect of active sports participation this would be reflected in the support for the investments which plan the use of sports facilities (particularly indoor facilities) for professionally carried out sports programmes. Nowadays a large number of facilities are being hired out for the unorganized sport and sports activities that are unjustified from the point of view of utilization of the space. Further, as a result

of current political ambitions or circumstances, oversized sports facilities are being built; their maintenance reduces the funds available for sports programmes and the facilities often remain unused. Local authorities should carefully consider their decisions about the construction of sports facilities; state and local authorities should increase their funding of sports programmes and thereby enable better access to sports programmes and the enhanced competitiveness of Slovenian sport.

When considering the passive participants in sport (spectators), the improved quality of sports facilities would be manifested in a safer and more comfortable infrastructure (seating areas, VIP boxes) that would result in a private-public partnership in the supply of additional activities (hospitality, shopping). It is particularly in this area that the state and local authorities should reduce the paperwork obstacles and improve the conditions to allow faster investments of private money in sports infrastructure.

References

- Agency for Public Legal Records and Services in the Republic of Slovenia (2007). *Podatki o poslovanju pravnih oseb v letu 2005, ki izvajajo dejavnost na področju športa*. [Data on business of legal entities in 2005, working in the field of sport. In Slovenian.] Ljubljana: Agencija za javnopravne evidence in storitve.
- Andreff, W. (2000). Financing modern sport in the face of a sporting ethic. *European Journal of Sport Management*, 7(1), 5-30.
- Andreff, W., Bourg, J.-F., & Halba, B. (Eds.) (1994). *The economic importance of sport in Europe: Financing and economic impact*. Brussels: Committee for Development of Sport of the Council of Europe.
- Australian Bureau of Statistics (2004). *Household expenditure on sports and physical recreation, Australia, 2003-04*. Retrieved December 1, 2009 from: www.ausport.gov.au/_data/assets/pdf_file/0005/276917/ABS-Household_Expenditure_on_Sport_and_Recreation.pdf
- Bartoluci, M. (Ed.) (2004). *Management in sport and tourism*. Zagreb: Faculty of Kinesiology, Graduate School of Economics & Business.
- Bednarik, J., & Kline, M. (1997). Gibalna dejavnost ter nekatere značilnosti TV gledalcev in obiskovalcev športnih prireditev – dogodkov. [Motor activity and some characteristics of TV viewers and spectators of sports events. In Slovenian.] In B. Sila & F. Ambrožič (Eds.), *Gibalna aktivnost odraslih prebivalcev Republike Slovenije*. Ljubljana: Fakulteta za šport, Inštitut za kineziologijo.
- Bednarik, J., Kolenc, M., & Močnik, R. (2001a). Analysis of expenditure in sport in Slovenia. In J. Bednarik (Ed.), *Some economic aspects of sport in Slovenia* (pp. 83-89). Ljubljana: Committee for the Development of Sport of the Council of Europe & Faculty of Sport.
- Bednarik, J., Kolenc, M., Petrovič, K., Simoneti, M., Šugman, R., & Mostnar, V. (1998a). *Ekonomski pomen slovenskega športa, vidiki organiziranosti in financiranja športnih organizacij v Sloveniji*. [The economic importance of Slovenian sport, the organisational and financing aspects of sports organisations in Slovenia. In Slovenian.] Ljubljana: Fakulteta za šport, Inštitut za kineziologijo.
- Bednarik, J., Kovač, M., & Jurak, G. (2001b). The Slovenian model of sports funding. In J. Bednarik (Ed.), *Some economic aspects of sport in Slovenia* (pp. 48-59). Ljubljana: Committee for the Development of Sport of the Council of Europe & Faculty of Sport.
- Bednarik, J., & Petrovič, K. (1998). Transparency of the function of sport offered to spectators and TV viewers and to those active in sports recreation: the case of Slovenia. *Kinesiology*, 30(1), 52-56.
- Bednarik, J., Petrovič, K., & Nyerges, M. (1997). Exchange value of top level sports results and its comparative marketing advantage in Slovenia and Hungary. *Kalokagathai*, 35(1-2), 25-32.
- Bednarik, J., Petrovič, K., Potočnik, J., Simoneti, M., Šugman, R., & Štrumbelj, B. (1999). Social and economic characteristics of region and significance of sport activities: the case of Slovenia. *Kinesiology*, 31(1), 54-60.
- Bednarik, J., Petrovič, K., Šugman, R. (1998b). Funding of Slovenian sport during transition. *Kinesiologia Slovenica*, 4(1), 12-16.
- Bednarik, J., Remih, A., Močnik, R., Simoneti, M., Štiblar, F., & Šugman, R. (2000). *Nekatere značilnosti financiranja in organiziranosti Slovenskih športnih organizacij*. [Some characteristics of financing and organisation of Slovenia sports organisations. In Slovenian.] Ljubljana: Fakulteta za šport.
- Bednarik, J., Simoneti, M., Petrovič, K., & Štrumbelj, B. (1998). Objectives of sport sponsorship in Slovenia. *Kinanthropologica*, 34(2), 31-37.
- Bednarik, J., Šugman, R., Urank, J., & Kovač, M. (2007). Segmentation of sports consumers in Slovenia. *Kinesiology*, 39(1), 74-84.
- Chelladurai, P. (1994). Sport management. Defining the field. *European Journal for Sport Management*, 1(1), 7-21.
- Cornwell, T.B., & Maignan, I. (1998). An international review of sponsorship research. *Journal of Advertising*, 27(1), 1-21.

- Eurostat (2005). *Consumers in Europe. Facts and figures*. Luxembourg: Eurostat. Retrieved December 1, 2009 from: http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-DY-04-001/EN/KS-DY-04-001-EN.PDF
- Eurostat (2009a). *GDP per capita in Purchasing Power Standards*. Luxembourg: Eurostat. Retrieved November 25, 2009 from: <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=tsieb010>
- Eurostat (2009b). *Real GDP growth rate*. Luxembourg: Eurostat. Retrieved November 25, 2009 from: <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=tsieb020>
- Foundation of Sport (2006). *Pregled realizacije sredstev Fundacije za šport v letu 2005*. [Review of the realisation of resources of the Foundation of sport in 2005. In Slovenian.] Retrieved December 2, 2007 from: www.fundacijzasport.org/index.php?option=com_mosaccess&view=year
- Irwin, R.L., & Sutton, W.A. (1994). Sport sponsorship objectives: An analysis of their relative importance for major corporate sponsors. *European Journal for Sport Management*, 2, 93-101.
- Jones, H. (1989). *The economic impact and importance of sport: a European study*. Strasbourg: Committee for the Development of Sport, Council of Europe.
- Jošt, B., Sila, B., Leskošek, B., Tušak, M., Doupona, M., Cecić Erpič, S., & Močnik, R. (1999). *Analiza spremljanja športnih panog v Sloveniji*. [An analysis of the monitoring of sports in Slovenia. In Slovenian.] Ljubljana: Fakulteta za šport, Inštitut za kineziologijo.
- Jurak G. (2006). *Značilnosti vodenja prostovoljcev v športnih organizacijah v Sloveniji*. [The characteristics of the management of volunteers in Slovenian sports organisations. In Slovenian] (Unpublished Master's thesis, University of Ljubljana). Ljubljana: Ekonomska fakulteta, Univerza v Ljubljani.
- Jurak, G., & Bednarik, J. (2006). Economic strength of voluntary work in non-governmental sports organisations in Slovenia. In *Abstract book of 11th World Sport For All Congress. Physical Activity: Benefits and Challenges* (pp. 165). Havana: Cuban Olympic Committee.
- Jurak, G., Bednarik, J., Kolar, E., Kolenc, M., & Kovač, M. (2008). A comparison of sponsorship potential of the most popular sports in Slovenia during 1998 and 2003. In D. Milanović & F. Prot (Eds.), *Proceedings Book, 5th International Scientific Conference on Kinesiology* (pp. 334-336). Zagreb: Faculty of Kinesiology, University of Zagreb.
- Jurak, G., Bednarik, J., & Kovač, M. (2009). Sponsorship potential of Slovenian sport. *Acta Universitatis Carolinae-Kinanthropologica*, 45(1), 95-113.
- Kolar, E. (2005). *Model vrednotenja športnih panog v Republiki Sloveniji z vidika vrhunškega športnega rezultata*. [Model for evaluating sports disciplines in Slovenia from the elite sports result point of view. In Slovenian.] (Unpublished doctoral dissertation, University of Ljubljana). Ljubljana: Fakulteta za šport, Univerza v Ljubljani.
- Kovač, M., Starc, G., & Doupona Topič, M. (2005). *Šport in nacionalna identifikacija Slovencev*. [Sport and national identification of Slovenians. In Slovenian.] Ljubljana: Fakulteta za šport, Inštitut za kineziologijo.
- Lobmeyer, M.A. (1992). Commercialism as a dominant factor in the American sport scene: Sources, developments, perspectives. *International Review for the Sociology of Sport*, 27(4), 309-324.
- Ministry of Education and Sport (2006). *Realizacija Letnega programa športa iz državnega proračuna in proračunov lokalnih skupnosti v letu 2005*. [Realisation of the Annual programme for sport from the government and local budgets in 2005. In Slovenian.] Ljubljana: Ministrstvo za šolstvo in šport.
- Petrovič, K., Ambrožič, F., Sila, B., & Doupona, M. (1998). *Športnorekreativna dejavnost v Sloveniji 1998*. [Sports-recreational activity in Slovenia 1998. In Slovenian.] Ljubljana: Fakulteta za šport, Inštitut za kineziologijo.
- Puente, A. (2005). *The European consumer in the enlarged Union*. Luxembourg: Eurostat. Retrieved December 1, 2009 from: http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-NK-05-002/EN/KS-NK-05-002-EN.PDF
- Sever, I., Bednarik, J., & Šugman, B. (2000). The financing of sports organisations in Croatia and a comparison with Slovenia. *Kinesiologia Slovenica*, 6(1-2), 51-56.
- Statistical Office of the Republic of Slovenia (2007). *Povprečna porabljen denarna sredstva gospodinjstev v Sloveniji v letu 2005*. [Average consumption expenditure of Slovenian households in 2005. In Slovenian.] Retrieved November 29, 2007 from: www.stat.si/pxweb/Dialog/varval.asp?ma=0811201S&ti=Povpre%20E8na+porabljen+denarna+sredstva+gospodinjstev%2C+Slovenija%2C+letno&path=../Database/Dem_soc/08_zivljenjska_raven/08112_poraba_gospodinjstev/&lang=2
- Watt, D. (2003). *Sports management and administration*. London, New York: Routledge, Taylor & Francis.

Submitted: January 12, 2009

Accepted: March 3, 2010

Correspondence to:

Ass. Prof. Gregor Jurak, PhD

Faculty of Sport, University of Ljubljana

Gortanova 22, SI-1000 Ljubljana, Slovenia

Phone: +38615207700

E-mail: gregor.jurak@fsp.uni-lj.si

ANALIZA TRŽIŠTA SPORTSKIH USLUGA U SLOVENIJI

Ovaj se članak bavi istraživanjem sportskog tržišta usluga u Sloveniji, isključujući sustav edukacije, temeljen na analizama nekoliko izvora javnih podataka: strukturi prihoda sportskih organizacija koje uključuju uzorak od 8092 organizacije te potrošnji građana na sport procijenjenih pomoću reprezentativnog uzorka ispitanika, kao i na javnoj potrošnji na sport prema izvještajima o realizaciji nacionalnih sportskih programa u Sloveniji. Rezultati istraživanja pokazuju da je ukupna potrošnja na sport u Sloveniji tijekom istraživačke 2005. godine bila 1,93% BDP-a. U strukturi potrošnje najveći dio od 85% ukupne potrošnje pokriven je privatnim novcem (tvrtke, kućanstva), dok se javnim novcem (državni proračun, lokalne zajednice, lutrija, fondacije Europske unije) pokriva nešto manje od 15%. Ukupna potrošnja konstantno se povećavala tijekom godina sve do 2005. zbog sve jačeg ekonomskog rasta u Sloveniji. Ipak, ukupna financijska potrošnja na sport zaostaje

za povećanjem u potrošnji građana na takozvanu industriju slobodnog vremena što je rezultiralo smanjenjem sportskog tržišta unutar cjelokupne industrije. Prosječno slovensko kućanstvo troši 2,88% obiteljskog budžeta na sport, što iznosi 496 eura godišnje. Dvije trećine tih fondova troši se na sportske proizvode, a jedna trećina na sportske usluge. Sve više i više sportskih usluga nudi se u okvirima privatnog sektora, iako nevladini sportski sektor tvori 70,6% ukupnih primanja sportskih organizacija. Ukoliko se nešto ne promijeni, slabosti slovenskog tržišta sportskim uslugama mogle bi postati ozbiljna prepreka daljnjem uspješnom razvoju sporta. Stoga su u posljednjem dijelu članka predstavljene neke protumjere za unapređenje i formiranje novih sportskih usluga.

Ključne riječi: *sportski menadžment, sportska organizacija, makroekonomski aspekt, javna potrošnja, privatna potrošnja, struktura prihoda*