Show me the Money!
The Globalization of the NBA

Tanner D. Gardner is beginning his junior year at Stanford University. He hails from Topeka, KS where he has lived his whole life. He is a Public Policy major while also pursuing a minor in Spanish. Research is another area of interest for Tanner, as he spent time this summer aiding a graduate student in the economic department with his research. Outside of the world of academia, he is a member of the wrestling team where he competes at 125 pounds. He currently has three years of eligibility remaining, as he took a red-shirt during the 2004-2005 season. Tanner’s interest in economics and sports has led him to do research on economics in professional sports. He has written one paper on economics in baseball.

This paper will analyze the reasons foreign-born athletes have migrated to America to play in the NBA and the consequences of this transition. In doing so, this paper will show that the rhetoric of competition, money, and advertising rhetoric have persuaded these athletes to come to America and how corporations and countries have benefited as a result.

Tanner Gardner
PWR 2-2
Dr. Alyssa J. O’Brien
November 2, 2005
Show me the Money! The Globalization of the NBA

“Tomorrow the world: NBA will be international by the end of the Century”

- Jack McCallum, Sports Illustrated Columnist, 1988

“With the 11th pick in the draft, the Orlando Magic select Fran Vazquez of Xantada, Spain”. As David Stern, the NBA commissioner, made this announcement, representatives of the Orlando Magic couldn’t help but to smile. The team had just chosen a 6-foot-11 forward that would ideally return them to the glory days of the early 90’s. Like the Orlando Magic, other NBA teams have begun to increase their focus on players abroad and as a result, in the past decade the league has seen the proliferation of foreign-born players. Their impact has reached far beyond the court, altering the culture of the NBA. These players have caused a cultural overhaul in the league, creating a change of face in the NBA. Extending even further are the economic implications, as the NBA and large companies have benefited in enormous ways. Thus, Jack McCallum’s prediction of an international NBA almost 20 years ago has become reality today. In the past fifteen years foreign-born athletes have been lured by the rhetoric of competition, money and advertising rhetoric to migrate to America where bright lights and bucks hopefully await them. In the process, they have brought their culture to America while also bringing economic perks to the countries involved.

Yao Ming, Manu Ginobili, and Peja Stojakovic are all players who fit this description and bring to mind the new global face of the NBA. Theses players from China,
Argentina, and Serbia have led to a new trend of globalization in sports. Economics are often the focal point of globalization as the World Bank defines it as “the integration of growing economies and societies around the world” (World Bank). It is also important to look at the cultural side of globalization though, as another organization identifies it as “a rapid increase in cross-border social, cultural and technological exchange” (ASED). An economic view on globalization ignores the cultural benefit, shedding a negative light on globalization and even causing America to be viewed as imperialists for their part in it. However, there are situations in which globalization has benefited both America and more importantly the foreign country involved. This is particularly relevant to the globalization of sports, specifically in the NBA. While whether the NBA is a positive model of globalization remains to be seen, the past fifteen years in the league provide a good example of how economies and cultures can come together in a positive way.

When David Stern was named commissioner of the NBA on February 1, 1984, the league was in turmoil. Financially, many teams were experiencing difficulties and close to bankruptcy. Culturally, the league reputation was sub par at best and plagued by “thugs and drugs”. Relationally, the league and the players’ association were constantly at each other’s throats. Perhaps most significant to Stern, television ratings were at an all-time low, as the 1980 NBA finals were not even shown live on T.V. The NBA had lost it luster and turned into a one-man show rather than the team game it had been. There was no doubt it was time for an overhaul in the league. Stern needed to implement a change to save the failing league and needed to do it quick.

Stern, a brilliant marketer, quickly became allies with Boris Stankovic, head of FIBA the worldwide governing body of basketball. Stern’s relationship with Stankovic laid the groundwork for the NBA’s interests in Europe, although the majority of the influx of foreign-born players would not take place until the middle to late 1990’s. Although most NBA teams scouted in Europe by the late 1980’s, the foreign players had not yet proven themselves in the competitive NBA. Nevertheless, Stern saw the economic potential in European markets for the NBA, specifically in television. At the time, a
meager 20 foreign-born athletes were playing in the NBA, but this number would soon change.

If the numbers indicate anything, Stern’s interest in Europe soon manifested itself. The 20 foreign-born athletes on NBA rosters in 1989 represented only 6% of total players in the league. Fifteen years later, the 2004-2005 NBA season saw an unbelievable 81 international players, an increase of over 300% in only fifteen years, as the graph below (figure 1) shows. These international players now make up over 20% of the NBA.

![Foreign-Born Players in the NBA](image)

**Figure 1: Statistics source: NBA**

While the actual increase in numbers is important, the underlying impact of these numbers is much more striking. In addition to signing as free agents, foreign-born players have dominated the NBA draft in recent years, as they have been taken as the top pick in four of the last nine drafts. In the most recent draft, international players represented almost a third of total picks. Perhaps most important is the increase in diversity among
players. In 1989, only 14 countries were represented in the NBA. 15 years later, 35 countries are now represented, integrating many new faces into the league. As Donn Nelson, president of basketball operations for the Dallas Mavericks comments, “You can’t just label them foreign or international players any longer. They’re just players who can do the same thing the other guys in the league can do” (DuPree). Indeed these players are a norm in the NBA now. As the increase has occurred, NBA teams have reacted in an appropriate way, hiring new scouts focusing solely on players abroad.

A major factor that has contributed to the influx of foreign-born players in the NBA is foreign scouting. With the success of foreign players, developing contacts in the international markets is a must. The number of foreign-scouts employed by teams has increased drastically right along with the players. Today, most teams have numerous scouts focused on international talent. Europe tends to be the primary focus, but scouts in Asia and South America are also on the rise. Asia has been a recent target because of their abundance of big men, something the NBA has recently lacked. The point is clear though: foreign-scouting is essential. As Joe Ash, the Indiana Pacers’ director of scouting notes, “Scouting foreign talent is a necessity, not an option. You have too.” (Brunt). It is obvious the scouts have been pushing these foreign players to come over, but what exactly has been their prerogative for coming to America?

The main draw of foreign players to the NBA has been the intense and visible competition among the players. I call this phenomenon the rhetoric of competition. The 1992 Olympics was the turning point of this element. The USA fielded perhaps their strongest team ever at the Olympics in Barcelona, showing the world the competitiveness of US basketball. Rick Welts, president of NBA Properties Inc. at the time, called this
event “the most important in the history of the sport” (Desens). International athletes, many of whom strive to be the best, took note and longed for the competition of the NBA. Simply put: they want to test their skills against the best. Consequently, there has been a steady flow of athletes to the NBA lured by the rhetoric of competition since. The competition has also been a medium for them to improve their skills both directly by playing and indirectly by watching. As it turns out, these foreign players are just as competitive as Americans. In addition, playing in front of large crowds breeds a more competitive atmosphere, as more people create a more electrifying environment. The NBA is the place to find this, as in 2002 the average attendance in the NBA (16,683) was more than double that of the premier European league, the Basketball Clubs Association of Spain (5,700).\(^1\) With more fans and more support in America, there is inevitably more money.

While competition has been a large factor, there is no way to ignore the economics of the situation. There are enormous economic benefits to playing in the NBA. Take for example 2002 salary statistics: The average salary in the NBA was $3.95 million while the minimum salary was $350,000 compared to the average salary in the Basketball Clubs Association of Spain, $242,000.\(^2\) Thus, foreign-born players are guaranteed a minimum salary in the NBA that is greater than the average salary in the best league in Europe or Asia. The money does not come only from playing in the NBA though, as the side benefits of endorsements by major companies provide these athletes substantial sums of money and visibility, increasing the financial benefit for the players.

\(^1\) Source: NBA and Eurobasket.com
\(^2\) Source: NBA and Eurobasket.com
Advertising Rhetoric has been perhaps the most lucrative draw for athletes to come to America. These athletes have garnered multi-million dollar contracts from corporations, while simultaneously being the newest way for corporations to strike it rich abroad. There is no better example of this than Yao Ming.

Ming has become the most prominent face of international advertising in sports. He has appeared in many commercials and advertisements for corporate giants like Apple Computers and Visa, projecting his face all over the world.

This advertisement shown on the right, featuring Yao Ming (and Verne Troyer), was released by Apple Computers in early 2003 as an international advertisement in the form of a commercial and a picture. In the picture, the face of Yao is cheerful and personable. By portraying him in this respect, it is obvious that Apple sees Yao as very marketable individual. Overall, the intent of Apple is clear: by using Ming in an international advertisement, they show that they feel international players can appeal to all audiences, regardless of race or ethnicity. This type of rhetoric is not unique to Apple, as other companies like Visa and Mastercard have also

---

3 Source: Apple UK
used this tactic in their advertisements. While the target audience of the advertisements is not the athletes, there is no doubt international athletes are noticing them.

Seeing foreign athletes in advertisements is a direct economic appeal to other internationals looking to make it big in the US. The relationship is reciprocal: corporations like Apple and Nike tap into markets abroad by having these athletes wear there gear while the athletes themselves make a fortune simultaneously. Even in the midst of this, there are many other interests, namely the NBA, corporations, and the home countries of the foreign players, achieving substantial monetary returns.

While the financial benefit of international players coming to the NBA is no doubt substantial, the biggest financial winner in the scope of it all appears to be the NBA. Ironically, in 1989 Forbes’ columnist Jeffrey Trachtenberg predicted in the future, “David Stern and his conquistadors in short pants will be making a lot of people a lot of money” taking the game international (Trachtenberg). Trachtenberg’s prediction was, appropriately, right on the money. Between 1985 and 1990, the broadcast of NBA games overseas doubled to 70 countries. These broadcasts generated $5 million for the NBA. Almost ten years later, the NBA’s revenue abroad had increased, but the NBA still took a loss of $25 million, prompting Business Week to label their approach to globalization “too conservative” (The NBA). The NBA must have taken the comment to heart, as by 2003 the NBA broadcasted games in a staggering 212 countries, earning the NBA $35 million dollars. In addition, 20% of NBA merchandise was sold overseas for a profit of $430 million (Eisenberg). Stern has even predicted that in the next decade, foreign broadcasts will reach 50% of US television revenue. Along the way corporations will continue to benefit too.
Corporations tapping into foreign markets have been a direct result of the influx of international athletes. Historian Walter LaFeber once observed, “aside from the illegal narcotics trade, sports have become the world’s most globalized and lucrative business” (Larmer). LaFeber couldn’t have been more correct as corporations have quickly recognized the migration of foreign-born players as an opportunity to make millions. Spalding’s eagerness to acclimate to foreign markets has come as a great benefit, increasing their sales by an astounding 44% in 2002. Nike, who had a mere 33% of sale internationally in 1993, increased this number by 53% in just 10 years. The relationship between Nike and basketball is actually reciprocal, as their promotions actually promote basketball internationally by providing publicity for the sport (The Yao). Reebok, a partner of the NBA, derived 30% of its sales abroad in 2002, an increased of 10% in just two years (Eisenberg). 2002 also marked Rebooks commitment to long-term growth in Asia, as they signed their poster-boy, Yao Ming. Reebok is not the only one benefiting from Ming, though.

China is a perfect example of a foreign-country benefiting from globalization (in the NBA). The country has had a definite interest in Ming migrating to the NBA. Ming, who carried China’s flag at the 2004 Olympics, is an economic benefit for China. China’s government has a policy where players who come to the NBA must treat their salary as follows: 30% goes to the Chinese Basketball Association, 10% to the player’s home city, and finally 10% to the State General Administration of Sports. This total represents 50% of Yao’s salary, which was almost $4.5 million in 2005. As many consider Asia the

---

world’s fastest growing sports market, it seems China will continue to benefit financially from their policy on athletes playing internationally.

While money is a very important part in the equation of foreign-born players playing in the NBA, the non-monetary benefits to the league are more important. Foreign-born players in the NBA are a win-win situation for the league and the players. These players come from countries that stress the fundamentals of basketball and a team atmosphere. Rick Adelman, the coach of the Sacramento Kings, notes, “foreign players have added the skill factor back into the game (Eisenberg). Thus, the players not only improve their skills playing in the best league but also make the NBA more competitive. Along with this competitiveness comes a new exciting game.

The new and thrilling NBA has also been a result of a change in culture, which is perhaps the most significant effect of foreign-born players in the NBA. As stated earlier, “thugs and drugs” plagued the 1980’s in the NBA. International players have helped change this image by bringing a more clean cut face to the NBA while at the same time bridging the cultural gap. These players don’t talk trash: they simply play the game. Joe Davidson of the Sacramento Bee says it best: “They (foreign-born players) haven’t been corrupted by ESPN highlights into thinking that dunking is the only way to succeed” (Davidson). The new culture and international element of the NBA has made it more fan friendly and accessible to all, providing an atmosphere in which almost any sports fan can be entertained regardless of ethnicity. Ultimately, the foreign-born players have brought fans back to the sport while simultaneously improving financial stability in the league. In this way, the change of face in the NBA has proven to be a success.
The influx of foreign-born players in the NBA has clearly benefited professional basketball on numerous levels: financially for the players, the league, various corporations and foreign countries, and culturally for the NBA in general. However, it is important to note that not all international players are bolting for the NBA. Fran Vazquez provides the perfect example. Although he initially thought he was ready to come to the NBA, “the timing, as it turned out, was just not right for him. More than anything, I think it was a cultural thing,” said Dave Twardzik, assistant General Manager of the Orlando Magic (Povtak). Vazquez is just a rare exception though, as most players are ready to make the transition. While the money is important to the players, it appears the chance to compete at the highest level, fame from advertising, and the freedoms and excitement of America are what ultimately draw them over.

Looking towards the future of the NBA, it does not appear like there is an end in sight to the trend. David Stern has even gone as far as to predict there will be a team in Europe in the next ten years. As international players continue to journey to America, the involved parties will continue to reap the benefits. Thus, the successful model of globalization in the NBA will continue. Overall, the trend towards globalization in the NBA is not unique: there is a search for global talent not only in other professional sports like the MLB and NHL, but also in all areas of society today. Yet, this has caused for some uneasiness. If other sectors of society use the NBA as a model for globalization, it may benefit all parties involved in a majority of situations and one day be viewed in a positive light.


Works Consulted
