

The National Basketball Association (NBA): A Multi-Billion Dollar Colossus

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Region: [USA](#)

Theme: [History](#)

Founded in 1946 as a fledgling enterprise, today's NBA is big business.

Winning is all about big bucks for management and players, along with growing valuation of NBA franchises, on average worth nearly \$2 billion.

The most highly valued are NY Knicks and LA Lakers worth \$4 billion and \$3.7 billion respectively, nine franchises worth over \$2 billion.”

All franchises combined are threefold more valuable than five years ago — their last season's revenue around \$8 billion, yet half of what NFL teams earn.

Television is the NBA's most significant revenue generator, \$24 billion alone from ESPN and TNT, more from local contracts, followed by merchandising, ticket sales, sponsorships, concessions, and other revenue sources.

The NBA was the first professional league to earn a significant amount of its revenues from merchandising, marquee players cashing in big on their own prominence.

In the past decade, average franchise valuations tripled. Post-WW II, major league baseball was most popular. Today its popularity is third after pro football and basketball.

NBA popularity is global. Decades earlier, nearly all players were American. Today around one-fourth are nationals of 37 other countries.

According to Forbes, NBA revenues generated outside the US are growing at double-digit rates annually.

The league doesn't disclose amounts by countries. It did indicate \$150 million came from China in 2012, likely much more last season.

The Wall Street Journal reported that the “Houston Rockets were China's team” — before general manager Daryl Morey's unacceptable tweet (now deleted), expressing support for months of violent Hong Kong protests saying: “Fight for freedom. Stand with Hong Kong.”

Perhaps Morey doesn't know that US dirty hands all over what's going on in the city, violence and disruption targeting Beijing, aiming to weaken and destabilize the country — how the US operates against all nations it doesn't control.

Morey's offense was compounded by NBA commissioner Adam Silver's defense of his free expression right. An NBA statement said the following:

“We recognize that the views expressed by Houston Rockets General Manager Daryl Morey have deeply offended many of our friends and fans in China, which is regrettable.”

“(T)he values of the league support individuals...sharing their views on matters important to them.”

“We have great respect for the history and culture of China and hope that sports and the NBA can be used as a unifying force to bridge cultural divides and bring people together.”

Morey’s damage control remarks haven’t softened outrage in China so far, tweeting:

“I did not intend my tweet to cause any offense to Rockets fans and friends of mine in China. I was merely voicing one thought, based on one interpretation, of one complicated event. I have had a lot of opportunity since that tweet to hear and consider other perspectives.”

“I have always appreciated the significant support our Chinese fans and sponsors have provided and I would hope that those who are upset will know that offending or misunderstanding them was not my intention. My tweets are my own and in no way represent the Rockets or the NBA.”

China accounts for around 10% of league revenues, its market potential estimated to reach 20% by 2030, why the NBA and team owners are greatly concerned about the fallout from Morey’s offensive tweet.

A second Adam Silver statement fueled more backlash, saying:

“The NBA will not put itself in a position of regulating what players, employees and team owners say or will not say. We simply could not operate that way.”

“I do know there are consequences from freedom of speech. We will have to live with those consequences. For those who question our motivation, this is about far more than growing our business.”

China is justifiably furious over remarks by Morey and Silver. A statement by its Houston consulate expressed “strong dissatisfaction,” adding:

“Anybody with conscience would support the efforts made by the Hong Kong Special Administrative Region to safeguard Hong Kong’s social stability.”

Beijing cancelled broadcasts of NBA pre-season games. Sponsors began cutting ties with the Rockets, what could affect other teams, perhaps the entire league.

Li-Ling Sportswear suspended ties to the NBA. The Chinese Basketball Association canceled planned exhibition games with NBA G League affiliates of both the Rockets and Dallas Mavericks.

Regular season Houston Rockets games won’t be televised in China — last season reaching an audience exceeding 600 million viewers for all NBA games.

Tencent Sports suspended live telecasts, last season reaching nearly 500 million viewers.

As of Friday, 11 NBA Chinese partners suspended ties to the league.

CTrip, China's largest online travel website "dropped all NBA-related tickets and travel products" from its platform, a statement said.

Mengniu Dairy, Dicos fast foods, Changhong Electric, Master Kong beverages, eHi Car (rental) Services, appliance maker Meiling, financial services firm Xiaoying Technology, Luckin Coffee, and other Chinese firms suspended ties to the NBA.

Chinese social media users called for boycotting league events. Media access for visiting NBA teams playing exhibition games was cancelled.

On October 7, Bloomberg News headlined: "NBA China Woes Threaten Billions of Dollars, Decades' Work," saying:

Efforts since the 1980s to build league ties to China are "in jeopardy," saying NBA games "drew 800 million total viewers in China last year."

League games are big business, China the NBA's second most important market after the US.

Trump's war on China by other means over major unresolved structural issues, including scores of its enterprises blacklisted, complicates things further.

Morey's tweet landed the Houston rockets "in China's doghouse," said the WSJ. The fallout impacted the entire league.

Yahoo Sports said several teams are planning "for a scenario in which the cap for the 2020-21 season could drop between 10 and 15 percent due to the current situation between the NBA and China."

An open letter by hardline congressional members called on NBA officials to suspend ties to China until "government-controlled broadcasters and government-controlled commercial sponsors end their boycott of the NBA activities and the selective treatment of the Houston Rockets."

For now, it's unclear how or when what's going on will be resolved.

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