

Research on the Dilemmas and Solutions for the Sports Consumption Market in Small and Medium-Sized Cities

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Abstract

With the rapid development of China's sports industry and the in-depth advancement of the national fitness strategy, the sports consumption market in small and medium-sized cities is gradually becoming a new engine for regional economic growth. However, constrained by multiple factors, including economic development levels, consumption concepts, and policy support, this market still faces numerous challenges. Based on the current situation, this paper systematically analyzes the development dilemmas of the sports consumption market in small and medium-sized cities from three dimensions: supply-side, demand-side, and environmental-side, and proposes corresponding solutions. It aims to provide references for promoting the healthy and sustainable development of the sports economy in these areas.

Keywords

Small and Medium-Sized Cities, Sports Consumption Market, Supply-Side Reform, Consumption Concepts, Policy Support

1. Introduction

The sports consumption market is a vital component of the sports economy, and its development level directly impacts the overall vitality of the sports industry (Dong, 2021). In recent years, the state has attached great importance to the development of sports undertakings, successively issuing policy documents such as the "Healthy China 2030" Plan Outline and the Outline for Building a Leading Sports Nation, providing strong support for the expansion of the sports consumption market. As crucial nodes connecting urban and rural areas, the development of the sports consumption market in small and medium-sized cities not only helps

improve residents' quality of life but also promotes the optimization of regional economic structures (Jiang, 2022). According to the standards for city size classification established by the General Office of the State Council, PRC, cities with a permanent population between 500,000 and 1 million are classified as medium-sized cities, while those with a population below 500,000 are classified as small cities. However, compared to large cities, significant shortcomings remain in the supply structure, consumption capacity, and market environment of the sports consumption market in small and medium-sized cities (Li, 2021). This paper conducts an in-depth analysis of these dilemmas, combining relevant literature and field research, and proposes systematic solutions.

2. Development Status and Characteristics of the Sports Consumption Market in Small and Medium-Sized Cities

As the “capillaries” in China’s sports industry landscape, the sports consumption market in small and medium-sized cities exhibits unique developmental characteristics, which can be broadly summarized as “huge potential but lagging current status”.

2.1. Small Overall Scale Base but Gradually Accumulating Growth Momentum

Compared to the sports consumption scale of hundreds of billions in first-tier cities like Beijing, Shanghai, Guangzhou, and Shenzhen, the total sports consumption volume in most small and medium-sized cities remains relatively low (Dong, 2021). This is primarily constrained by their economic size, population scale, and per capita disposable income. However, precisely because of the small base, their growth rates often exhibit high elasticity. With the advancement of the national new urbanization strategy, the implementation of rural revitalization policies, and the steady increase in per capita income of residents in small and medium-sized cities, public health consciousness is unprecedentedly high, and the willingness to “pay for health” is growing. The implementation of top-level designs like the “Healthy China 2030” Plan Outline is injecting strong momentum into the market from a policy perspective, indicating that the sports consumption market in small and medium-sized cities is about to enter a period of rapid growth (Jiang, 2022).

2.2. Singular Consumption Structure, Dominated by Goods Consumption

Currently, sports consumption in small and medium-sized cities presents a distinct “dumbbell-shaped” structure rather than a healthy “spindle-shaped” one. The consumption focus heavily skews towards goods consumption such as sportswear, footwear, and simple equipment, often accounting for over 70% or even higher (Li, 2021). In contrast, the proportions of participation-based consumption (e.g., paid access to venues, sports training, experiencing new sports) and spectator-based consumption (e.g., purchasing event tickets, subscribing to paid sports

programs) are severely low. This reflects that the current market still primarily meets basic sports equipment needs, while a deep, experiential sports consumption culture has not yet formed, and the consumption hierarchy needs upgrading.

2.3. Significant Regional Development Imbalance, Pronounced East-West Disparities

The development level of the sports consumption market in China's small and medium-sized cities is highly coupled with regional economic development levels. Small and medium-sized cities in eastern coastal regions like the Yangtze River Delta and Pearl River Delta benefit from superior economic foundations, open market concepts, and dense capital investment. They have relatively complete sports facilities, host more branded events, and exhibit stronger market vitality. For instance, some top-tier counties in Zhejiang and Jiangsu provinces already possess the capability to host provincial or even national-level single-sport events. In contrast, the sports consumption markets in many small and medium-sized cities in central, western, and northeastern regions lag significantly (Xiao, 2022). Their dilemmas are mainly reflected in limited government financial resources leading to insufficient investment in sports infrastructure; a lack of attractive sports industry projects resulting in low willingness for social capital entry; stronger traditional consumption concepts among residents and relatively weaker willingness for sports consumption, making market activation more difficult.

3. Core Dilemmas Facing the Sports Consumption Market in Small and Medium-Sized Cities

The activation of the sports consumption market in small and medium-sized cities faces a triple squeeze from the supply-side, demand-side, and environmental-side; its dilemmas are systemic.

3.1. Supply-Side Dilemmas: Insufficient Effective Supply and Structural Imbalance

Severe Homogenization of Products and Services, Scarcity of High-Quality Supply: Market supply fails to effectively align with local demand. The provided sports products and services are mostly mass-market, popular items (e.g., basketball, badminton), lacking a refined, differentiated supply tailored to different age groups and interest circles (Zou & Zhang, 2019). For example, professional services for segmented markets like youth physical fitness training, senior health and wellness, and women's fitness and body shaping are severely insufficient. Characteristic sports tourism products developed by leveraging local natural resources (e.g., mountains, water, ice, snow) and cultural features (e.g., ethnic traditional sports) are particularly rare, leading to a singular supply structure unable to stimulate new consumption growth points (Zhao, 2021).

Prominent Shortcomings in Venue Facilities, Low Operational Efficiency: Many small and medium-sized cities face the contradictory situation of "difficulty finding a venue" coexisting with "venue underutilization". On one hand, there is

a severe shortage of standardized, community-proximate, and easily accessible public fitness venues and facilities. On the other hand, existing large sports venues often suffer from remote locations, single-purpose design, and outdated operational concepts, resulting in extremely low utilization rates. They are only used for occasional major events, incur high daily maintenance costs, yet cannot be effectively opened to the public, causing significant resource waste (Yang, 2020).

Low Level of Industrial Integration, Failure to Form Synergistic Effects: The integrated development of the sports industry with culture, tourism, education, health, and wellness is insufficient. There is a failure to create integrated consumption scenarios like “sports + tourism”, “sports + study tours”, or “sports + wellness”. The industrial chain is short, with low added value, unable to achieve the “1 + 1 > 2” synergistic effect, which limits market expansion and enhances industrial competitiveness (Luo & Zhang, 2019).

3.2. Environmental-Side Dilemmas: Imperfect Market Ecosystem and Policy Support

Weak Market Supervision System, Inadequate Protection of Consumer Rights: Frequent issues such as fitness prepaid card scams, uneven quality of sports training services, and ambiguous liability definitions for sports injuries reflect the absence of effective market supervision (Jiang, 2022). Inadequate relevant laws, regulations, and industry standards make resolving consumption disputes difficult, undermining consumer trust and willingness to consume.

Lack of Systematic and Sustained Policy Support: Support policies from many local governments are often “fragmented,” remaining at the macro-guidance level and lacking specific, operable implementation rules and supporting policies (e.g., specific incentives regarding land, taxes, and credit). Policy continuity is also insufficient, with instances of “new officials ignoring old policies” or changes following leadership transitions, failing to provide market investors with stable long-term expectations (Li, 2021).

Shortage of Professional Talent, Weak Intellectual Support: Small and medium-sized cities are at an absolute disadvantage in attracting and retaining sports industry talent. There is a severe shortage of interdisciplinary talents who understand both sports and business management, as well as professionals skilled in venue operation, event planning, marketing, and IP development (Xiao, 2022). This leads to many good projects and resources failing to realize their value due to a lack of professional operation, hindering the market’s development towards specialization and refinement.

3.3. Demand-Side Dilemmas: Lagging Consumption Concepts and Untapped Potential

Traditional Consumption Concepts, Weak Willingness to Pay: Constrained by traditional frugality concepts and income levels, many residents still view sports as a “free” leisure activity, generally believing that “paying to sweat” is not a necessary expense (Li & Sun, 2019). Their perception of sports mostly remains at the

practical level of “physical fitness”, rather than seeing it as a modern lifestyle that brings spiritual pleasure, social satisfaction, and improved quality of life. Consequently, the willingness to pay for professional services is naturally weak.

Limited Consumption Capacity, Lack of Consumption Confidence: The average disposable income of residents in small and medium-sized cities lags behind that in large cities, leaving limited discretionary spending for non-essential items. Under the pressure of “hard” expenses like education, healthcare, and housing, sports consumption is easily squeezed out. Furthermore, economic downturn pressures can further weaken residents’ consumption confidence, making them more cautious about sports spending (Meng, 2020).

Lack of Benchmark Leadership, Difficulty Igniting Consumption Enthusiasm: First-tier cities host top professional leagues, major commercial events, and sports stars, which can greatly ignite citizens’ sports enthusiasm and translate it into consumption behaviors. In contrast, small and medium-sized cities severely lack influential branded sports IP (Intellectual Property) events and star effects. They lack benchmark events that can capture city-wide attention and create consumption hotspots, keeping market demand in a “dormant” state, which is difficult to effectively activate and release (Dong, 2021).

4. Strategies for Activating the Sports Consumption Market in Small and Medium-Sized Cities

To address the challenges in the sports consumption market of small and medium-sized cities, it is essential to adopt a problem-oriented approach and implement coordinated reforms on the supply side, demand side, and environmental side through systematic implementation of policies. When executing these strategies, their priorities must be clearly defined: supply-side reforms serve as the foundation and primary task, given that insufficient effective supply is the core bottleneck restricting market development; environmental policies are the critical support, providing stable institutional safeguards for the market; demand-side policies, on the other hand, act as catalysts to stimulate market vitality but can only function effectively on the basis of improved supply and environment. Therefore, supply-side reforms should be the breakthrough point, while environmental optimization and demand stimulation should be advanced simultaneously to achieve synergistic effects.

4.1. Strengthen Supply-Side Reform, Optimize Market Supply Structure

Promote Deep Integration, Create Characteristic Consumption Scenarios: Abandon the “large and comprehensive” mindset and adopt a differentiated route of “small and beautiful” and “specialized and unique”. Deeply explore local natural resources and historical cultural heritage to vigorously develop characteristic sports industries with “one city, one product”. For example, mountainous cities can develop mountaineering, hiking, and trail running; cities with water resources can develop dragon boating, kayaking, and fishing; northern cities can strengthen

the ice and snow economy; ethnic minority regions can promote traditional ethnic sports. Promote the deep integration of sports with culture, tourism, health, wellness, and education, designing and developing premium sports tourism routes, wellness vacation products, and youth sports study camp facilities to create unique consumption experiences.

Revitalize Existing Stock and Optimize Incremental Stock, Enhance Venue Operational Efficiency: On one hand, introduce professional operators through models like PPP (Public-Private Partnership) to intelligently upgrade and functionally enhance existing large venues, promoting their transformation from “venue lessors” to “content providers” and “service operators”, thereby increasing openness rates and comprehensive benefits. On the other hand, plan and construct more community-proximate, smart, and convenient fitness centers, sports parks, caged courts, and other “venues close to the people”. Encourage the orderly opening of school facilities to the public after hours to effectively alleviate the shortage of venue supply.

Cultivate Local Brands, Enrich Product and Service Supply: Encourage and support local enterprises to develop and design sporting goods, cultural and creative products, and event souvenirs with regional characteristics. Actively introduce and cultivate a group of high-quality sports training institutions, clubs, and event planning companies, offering diversified, high-quality participation-based services like yoga, rock climbing, fencing, and roller skating to meet citizens’ personalized and high-quality consumption demands.

4.2. Optimize the Development Environment, Build a Healthy Market Ecosystem

Improve Regulatory Mechanisms, Optimize the Consumption Environment: Accelerate the establishment of a market supervision system encompassing regulation of prepaid consumption, service quality standards, safety protection norms, and dispute resolution mechanisms. Implement industry certification and star ratings for sports venues, establish a “whitelist” system, protect the legitimate rights and interests of consumers, and build a trustworthy environment where consumers dare and are willing to consume.

Strengthen Top-Level Design, Provide Stable Policy Expectations: Local governments should formulate and issue medium- to long-term sports industry development plans, clarifying key support directions and support policies. Formulate a set of stable, transparent, and predictable “policy combo” regarding land planning, financial investment, tax incentives, and credit support. Maintain policy continuity and stability to strengthen the investment confidence of market entities.

Strengthen Talent Team Building, Provide Intellectual Support: Implement a strategy combining “attracting external intelligence” and “cultivating local talent”. On one hand, attract excellent external sports management and operation talents by offering favorable conditions. On the other hand, cooperation should

be strengthened with local universities and vocational colleges to cultivate talents in the applied sports industry who are familiar with local conditions. At the same time, we regularly organize professional training for existing practitioners to comprehensively enhance the quality of the industry's talent pool.

4.3. Stimulate Demand-Side Potential, Cultivate Modern Consumption Concepts

Strengthen Education and Promotion, Transform Consumption Concepts: Utilize integrated media platforms to widely disseminate scientific fitness knowledge, sports consumption typical cases, and healthy lifestyle concepts through popular methods. Tell compelling sports stories, helping the public recognize that sports consumption is a long-term investment in their own health and quality of life. Gradually guide them from “passive fitness” to “active health”, forming a positive sports consumption concept.

Innovate Subsidy Methods, Lower Consumption Barriers: Pilot and promote a “sports consumption voucher” system, directly subsidizing residents' fitness consumption, training consumption, and spectator consumption through government subsidies and corporate discounts. This approach can directly stimulate consumption while precisely guiding the public towards compliant, high-quality sports service providers.

Create Branded Events and Activities, Foster a Consumption Atmosphere: Based on local conditions, meticulously cultivate 1 - 2 branded events or sports festivals with broad mass participation and regional characteristics (e.g., marathons, cycling races, basketball leagues), turning them into city sports name cards. Simultaneously, high-level commercial exhibition games and mass participation sports events should be actively introduced to create a fervent sports atmosphere and attract media attention and public participation, thereby igniting consumption enthusiasm and driving related consumption.

5. Conclusion

The development of the sports consumption market in small and medium-sized cities is a systematic project requiring multi-party collaboration between the government, enterprises, and society. Through supply-side structural reform, unleashing demand-side potential, and optimizing the environmental-side ecosystem, the sports consumption market in small and medium-sized cities is expected to break through the current dilemmas, achieve high-quality development, and provide a solid foundation for building a leading sports nation and a Healthy China.

Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

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