

A Comparative Analysis of Beijing Guoan and Shanghai Shenhua: Which is Best Placed to Succeed as a Business in the Future?

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Abstract

As the Chinese football industry undergoes professionalization and commercial reform, historically significant clubs such as Beijing Guoan and Shanghai Shenhua are at a critical crossroads in their business development. This study aims to conduct a comparative analysis of these two top-tier clubs to evaluate which is better positioned for future commercial success. Employing a systematic literature review and a theoretical SWOT analysis framework, this paper examines key business dimensions including matchday demand, brand equity, digital engagement, youth development, and stadium operations. The theoretical analysis reveals that while Beijing Guoan benefits from advanced home facilities and a deeply loyal fan base, it struggles with management instability and underdeveloped youth training. Conversely, Shanghai Shenhua leverages profound brand resonance and prime geographic advantages in China's financial center, yet faces challenges related to shareholder volatility and intense local derby competition. Both clubs share opportunities in cross-border cooperation and social media monetization, but must navigate threats from policy uncertainties and alternative entertainment markets. The findings suggest that neither club currently possesses a definitive edge to overcome their structural flaws without significant reform, highlighting the need for strategic long-term planning to achieve sustainable commercial viability.

Key words

Chinese football, Business strategy, Brand equity, Commercialization

1. Introduction

Football is one of the most popular sports in the

world. Since ancient times, football has been a sport that people have loved very much, and with the development of the times, football has gradually become an integral

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part of an industrial chain, and the economic benefits brought by the football industry are also increasing steadily. In China, the football industry is also continuously developing. In 1994, the Chinese Football Association officially launched the professionalization reform of Chinese football, marking a significant milestone in the history of the sport in China. Furthermore, in recent years, the Chinese government has increasingly prioritized the development of football, introducing a series of policies such as the "Overall Plan for the Reform and Development of Chinese Football." The aim is to enhance the credibility of the league and address issues such as the imperfect youth training system. Against the backdrop of China's football professionalization, several historically significant clubs have emerged, such as Shandong Taishan, Beijing Guoan, and Shanghai Shenhua.

This article will study two top teams in China: Shanghai Shenhua and Beijing Guoan. These two teams have a long history in China. Beijing Guoan Football Club was founded in 1956 and is the earliest football club in mainland China to complete the reform of professionalization. Beijing Guoan Football Club has won the Chinese Football Super League championship once, the Chinese Football Association Cup championship four times, the Chinese Football Association Super Cup championship twice, and has participated in the AFC Champions League. Shanghai Shenhua Football Club was established on December 10, 1993. The club was reformed from professional Shanghai football and is one of the founding teams of China's Football Jia A League. The team has won the 1995 Chinese Football Jia A Group League championship, Chinese Football Association Cup championship four times, the Chinese Football Association Super Cup championship five times, and the 2007 East Asian A3 League championship, among others. In addition, the team has also won second place in the domestic top league eight times and participated in the Asian club competition 11 times. Both teams boast a substantial fan base. The development of a fan base is crucial for the establishment and growth of a sports team. Fan organizations help establish clubs as city symbols.

To illustrate their possibility of becoming a more successful business, this article will conduct a systematic review of the classic literature, discussing theories

of cost structure of operations, brand value, commercial accessibility, and future development. Through a theoretical SWOT analysis framework, Shanghai Shenhua and Beijing Guoan will be compared to analyze the two teams' advantages and disadvantages in business. By comparing them, this study can more clearly observe the strengths and weaknesses, as well as the differences between the two teams. This can help further study their possibility of becoming a more successful enterprise, and by integrating all the advantages, the article can propose practical suggestions for improving the youth training systems of both teams and promoting economic development in the surrounding areas. Finally, the article will present a summary, discussing the limitations of the research conducted in this paper and the directions for future studies.

2. Literature Review

2.1 Demand for Sport and Attendance/Viewing

The demand for professional football is shaped by a multitude of factors. Borland & Macdonald (2003) offer a comprehensive framework of factors that shape the demand for professional football, including team performance, match outcome uncertainty, star players, pricing policies, and substitute sources of entertainment. The seminal studies of Rottenberg (1956) and Neale (1964) identified the special nature of professional sports as a market phenomenon and emphasized the role of competitive balance as a determinant of demand for professional sports. If the outcome of a match is predictable, demand is likely to fall.

In European football, studies by Forrest & Simmons (2002) have empirically proved the importance of outcome uncertainty and league competitiveness in shaping attendance demand. In this regard, Dobson & Goddard (2011) have expanded on these issues in their monograph, discussing attendance demand in terms of economic variables such as broadcasting rights and labour markets. All these issues are very pertinent in the context of the Chinese Super League, in which the fluctuating performance of teams directly influences attendance and media viewership, which are significant in terms of market demand for a particular club. Therefore,

the uncertainty of the game results and the balance of the competitions within the league will become a key factor for evaluating the external market environment of Shanghai Shenhua or Beijing Guoan football clubs.

2.2 Brand Equity, Team Identification, and Fan Loyalty

In the sports business world, brand equity plays a vital role, and based on the general branding theories presented by Keller (1993) and Aaker (1996), the concept of customer-based brand equity (CBBE) has been extended to sports-related settings with the development of the team brand equity (TBE) model by Gladden & Milne (1999) and then extended by Ross (2006). This model establishes a connection between factors such as historical successes, star players, coaching reputations, and club traditions, and outcomes including loyalty, merchandise sales, and price insensitivity.

Fan identification, which is the psychological connection between fans and their teams, is a well-established concept that can be measured through various scales, such as those proposed by Wann & Branscombe (1993). The various motivational factors of sports consumption, such as vicarious achievement, aesthetics, and social aspects, have been measured through various scales, such as the Motivation Scale for Sport Consumption proposed by Trail & James (2001). For teams with a rich football heritage like Shanghai Shenhua and Beijing Guoan, it is very important to find emotional connections in order to keep growing commercially.

2.3 Digital and Social Media Engagement

The arrival of digital technology and social media has completely changed how clubs and fans interact, and has also created new ways for clubs to make money. Various studies by Abeza et al. (2013), Parganas et al. (2015), and Naraine & Parent (2017) show the ways in which sports clubs utilize digital and social media to create brand communities, improve fan interaction, and create new avenues for generating revenue. In China, sports clubs can use digital and social media platforms such as Weibo, Douyin and WeChat to communicate directly with fans, thereby increasing brand loyalty. This is not only an important part of the sports industry, but

also helps to increase digital exposure and stimulate offline consumption.

2.4 Youth Development, Talent Pathways, and Transfer Economics

The youth development system is not only crucial for sporting success, but also highly lucrative, particularly in terms of player transfers. In the context of European football, the economic benefits of youth development, i.e. investing in academies to nurture young, local and talented players to strengthen the team or sell them on for profit, have sparked widespread discussion. The economic benefits of labor market structures, including their impact on competitive balance and club sustainability, have been discussed by Szymanski & Zimbalist (2005). For the Chinese Super League, improving the development of young players can be combined with national policies and economic support measures. Clubs can avoid expensive signings by developing local assets, encourage fans and the team to be closer, and make money from player transfers.

2.5 Venue Operations, Matchday Revenue, and Dynamic Pricing

Sports stadium operations are an important source of income on match days and for football clubs. Although stadium capacity is important, modern sports stadium operations also involve other key factors, such as accessibility, in-venue experience and pricing strategies. Research by Shapiro & Drayer (2012) and Sweeting (2012) shows the importance of dynamic pricing in maximizing revenues without compromising fans loyalty to a particular club. Revenue management, a field pioneered by Kimes (1989) and other researchers, provides methodologies for managing revenues. These concepts could help Chinese football clubs to modernise their stadium operations, thus enabling them to maximise their income without damaging their fans' loyalty to their specific club.

2.6 Governance and Institutional Context (China)

It is not possible to discuss the development of professional football in China without reference to the

institutional environment within which it takes place. The State Council published the "Overall Plan for Chinese Football Reform and Development" (2015), which sets out a vision for Chinese football development. Academic studies such as Hong & Zhouxiang (2013) offer a critical understanding of the relationship between state intervention and market dynamics in Chinese sports. For football clubs such as Shanghai Shenhua and Beijing Guoan, operating within this complex environment is a key feature of their business environment. It is a necessary context for any analysis of their business potential.

3. Methodology

The main aim of this study is to examine how well two well-known Chinese football teams, Beijing Guoan and Shanghai Shenhua, could do in the future. To achieve this objective, this paper adopts a systematic literature review methodology combined with a theoretical SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis framework.

The research involves the systematic review and analysis of existing data and literature to support the theoretical findings. A comprehensive review of academic literature was conducted using databases such as Google Scholar and CNKI (China National Knowledge Infrastructure). During the research, key words such as "Beijing Guoan", "Shanghai Shenhua", "Football", and "Sport industry" were used to search for the literature. When collecting information, the study selected the most up-to-date materials while also drawing on established theories from foundational papers to provide robust support for the theoretical analysis. The research also utilized comprehensive information from sports media and official club reports to construct a solid theoretical evaluation. By systematically examining their internal strengths and weaknesses, as well as external opportunities and threats through the lens of existing academic frameworks, this study lays the foundation for assessing the likelihood of their future commercial success.

4. Theoretical SWOT Analysis

This chapter will conduct an in-depth theoretical SWOT analysis based on the theoretical foundation presented in the literature review combined with the

specific situations of the Beijing Guoan and Shanghai Shenhua clubs.

4.1 SWOT Analysis of Beijing Guoan

The highest level of recognition for Beijing Guoan comes from the loyalty and enthusiasm of its fans, which is consistent with existing literature. Beijing Guoan football fans are renowned for their high level of "team identification", a concept that was precisely defined and measured by Wann & Branscombe (1993). This intense psychological connection directly translates into stable demand for matches and high levels of fan loyalty. As revealed by the sports consumption motivation scale of Trail & James (2001), the consumption behavior of Beijing Guoan fans is strongly driven by internal motivations such as "sense of belonging" and "vicarious achievement", providing the club with a powerful buffer against short-term performance fluctuations. Beijing Guoan football fans also have a strong sense of belonging to the team, and Beijing Guoan has a large and passionate fan base. The home stadium of Beijing Guoan is one of the stadiums with the highest average attendance in the Chinese Super League, and its ticket sales are extremely brisk.

A rich history and a successful brand image are another strength, which is also verified by existing research. The deep club history of Beijing Guoan and the brand slogan of "Always striving for the top" have enabled it to establish strong brand recognition both in Beijing and throughout the country. According to Keller (1993) and Aaker (1996)'s customer brand asset theory, this brand awareness and association based on history are the core dimensions of brand assets. The team brand asset model proposed by Gladden & Milne (1999) further indicates that the club's traditions and historical success are the key antecedents for building a strong brand.

Beijing Guoan also has an excellent location. Located in Beijing, which is the political and economic center of China, it enjoys a natural advantage in obtaining policy support and accessing resources from large state-owned enterprises. The research by Hong & Zhouxiang (2013) highlights the interplay between national policies and market forces in the Chinese sports sector. The main weaknesses lie in the chaotic decision-making of the club's management, followed by the unstable performance of the first team. Over the past

decade, the club has frequently changed its head coach, which has exposed its structural flaws in terms of strategic vision, operational philosophy, and youth training. This frequent turnover is a recurring phenomenon, and as noted by sports analysts, it proves that structural ills in the club's construction and management have persisted over time.

Additionally, the insufficient investment in youth training and the problem of a lack of successors remain significant issues. The economic benefits of Beijing Guoan's youth training system have not been maximized. According to the economic logic of European football (Szymanski & Zimbalist, 2005), a successful youth training system should be able to enhance fan identification by cultivating "local heroes" and generate huge transfer profits through player sales. The UEFA benchmark report also emphasizes the importance of youth training players in controlling salary costs.

4.2 SWOT Analysis of Shanghai Shenhua

The main advantages of Shanghai Shenhua are its brand history and traditional heritage. Shanghai Shenhua has a strong regional identity and cultural brand asset. The club has perfectly integrated into the international, commercial, and fashionable culture of the city. According to Keller (1993)'s brand resonance model, this deep resonance with local culture can trigger a strong emotional response and loyalty from consumers (fans). This makes the brand of Shenhua not only a sports symbol but also a symbol of fashionable and urban lifestyle, and it has unique advantages in attracting specific types of sponsors and cross-border collaborations. Shanghai Shenhua has one of the most profound fan cultures in China. Organizations such as the "Blue Devil" fan club have demonstrated a high degree of organization and passion. Based on the motivation scale proposed by Trail & James (2001), the consumption behavior of Shenhua fans is driven by multiple motivations such as aesthetic appreciation, social interaction, and alternative achievements. Even during the team's low periods, this deep fan tradition can guarantee basic market demand and demonstrates strong brand resilience (Ross, 2006). Shanghai Shenhua enjoys the geographical advantage of being located in the economic and financial center of China. Shanghai gathers the world's top financial,

fashion, and marketing resources. This provides Shanghai Shenhua with unique conditions to develop high value-added commercial cooperation models, such as conducting in-depth brand joint marketing with luxury brands, financial institutions, or technology companies. Its potential is far greater than that of traditional jersey advertisements.

The inconsistent performance of the first team and insufficient investment in youth training are significant weaknesses. Furthermore, secondary research points out that numerous changes in shareholders, the aging facilities of Shanghai Shenhua's home stadium, and competition between the two Shanghai teams are major problems.

The numerous changes in shareholders in Shanghai Shenhua's history have been a significant disadvantage when analyzing its internal governance. The strategic priorities and investment intentions of different investors vary greatly, resulting in the club's lack of continuity and stability in areas such as youth training system construction, long-term brand planning, and the formation strategy of the first team. This is contrary to the importance Dobson & Goddard (2011) emphasized regarding the stable operation of clubs for long-term success.

The aging facilities of Shanghai Shenhua's traditional home stadium have hindered the growth of revenue on game days. Although it has a strong atmosphere, its hardware facilities are relatively outdated. This directly limits the growth ceiling of the club's revenue on game days. Compared to modern stadiums that can provide a comprehensive luxurious experience (Sweeting, 2012), the traditional stadium is at a disadvantage in developing premium dining, private room services, and non-game events, which affects the exploration of this core revenue stream.

Meanwhile, Shanghai has two teams in the Chinese Super League, which has led to a fierce derby culture. Although derbies enhance the competitiveness of the games, from a commercial perspective, they have divided the local fan base, media attention, and sponsor budgets. This internal competition forces Shanghai Shenhua to continuously maintain high investment and high exposure in order to maintain its market position, thereby increasing operational costs.

4.3 Shared Opportunities

Developing cross-border cooperation is a very powerful opportunity for both clubs. Organizing fan events and strengthening international cooperation are also key opportunities. Cross-border cooperation is an important opportunity for football clubs to expand their commercial reach. For instance, Shanghai Shenhua has cooperated with national successful businesses, and Beijing Guoan has had official partnerships with international brands, releasing limited-edition joint-venture products. Both teams can do more cross-border cooperation in the future. This "brand extension" strategy is an important means discussed by Aaker (1996) for building a strong brand system, which can help clubs break through the traditional fan base and reach a wider range of consumers.

Using social media is another strong opportunity. As Abeza et al. (2013) and Parganas et al. (2015) have stated, social media is a key tool for building brand communities, enhancing fan interaction, and activating sponsorships. In the future, both teams can do more activities on digital platforms such as Weibo, Douyin, and Bilibili. Through innovative forms such as live streaming for product promotion, digital membership privileges, and virtual goods, it directly converts the participation of online fans into commercial revenue, achieving the advanced social media communication maturity advocated by Naraine & Parent (2017) and KPMG Football Benchmark reports.

4.4 Shared Threats

The uncertainty of domestic football policies poses a significant threat to football clubs. The commercial environment of professional football in China is greatly influenced by national policies and the overall macro-economy. Budget cuts by sponsors (especially those related to real estate enterprises), sudden adjustments to recruitment and transfer policies, etc., will directly impact the financial planning and competitive performance of clubs.

Both Shenhua and Guoan have a large and active online fan base, which is both an asset and a risk. Just as Naraine & Parent (2017) suggested, the immediacy and amplification effect of social media mean that any management decision mistakes, on-field losses, or negative

events can be rapidly magnified, turning into serious public relations crises that damage the club's reputation and affect business partnerships.

In major cities like Beijing and Shanghai, which are rich in cultural and entertainment resources, Beijing Guoan and Shanghai Shenhua are facing intense competition from various forms of entertainment such as e-sports, streaming media, and live performances. As Borland & Macdonald (2003) pointed out, there is an alternative effect in sports demand. Maintaining the appeal of football in the entertainment consumption of the younger generation is a continuous challenge that Beijing Guoan and Shanghai Shenhua are facing.

5. Conclusion

In conclusion, this paper compares the two Chinese football clubs, Shanghai Shenhua and Beijing Guoan, and analyzes which one is better placed to become a more successful business in the future based on theoretical frameworks. The article explains the background of the current football industry and introduces the basic information of the two teams, and the development of the football industry in recent years was discussed. It was also explained that studying topics related to the football industry is of great significance.

Furthermore, this paper also summarizes and analyzes previous studies. This article has compiled relevant materials concerning the youth training system, club management, domestic football policies, and other contents that serve as a basis for research. The paper uses a theoretical SWOT analysis combined with academic literature to compare and analyze the situations of the two teams.

By using the SWOT method, it is pointed out that both Beijing Guoan and Shanghai Shenhua have certain advantages in terms of their fan base. Beijing Guoan enjoys the advantages of advanced home facilities and a long-standing brand history, while the main advantage of Shanghai Shenhua is its strong brand resonance with urban culture. For Beijing Guoan, unstable first-team performance, chaotic management, and an underdeveloped youth training system are the main weaknesses. Shanghai Shenhua also has similar weaknesses; however, compared to chaotic management, the structural instability due to shareholder changes and intense local

derby competition present serious problems. It shows two teams have similar strengths and weaknesses. They also face same opportunities and threats. Strengthening cross-border and overseas cooperation and organizing local fan activities represent significant opportunities for both teams. The uncertainty of domestic football policies, competition from other sports and entertainment industries, and potential public opinion crises are major threats to the two teams.

Even though Beijing Guoan already has very advanced home stadium facilities, and both teams have strong fan bases within the country and a very long history of brand building, neither of the two teams currently has the ability to solve their internal problems perfectly. In terms of which club is best placed to succeed as a business in the future, this theoretical study indicates that both face significant hurdles. It is difficult for both teams to make up for their shortcomings and seize market opportunities without structural reforms. They still need a lot of improvement to become strong businesses in the future. Also, in the future, the research on these two teams can focus on analyzing how the teams can reasonably confront future challenges and make up for their own weaknesses.

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