Using SWOT analysis to derive the pros and cons of NBA All Star Game

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Abstract: Our objective for this paper is to conduct research on the NBA all-star game and evaluate its strength and weaknesses. This is crucial to the NBA’s future development or even the entire sports industry as a whole. The reason behind this is that by analyzing major events like the all-star game, trends regarding the development of the league or even the sports industry could be depicted. Furthermore, by analyzing the all-star game, problems that has yet to be resolved might appear, thus a research paper is crucial for critics to anticipate changes in the league, like revenue and fan base. The results of the paper are that we found out various different strength and weaknesses of the event. The strength includes the tremendous amount of revenue that the event generates and the amount of attention that the event gets to facilitate the development of the league. Weaknesses my include security and traffic issues due to the immense population of fans flushing into one city to watch the game over the night. Some opportunities of the all-star game may include business around the event like hotels and restaurants. Threats of the event may include external factors that hinder the continuation of the event, like the contemporary corona virus. Our results suggest that the NBA all-star game may be successful, but it has a long way from being perfect, thereby having its pros but also complemented by the cons. In addition, we researched online and read through documents written by credible sources. For example, quotes of famous NBA stars were used, it primarily served the purpose of showing the players attitude to changes made in the league. Furthermore, statistical data was utilized the support fiscal claims, like the revenue made by the event.

1. Introduction

The National Basketball Association, or NBA for short, was founded in 1946 and has a history of 75 years. At the beginning of its establishment, there were 11 teams, and only three teams have been retained, namely the warriors, the Knicks and the Celtics. As the league gained popularity, it also facilitated the popularity of basketball as a sport, thus the NBA has earned the title to be one of the four major sporting events in the United States and the world's top basketball league.

The NBA is divided into the Eastern League and the Western League. Each league is divided into three divisions, each consisting of five teams. NBA preseason usually start in October. Preseason includes NBA overseas games where the NBA teams will play adversaries from different leagues around the world like the European basketball league and the CBA (China Basketball association). During the regular season, the teams will have a chance to play with all of the teams in the association; specifically, the regular season consists of 82 games for every team. The NBA playoffs will usually be held after the regular season, the top eight teams that has the best record from each division (Eastern and Western division) will advance into the playoffs. The playoffs use an elimination system in which two teams will play a series of games, the first team that wins four games in the series will advance into the next round. This system assures that everything is fair for both teams because if one team can beat the other four times, then it has proven it is truly the better than its adversary. Thus, this rule of elimination is implemented seamlessly and thoughtfully.
After the end of each season and before the beginning of the next season, NBA draft will be held. Players who sign up for the draft will first enter the NBA draft combine to test their athletic abilities; however, this is not a direct indicator for the scouts to see the players ability to play basketball, thus 5v5 games will be held in the combine to see the players overall skill set and how their talents are being translated into the game. After the draft, there will be the rookie NBA Summer League, which unfortunately didn’t receive much attention to the fans, as the superstars don’t normally participate in the summer league, thereby decreasing the incentive for the fans to watch the game. The purpose of the summer league is to give chances to the bench players and the rookies as well as players who are not yet contracted by an NBA team to compete with each other.

On the contrary with the NBA summer league, a special performance event, the NBA all-star game, held in February receives much more attention to the fans and generates tremendous amounts of revenue. The NBA all-star game consists of five main events: the three-point contest, the skills challenge, the dunk contest, and the rising stars game as well as the major all-star game.

The NBA all-star game consists of the best talents in the entire league, players will be selected to participate in the game and they are usually the best of the best, excitement rose among the fans as they finally have a chance to see all the players they admire to play in a single game.

The NBA three-point contest is created for the players to show off their three-point abilities or to prove the fans wrong about the fact that one player cannot shoot threes. One example of this may be Zach Lavine, he was the 2015 and 2016 NBA dunk contest winner, he wants to prove to the audience that he also has shooting ability as well, thus putting in time and dedication in improving his shot in the last few years, he is finally ready to claim the title of NBA three-point contest winner.

The NBA dunk contest is for the best talents in the NBA to show off their athletic ability and creativity in midair. The fact that the fans can see unprecedented dunks in the contest raised reputation for the event as the athletic ability of the players in the league is above even other professional basketball associations.

The skills challenge is the least anticipated compared with the two mentioned above as the fans do not usually get excited for the players to display their dribbling and passing abilities.

The rising stars game is a game dedicated to players that just entered the league, ranging from 1 to 2 years of playing in the NBA. This game gains its popularity as they symbolize the future of the league, fans are excited to see things that are unexpected, this is especially true for players that just entered the league, they haven’t received much attention compared to the superstars. Thus, sometimes the rising stars game might generate even more hype than the actual all-star game. The 2019 all-star game with Zion Williamson for example attracted people from all over the globe to watch as he is rumored to be the next Lebron James. Although Zion had already made a name for himself in the US for playing in high school basketball and NCAA; however, this is only true for the fans that are in the US, for exotic fans overseas, Zion might not be as well known.

Albeit the extremely anticipated events mentioned above, there are also other events that complements the NBA all-star game: the shooting stars and the G-league all-star game as well as the all-star celebrity game.

The shooting stars is a shooting competition that between teams that consist of a current NBA player, and WNBA player, and a retired player against each other with the goal of hitting four of the more difficult shots in basketball in the least amount of time with a two-minute limit. Those shots included a 10-ft bank shot from the right angle, a straight-on jump shot from the top of the key, an NBA three-point shot from the left angle, and finally a half-court shot. Unfortunately, the event has been canceled during contemporary NBA all-star weekends.

The G-league all-star game is just like the NBA all-star but with players in the G-league. This game serves a bigger purpose for the scouts of each team then the fans as the players in the G-league may get attention by a team in the NBA and get offered a chance to play in the league.

Finally, the all-star celebrity game consists of celebrities that gather together to play a 5v5 basketball game. Although basketball may not be the area of expertise for celebrities, fans will also be anticipating this game as they want to see stars from different fields clashing together and play
basketball. Furthermore, this game brings more fans to the all-star weekend as the celebrity has millions of fans around the world.

In summary, we think the all-star game attracts fans from around the globe as well as having an important commercial value for the league, thus it is an extremely anticipated event. However, because it is a showcase event, it may cause disputes between the league and players especially during the pandemic. Moreover, security issues may arise with the massive amount of people rushing into one city. Plate, modified in MS Word 2003 and saved as “Word 97-2003 & 6.0/95 – RTF” for the PC, provides authors with most of the formatting specifications needed for preparing electronic versions of their papers. All standard paper components have been specified for three reasons: (1) ease of use when formatting individual papers, (2) automatic compliance to electronic requirements that facilitate the concurrent or later production of electronic products, and (3) conformity of style throughout a conference proceeding. Margins, column widths, line spacing, and type styles are built-in; examples of the type styles are provided throughout this document and are identified in italic type, within parentheses, following the example. Some components, such as multi-leveled equations, graphics, and tables are not prescribed, although the various table text styles are provided. The formatter will need to create these components, incorporating the applicable criteria that follow.

2. Data and method

SWOTS (Strengths), W (weaknesses), O (Opportunities), T (threats) analysis, based on the internal and external competitive environment and competitive situation analysis, under the condition of will is closely related with the object of study of various main internal strengths, weaknesses and external opportunities and threats, etc. “Through the investigation list, and according to the matrix form, and then use the thought of system analysis, an analysis of factors to match each other a series of corresponding conclusions can be drawn.”[1] “So-called SWOT analysis, based on internal and external competition environment and competition under the condition of situational analysis, is closely related to the object of study of various main internal strengths, weaknesses and external opportunities and threats, and so on”[2]; according to the matrix form, and the use of thought of system analysis, an analysis of factors to match each other will draw a series of corresponding conclusions, which usually consist of some decision making nature.

Using this method, the object of research can be comprehensively, systematically and accurately studied, so as to formulate corresponding development strategies, plans and countermeasures according to the research results.

According to the complete concept of enterprise competitive strategy, A strategy should be an organic combination of what an organization can do (its strengths and weaknesses) and what it can do (its environmental opportunities and threats)

3. Results and discussion

3.1 Strengths

In our opinion, there are many strengths to host the NBA all-star game. First, it gives many stars the opportunity to compete on the same stage with players of the same level, Second, it gives the audience an unprecedented visual experience, which cannot be achieved in the regular season. An examination of possible expansion or relocation sites for the NBA is undertaken using a two-equation system requiring two-stage probit least squares to estimate. “The location model forecasts the best cities for an NBA team based on the underlying characteristics of current NBA teams. The results suggest that Louisville, San Diego, Baltimore, St. Louis, and Norfolk appear to be the most promising candidates for relocation or expansion”.[3]

Investigations into the level of competitive balance within the four major North American professional team sports leagues suggest that the National Basketball Association (NBA) exhibits the lowest level of competitive balance. Given the role competitive balance plays in maintaining consumer demand, the authors examine the role the star attractions of the NBA play in promoting fan interest.
“The evidence presented suggests the choice of functional form alters the significance of the relationships uncovered. Specifically, the significance of star power is only uncovered in a multiplicative model rather than in the commonly employed linear form.” [4]

In addition, the League will set the ticket price very high, benefiting the league in a commercial sense. So, the salary of NBA players is also very high. For example, compared to the salary of WNBA player Sue Bird, who also plays basketball for 10 years, who earns 215,000 dollars a year, lebron James is 152 times higher, his salary is about 31.4 million dollars. ‘An econometric analysis demonstrates that television ratings for NBA games are substantially higher when certain players (“superstars”) are involved. Thus, these superstars are quite important for generating revenue, not only for their own teams but for other teams as well. “Using the econometric analysis and additional information on attendance and paraphernalia sales, we estimate the value of Michael Jordan to the other NBA teams to be approximately $53 million. The positive externality superstars have on other teams can lead to an inefficient distribution of player talent. We examine several league policies that might be used to address the externality.”’ [5]

And the NBA has a large audience, so it is also the richest league. The combined revenue of the 30 teams was $7.92 billion, $840 million less than last season due to the impact of the pandemic, a decline of 9.6 percent. Currently, there are nine major professional leagues in the world (four major Sports leagues in North America + five major leagues in Europe), and data of two leagues have been released. That includes $7.92 billion (down 9.6%) in the NBA and $4.37 billion (down 14.2%) in the NHL.As for individual teams, the Golden State Warriors took in $474 million (440 million last season), overtaking the Perennial no. 1 Knicks. The Golden State Warriors, New York Knicks, Los Angeles Lakers, Houston Rockets and Chicago Bulls round out the top five. The Warriors are the only NBA teams with positive revenue growth (+7.73%), while the Bulls (-0.33%) and Mavericks (-3.91%) are the only teams with positive revenue growth. The raptors (-20.96 percent), Blazers (-16.38 percent) and Bucks (-15.55 percent) saw the biggest declines.

The NBA has three main sources of revenue. First, ticket revenue is very important, so the attendance rate of fans is very important, which also explains why every team wants to move to big cities in which there is a large fan base. Furthermore, choosing a stadium that can hold a massive population of fans is crucial as the all-star game is extremely popular as the tickets usually sold out very quickly with tickets prices sky-rocketed in the secondary market. Thus, to increase the profit, choosing a stadium of the right capacity is vital. TV broadcasting brings tremendous income to the league. At present, almost every country in the world has NBA broadcasting, which brings great benefits to the NBA. In particular, China brings countless benefits to the NBA every year. Therefore, stern attaches great importance to the Chinese market. Every year, the NBA will personally visit China during holidays. In recent years, he has also held the NBA China game in China. It can be seen that the NBA attaches great importance to China. Third, star benefits, such as the benefits brought by Michael Jordan to the NBA, I'm afraid only the NBA knows that he led the era. He let the world know the NBA, so it's not too much for the NBA to worship him as God. For another example, James has brought countless benefits to Cleveland, turning a small city into a big city that attracts worldwide attention. James has made great contributions here, so the NBA also attaches great importance to the packaging of these players. “The mobile marketing tsunami is on its way. Why is not the NBA getting wet? More specifically, how can the NBA leverage mobile technologies to create revenue for its franchises and properties? The most effective way to utilize mobile technologies, specifically the technologies being developed by industry leader Apple, is through the development of a mobile-based NBA social networking iPhone application. An iPhone application is the best way to assure an organization's brand will be constantly visible by the consumer due to fac that consumers interact with their smartphone devices frequently throughout each day.” [6]

In summary, the revenue generated by the NBA all-star is extraordinary. "By some estimates, this event will mean more than $100 million to our local economy. Our office of economic development and international trade estimates the All-Star Game, the festivities around it, would add about $190 million in revenue this year in Colorado," according to interviews from ‘9news’.
3.2 Weaknesses

Of course, the All-star game has weaknesses for showcasing the event. From the fan’s perspective, because there is a fixed amount of people that the stadium can hold, the ticket prices are usually very high, thereby causing many people unable to afford the sky-high ticket price. Thus, the league may hold seats for businesses as they can make more profit, causing the fans to lose the opportunity of watching the game live. Based on the economic theory of sports, demand for labor, and the concept of business valuation theories, the effects of the number of superstars on franchise success was examined. The top 40 Superstars were selected each year based on the player efficiency rating statistic. The PER is a summation of many variables such as points per game, minutes per game, and field goal percentage. The focus was on how superstars specifically effect wins, revenue and team valuation for an NBA franchise. All thirty NBA teams were studied through a five-year period (2009-2014). “It was hypothesized that having a superstar on a team would lead to an increase in wins, revenue and valuation. Descriptive statistics supported this expectation. Multiple regression analysis also supported the hypothesis that the more superstars a team have the greater the number of wins. However, the number of superstars was not found to be as important of a predictor of revenue and valuation”.[7]

From an event management perspective, weaknesses engendered by the all-star game may include unprecedented security and traffic issues in regards to the massive population rushing into one city over the weekend. Traffic could be a huge problem in small cities where there are not enough highways for cars to get across the city. On the contrary, we think that in mega cities, if the roads to the venue are exclusively preserved for the vans, then tardiness or even absence due to traffic jam will be hindered.

Security is another problem caused by the tremendous population coming into the city hosting the game. Issues involving safety not only occur during the game, but also around the game. Prospective security issues may include fans mocking the players or fans getting drunk and trespassing to get on the court; however, security issues that engender around the game are not easily anticipated and controlled. Incidents may evolve around people going into the city and disobeying the law. The 2021 NBA all-star game is an apt manifestation of people getting killed as a result of this issue as shooting occurred in Atlanta the weekend during all-star game. As stated by the Atlanta City Councilman Michael Julian Bond, “people are welcome in Atlanta, but we expect you to obey the law and if you don’t, we’re going to enforce the law,” he said. “They’re really all accountable. This is the same concerns the government takes to try and make sure people are safe and socially distanced.” We think that this kind of issue is very hard of resolve, and it really depends on the public security of the city as well as government actions to prevent public shootings. To sum up, with huge crowds rushing into the city, issues may occur here and there; thus, choosing a city that has earned a good reputation for its public security may be crucial to resolve unprecedented safety issues evolving around the venue.

3.3 Threats

The major virus outbreak in the past years has made tremendous changes to the globe and a variety of industries are affected by it. “The National Basketball Association (NBA) and National Hockey League (NHL) paused their seasons and Major League Baseball (MLB) pushed back opening day. On March 12, the National Collegiate Athletic Association (NCAA) canceled both men’s and women’s college basketball tournaments. The future of the National Football League (NFL) is also uncertain. Right now, every single sports stadium in North America is empty. This is affecting a multi-billion-dollar sports industry to an unprecedented level”.[8]

In regards to the NBA, the pandemic had caused issues like the cancellation of games, loss of revenue for the league, and more. For instance, “the Bucks refused to play the fifth game of the series in protest against the firing of an unarmed black man, Jacob Blake, in Kenosha, Wisconsin, only few miles from where they usually play. Many teams in other American leagues followed the Bucks and Magic”. [9] During the outbreak of Covid-19, other issues evolving around racial tensions were also engendered, causing people to protest and cause chaos. Furthermore, the corona outbreak gave rise to a few contemporary challenges of the NBA all-star game; namely, the lack of live fans for the players.
to play the game and the tradeoff between revenue and safety that the all-star game managers have to take into account.

First, the players lack the motivation to play in the all-star game. The reason behind this is the lack of apt atmosphere. One of the most important and entertaining features of sporting events is the atmosphere, a good atmosphere not only make the players motivated and hyped, but also attracts more reputation and fans for the event. However, as the virus continues to spread, major events like the NBA all-star are typically prohibited for huge crowds to come to the event and watch live. In the player’s perspective, they usually play the all-star game to get exposure, like the rising stars challenge, or to show off their skill sets in the official all-star game; however, a huge crowd is the premise of the incentives mentioned. If the majority of the crowds are all watching the game via streams on the internet, the players won’t feel the adrenalin rush when the crowd chants after they threw down an atrocious dunk; nor will they feel the excitement of winning a game when the fans are not there to cheer for them. In summary, a live crowd is crucial for the all-star game, but it is hard to organize during the pandemic. Thus, with little to few fans watching the game, the atmosphere may not be as exciting as past years for the players and the fans as they cannot come and watch.

Even if the fans were allowed to buy tickets and watch the game live, there will be safety issues that occur. “A lot of those indoor arenas, because the volume of air is so high, in many causes the ventilation is good enough that it’s almost like being in an outdoor setting as well,” according to CNBC’s interview of Kissler, who researches at Harvard’s Department of Immunology and Infectious Diseases. Therefore, if fans are allowed, then the number of infections may increase exponentially in one night.

Let’s take the 2021 NBA all-star for example. The players are not willing to participate in the event as the corona outbreak messed up the NBA season schedule and the they are still dealing with the different protocols of corona prevention. Lebron James was even quoted saying, ‘the all-star was a “a slap in the face” to players who had little time to recover from last year’s interrupted season’. Thus, the players refuse to participate in the all-star game as they need to recover from last year’s season which was interrupted by the pandemic as they played in the Florida Bubble, along with other pandemic protocols they are obliged to follow.

In addition, the league has C. B. A. (collective bargaining agreement) between the players. As suggested by the NBA all-star Bradley Beal, “I don’t want to say we didn’t have a choice, but it’s in our C.B.A., and our C.B.A. says there has to be an All-Star Game every year.” The inclusion of mandatory all-star game shows the leagues solemnness on the all-star game. This is solely because of the huge amount of revenue that the game generates. Albeit the exclusion of ticket revenue, the league still makes a colossal amount of profit with advertisements and broadcasting. According to ‘CNBC’, “the 2020 year’s All-Star Game generated around $15 million for TNT, which packed more than 160 advertisement spots in its broadcast. If a related broadcast, like the Slam Dunk competition, is included the number will reach $24 million’.

3.4 Opportunities

The league had small successes in recent years as they have made attempts to change the team selection process from east verses west to captains choosing teams. This decision stirred up hype from the fans and news from the reporters before the game, which gained more attention from fans around the world. In addition, this decision made the all-star team roster possible for the otherwise impossible team combinations in past all-star games where it’s east verses west. More possible combinations mean that the fans could see super stars duos or trios they’ve never seen before, hence adding more expectation to the fans and incentive for the players to participate in the game. As mentioned previously, this could be a good thing and a bad thing, the fans will be disappointed if the players don’t deliver an exciting game, but they will be hyped if the players pulled off an extremely fun to watch game in the end.

To make the game more exciting to watch, the league also made exclusive changes to the rules of the all-star game in 2020. ‘NBA.com’ mentioned that “the Final Target Score will be determined by taking the leading team’s total cumulative score through three quarters and adding 24 points – the 24
representing Bryant’s jersey number for the final 10 seasons of his NBA career. The teams will then play an untimed fourth quarter and the first team to reach the Final Target Score will win the NBA All-Star Game”. This change in rule will make the fourth quarter extremely exciting to watch as long as one team is not completely obliterating its opponent, which will unlikely be happening as the teams are mostly evenly chosen by the two captains. As a result, the 2020 all-star game indeed delivered an exciting fourth quarter. Furthermore, the 2020 all-star game did put “more than $1 million to Chicago community non-profit organizations through NBA Cares outreach efforts,” according ‘NBA.com’. Tangible rewards like money will definitively make the players motivated to play the game even though the money isn’t going into their pocket.

4. Conclusion

As to conclude our paper, we think that the NBA all-star game is an event that is extremely well known and anticipated but sometimes do not deserve the hype. The quality of the all-star game has varied from time to time, but overall, we thought that the NBA all-star game is learning from their past mistakes and making tweaks to improve the event as a whole.

The strength of the NBA all-star game is its tremendous star power that attracts fans, and the immense revenue that the league profits out of it. “Data from 16 years of NBA All-Star Games shows star power has two components. First, fans are drawn to live games featuring players whose current play is at a historically high skill level. Second, fans display attachment based on geographical proximity to a team, local superstar recognition, and team success.” [10]

However, it is crucial for the league to factor in safety in addition to profit. If the all-star game continues to be hosted under pandemic situations, safety issues will arouse; on the other hand, if the all-star game got canceled, the amount of revenue loss will be exponential. This challenge could be troublesome as there are tradeoffs on important aspects for both choices, thereby making it hard to decide.

At the end of the day, the league still values the all-star game commercially. This phenomenon about the league favoring money exposes challenges for putting on the event. Because the NBA is so well known across the globe, the fans are genuinely hyped for the all-star game, making the event one of the most anticipated games in the sports industry. Thus, the league persists on hosting the game despite other issues like safety concerns; this is because the all-star game is a yearly event, causing the fans to naturally think and anticipate that there will be an all-star game every year, generating huge profit for the league. Hence, one of the huge advantages of the all-star game is its natural fan base; however, its biggest advantage also exposes the biggest weakness of hosting the game, which is fan disappointment after watching the game. The reason behind this is that the players think differently from the league, they thought that it is unnecessary for them to play an extra game during the middle of the season as they can potentially get injured. The only true motive the players have to play the all-star game is reputation that they gain from the event as they are free to show off unique skill sets, but they are also conscious about not getting injured, thus not giving their maximum effort to play the game. In summary, what the players intend to play in the game is opposite of what the fans expected to see, since the fans wants to see the best basketball players in the world to truly compete in one single game; furthermore, the leagues approach and the player’s approach to the game is different as the former wants to make profit and the latter prioritizes the season over the all-star. The players obviously made a rational decision to play safe; however, the fans and the league think opposite, which is the fundamental reason why the fans are so excited for the game but got disappointing after watching it.

I think one way of resolving this dispute is to add more incentive on the player to participate in the all-star game. However, giving players motive to play is hard as it is impossible to factor in what all the players want to do. Thus, future challenges will be created to think of ways to attract player to participate willingly in the game. The league had small successes in recent years as they have made attempts to change the team selection process from east verses west to captains choosing teams. This decision stirred up hype from the fans and news from the reporters before the game, which gained more attention from fans around the world. In addition, this decision made the all-star team roster
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