

Girl Power: Impact of Professional Women’s Sport

A Publication of BMO Capital Markets Economic Research · Douglas Porter, CFA, Chief Economist, BMO Financial Group

Professional women’s sports have seen a significant transformation in recent decades, particularly among team sports, while individual sports, like golf and tennis, have had women’s leagues since the mid-20th century. In North America alone, we’ve seen the establishment of the Women’s National Basketball Association (1996), the National Women’s Soccer League (2012) and the Professional Women’s Hockey League (2023), as three high-profile examples. The recently announced Northern Super League, with six professional soccer teams across Canada, is expected to start play in 2025.

The oldest among these, the WNBA, is estimated to have generated US\$200 mln in revenue in 2023 [1]. Globally, Deloitte estimates elite women’s sports will generate almost US\$1.3 bln in revenue this year (Chart 1), with the largest markets in North America (52%) and Europe (14%) [2]. **The rapid expansions (both realized and planned) of these leagues suggest momentum is tilted towards further growth.**

Greater exposure to professional sports leagues raises player incomes (particularly through endorsements) and allows for higher ticket revenues. With rising popularity comes a greater likelihood of people coming to a city to see a team play, thus boosting the region’s tourism revenues. At the extreme, think Taylor Swift concerts. Estimates vary, but her ongoing Eras Tour is expected to generate over US\$2 bln in ticket sales in North America [3]. Such stardom—and spending—is unlikely to be achieved by any athlete. But the revenues and spending generated by each concert provide a useful framework for thinking about professional sports. To put the sports world into perspective, combined spectator sport spending on merchandise and admissions has recovered strongly from the pandemic shutdown, pushing \$60 billion in the U.S. in 2023 (Chart 2).

However, these discussions ignore the concept of **opportunity cost**: people would be spending money on clothes, dinners, and entertainment even without these sports. Would fans still order pizza and have their friends over on a given night even if their team wasn’t playing? Are they doing it more often, or spending more money, because their team is playing? This is at the

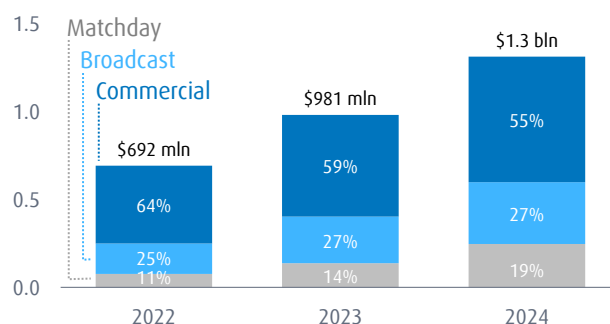
ECONOMIC RESEARCH
economics.bmo.com

Robert Kavcic, Senior Economist
robert.kavcic@bmo.com

Shelly Kaushik, Economist
shelly.kaushik@bmo.com

Chart 1
A Growing Impact

Worldwide (US\$ blns)
Women’s Elite Sport Revenues¹



Sources: BMO Economics, Deloitte ¹ estimates

Chart 2
Sports Revenues Recover

United States (\$ blns : 4-qtr m.s.)
Total Taxable Revenue of Spectator Sports



Sources: BMO Economics, Haver Analytics, U.S. Census

heart of any estimate on marginal economic impact—and unfortunately, it is difficult, if not impossible, to quantify.

The reality is that these tickets and merchandise represent **new options** within existing household spending budgets, which is a good thing, but nets little new spending—that hockey ticket might now be a foregone night at the theatre. And, that is especially true at a time when lingering inflation and high interest rates have already taken meaningful chunks out of discretionary spending budgets in North America.

Indeed, the St. Louis Fed [4], in a look at the pros and cons of subsidizing sports stadiums, concludes that such measures are not recommended because of what ultimately amounts to a **limited economic impact of spectator sport**. In the case of professional women's sports, subsidizing billion dollar stadiums isn't an issue as these leagues take space in existing facilities—and that improves the calculus.

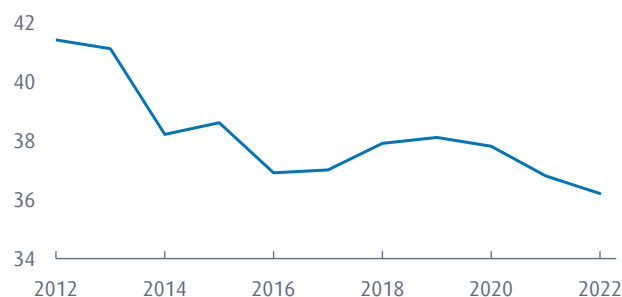
We suspect that there could be a **longer-term impact** of successful professional female sports as well. While very difficult to quantify, it's safe to say that there are significant **positive social and economic benefits from youth participation in sports**, an area that has seen girls somewhat underrepresented. More exposure and role modeling through professional sports, and the break out of new 'superstar' athletes, could be a trigger for increased participation if fostered correctly.

There's good news and tougher news on the youth participation front. The good news is that, after a steady decline through much of the 2010s, U.S. youth sport participation had begun to stabilize before the pandemic shock. This came at least partly as a result of more awareness and publicity over the benefits of physical activity, and consequences of excessive screen time and childhood obesity. The tougher news is that youth participation in regular sport remains below 40% in the age 6-to-12 cohort (Chart 2). Meantime, **participation runs even lower for girls**. Looking across the full 6-to-17 cohort, regular participation by U.S. girls sat at below 35% as of 2022, or more than 5 pts below that of boys (Chart 3). In Canada (where data are more limited), StatCan reported that, as of 2016, young female (age 15-to-24) participation was just 37% compared to 52% for males.

However you slice the (admittedly sparse) data, it appears that youth participation in sport has been challenged by other outlets (e.g., screen time), and girls' participation remains structurally lower than that of boys. Amid an ongoing push to boost participation, the **physical and mental health benefits** are clear.

Chart 3
Participation Marks Need Improvement

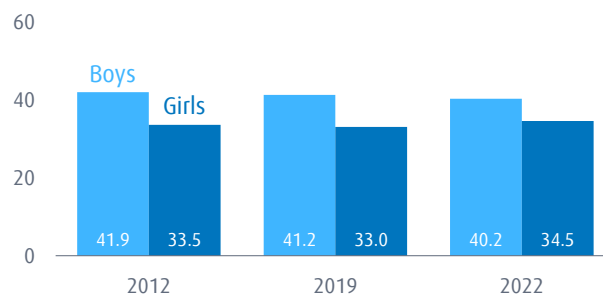
United States (percent)
Youth Participation in Sport¹



¹ core sport on a regular basis, ages 6-12
Sources: BMO Economics, Aspen Institute Project Play

Chart 4
Girls' Participation Lags

United States (percent)
Sport Participation by Gender¹



¹ core sport on a regular basis, ages 6-17
Sources: BMO Economics, Aspen Institute Project Play

The 2022 Rally Report on Girls' Sport [5] finds that half of Canadian girls are not regularly participating in sport by the time they reach adolescence. But, for those that do, more than 90% report benefits in mental health & wellbeing, as well as physical health. More than 70% report improved confidence and leadership development.

And, while the physical benefits of youth sport have been well documented in the U.S., the Aspen Institute finds, through community-level data, that physically-active youth report more excitement, happiness and motivation, and those who are inactive reported greater nervousness, anxiety, worry and depression [6].

Now, we'll admit that extrapolating this out to wide-scale economic benefits with any precision is difficult, but **the principles are sound**. That is, more physically active youth can reduce childhood obesity and associated long-term health care costs. Improved mental and physical health can clear the way to improved outcomes outside of sport itself, such as education. And, confidence and leadership gains among girls can provide lasting benefits that extend to the workplace, where female participation, especially in higher-level roles, is encouraged.

The Bottom Line: As female professional sports continue to grow, a positive economic benefit should be seen, even if the precise impact is very small and clouded by shifting spending patterns. Regardless of any direct economic impact, more choice is always good for consumers, and more opportunity for elite female athletes is enthusiastically welcomed. Finally, if successful professional female sports can continue to work to maximize youth participation among girls, spurring all the associated benefits, we would consider that a big win.

[1] Statista. Estimated revenue of the Women's National Basketball Association (WNBA) in the United States in 2022 and 2023 [^]

[2] Deloitte. Breaking the billion-dollar barrier: Women's elite sports to generate more than \$1 billion in revenue in 2024. [^]

[3] Time Magazine. The Staggering Economic Impact of Taylor Swift's Eras Tour [^]

[4] St. Louis Fed. The Economics of Subsidizing Sports Stadiums [^]

[5] Rally Report 2022 - A Call For Better, Safer Sport for Girls. [^]

[6] Aspen Institute. State of Play 2023. [^]

General Disclosures

BMO Capital Markets is a trade name used by BMO Financial Group for the wholesale banking businesses of Bank of Montreal, BMO Bank N.A. (member FDIC), Bank of Montreal Europe p.l.c., and Bank of Montreal (China) Co. Ltd, the institutional broker dealer business of BMO Capital Markets Corp. (Member FINRA and SIPC) and the agency broker dealer business of Clearpool Execution Services, LLC (Member FINRA and SIPC) in the U.S., and the institutional broker dealer businesses of BMO Nesbitt Burns Inc. (Member Canadian Investment Regulatory Organization and Member Canadian Investor Protection Fund) in Canada and Asia, Bank of Montreal Europe p.l.c. (authorised and regulated by the Central Bank of Ireland) in Europe and BMO Capital Markets Limited (authorised and regulated by the Financial Conduct Authority) in the UK and Australia. BMO does not represent that this document may be lawfully distributed, or that any financial products may be lawfully offered or dealt with, in compliance with any regulatory requirements in other jurisdictions, or pursuant to an exemption available thereunder. This document is directed only at entities or persons in jurisdictions or countries where access to and use of the information is not contrary to local laws or regulations. Their contents have not been reviewed by any regulatory authority. Bank of Montreal or its subsidiaries ("BMO Financial Group") has lending arrangements with, or provide other remunerated services to, many issuers covered by BMO Capital Markets. The opinions, estimates and projections contained in this report are those of BMO Capital Markets as of the date of this report and are subject to change without notice. BMO Capital Markets endeavours to ensure that the contents have been compiled or derived from sources that we believe are reliable and contain information and opinions that are accurate and complete. However, BMO Capital Markets makes no representation or warranty, express or implied, in respect thereof, takes no responsibility for any errors and omissions contained herein and accepts no liability whatsoever for any loss arising from any use of, or reliance on, this report or its contents. Information may be available to BMO Capital Markets or its affiliates that is not reflected in this report. The information in this report is not intended to be used as the primary basis of investment decisions, and because of individual client objectives, should not be construed as advice designed to meet the particular investment needs of any investor. This document is not to be construed as an offer to sell, a solicitation for or an offer to buy, any products or services referenced herein (including, without limitation, any commodities, securities or other financial instruments), nor shall such information be considered as investment advice or as a recommendation to enter into any transaction. Each investor should consider obtaining independent advice before making any financial decisions. This document is provided for general information only and does not take into account any investor's particular needs, financial status or investment objectives. BMO Capital Markets or its affiliates will buy from or sell to customers the securities of issuers mentioned in this report on a principal basis. BMO Capital Markets or its affiliates, officers, directors or employees have a long or short position in many of the securities discussed herein, related securities or in options, futures or other derivative instruments based thereon. The reader should assume that BMO Capital Markets or its affiliates may have a conflict of interest and should not rely solely on this report in evaluating whether or not to buy or sell securities of issuers discussed herein.

Dissemination of Economic Publications: Our publications are disseminated via email and may also be available via our web site <https://economics.bmo.com>. Please contact your BMO Financial Group Representative for more information.

Additional Matters

This report is directed only at entities or persons in jurisdictions or countries where access to and use of the information is not contrary to local laws or regulations. Its contents have not been reviewed by any regulatory authority. BMO Capital Markets does not represent that this report may be lawfully distributed or that any financial products may be lawfully offered or dealt with, in compliance with regulatory requirements in other jurisdictions, or pursuant to an exemption available thereunder.

To Australian residents: BMO Capital Markets Limited and Bank of Montreal are exempt from the requirement to hold an Australian financial services licence under the Corporations Act in respect of financial services they provide to wholesale investors (as defined in the Corporations Act). BMO Capital Markets Limited is regulated by the UK Financial Conduct Authority under UK laws, and Bank of Montreal in Hong Kong is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission which differ from Australian laws. This document is only intended for wholesale clients (as defined in the Corporations Act 2001), Eligible Counterparties or Professional Clients (as defined in Annex II to MiFID II) and Professional Investors (as defined in the Securities and Futures Ordinance and the Securities and Futures (Professional Investor) Rules under the Securities and Futures Ordinance of Hong Kong).

To Canadian Residents: BMO Nesbitt Burns Inc. furnishes this report to Canadian residents and accepts responsibility for the contents herein subject to the terms set out above. Any Canadian person wishing to effect transactions in any of the securities included in this report should do so through BMO Nesbitt Burns Inc.

To E.U. Residents: In an E.U. Member State this document is issued and distributed by Bank of Montreal Europe plc which is authorised and regulated in Ireland and operates in the E.U. on a passported basis. This document is only intended for Eligible Counterparties or Professional Clients, as defined in Annex II to "Markets in Financial Instruments Directive" 2014/65/EU ("MiFID II").

To U.K. Residents: In the UK this document is published by BMO Capital Markets Limited which is authorised and regulated by the Financial Conduct Authority. The contents hereof are intended solely for the use of, and may only be issued or passed on to, (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons together referred to as "relevant persons"). The contents hereof are not intended for the use of and may not be issued or passed on to retail clients.

To Hong Kong Residents: In Hong Kong, this report is published and distributed by Bank of Montreal. Bank of Montreal (incorporated in Canada with limited liability) is an authorized institution under the Banking Ordinance and a registered institution with the Securities and Futures Commission (CE No. AAK809) to carry on Type 1 (dealing in securities) and Type 4 (advising in securities) regulated activities under the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong). This report has not been reviewed or approved by any regulatory authority in Hong Kong. Accordingly this report must not be issued, circulated or distributed in Hong Kong other than (a) to professional investors as defined in the Securities and Futures Ordinance and the Securities and Futures (Professional Investor) Rules under the Securities and Futures Ordinance of Hong Kong, or (b) in circumstances which do not result in or constitute an offer to the public in Hong Kong.

To Israeli residents: BMO Capital Markets is not licensed under the Israeli Law for the Regulation of Investment Advice, Investment Marketing and Portfolio Management of 1995 (the "Advice Law") nor does it carry insurance as required thereunder. This document is to be distributed solely to persons that are qualified clients (as defined under the Advice Law) and qualified investors under the Israeli Securities Law of 1968. This document represents the analysis of the analyst but there is no assurance that any assumption or estimation will materialize.

To Korean Residents: This report has been provided to you without charge for your convenience only. All information contained in this report is factual information and does not reflect any opinion or judgement of BMO Capital Markets. The information contained in this report should not be construed as offer, marketing, solicitation or investment advice with respect to financial investment products in this report.

To Japan Residents: This report has not been reviewed by any regulatory authority in Japan. This report is provided for information purposes only and it should not be construed as an offer to sell, a solicitation to buy, or a recommendation for any security, or as an offer to provide investment management or advisory or other services in Japan. Securities may not be offered or sold in Japan by means of this report or any other document other than to Qualified Financial Institutions within the meaning of item (i) of Article 17-3 of the Government Ordinance to enforce the Financial Instruments and Exchange Act (Kinyu Shohin Torihiki Ho Sekou Rei). Unless specified otherwise, the securities that may be offered to you are not and will not be registered in Japan pursuant to the Financial Instruments and Exchange Acts.

To Taiwanese Residents: This report is not intended to constitute investment advice nor a public offer for any investment products to investors in Taiwan. This report should only be accessed by investors in Taiwan that are qualified to invest in investment products pursuant to relevant Taiwanese laws and regulations, and subject to sales restrictions as set forth in the relevant Taiwanese laws and regulations. BMO Capital Markets has not and will not secure the required licenses in Taiwan for the offer of securities and investment services. Any offer of securities has not been and will not be registered or filed with or approved by the Financial Commission of Taiwan and/or other regulatory authority pursuant to relevant securities laws and regulations of Taiwan, and may not be issued, offered or sold within Taiwan through a public offering or in circumstances which constitute an offer that requires a registration, filing or approval of the Financial Supervisory Commission of Taiwan and/or other regulatory authority in Taiwan under relevant securities laws and regulations of Taiwan. No person or entity in Taiwan has been authorized to offer or sell the securities in Taiwan.

To PRC Residents: This material does not constitute an offer to sell or the solicitation of an offer to buy any financial products in the People's Republic of China (excluding Hong Kong, Macau and Taiwan, the "PRC"). BMO and its affiliates do not represent that this material may be lawfully distributed, or that any financial products may be lawfully offered, in compliance with any applicable registration or other requirements in the PRC, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. This material may not be distributed or published in the PRC, except under circumstances that will result in compliance with any applicable laws and regulations.

To Singapore Residents: This report is intended for general circulation and does not and is not intended to constitute the provision of financial advisory services, whether directly or indirectly, to persons in Singapore. You should seek advice from a financial adviser regarding the suitability of the investment products, taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. This report has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, it should not be circulated or distributed, nor may the securities described herein be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (a) to an institutional investor or a relevant person as defined in and pursuant to and in accordance with the conditions of the relevant provisions of the Securities and Futures Act of Singapore or (b) otherwise pursuant to and in accordance with the conditions of, any other applicable provision of the SFA.

To Thai Residents: The contents hereof are intended solely for the use of persons qualified as Institutional Investors according to Notification of the Securities and Exchange Commission No. GoRor. 11/2547 Re: Characteristics of Advice which are not deemed as Conducting Derivatives Advisory Services dated 23 January 2004 (as amended). BMO and its affiliates do not represent that the material may be lawfully distributed, or that any financial products may be lawfully offered, in compliance with any regulatory requirements in Thailand, or pursuant to an exemption available under any applicable laws and regulations.

To U.S. Residents: BMO Capital Markets Corp. furnishes this report to U.S. residents and accepts responsibility for the contents herein, except to the extent that it refers to securities of Bank of Montreal.

These documents are provided to you on the express understanding that they must be held in complete confidence and not republished, retransmitted, distributed, disclosed, or otherwise made available, in whole or in part, directly or indirectly, in hard or soft copy, through any means, to any person, except with the prior written consent of BMO Capital Markets.

ADDITIONAL INFORMATION IS AVAILABLE UPON REQUEST

BMO Financial Group (NYSE, TSX: BMO) is an integrated financial services provider offering a range of retail banking, wealth management, and investment and corporate banking products. BMO serves Canadian retail clients through BMO Bank of Montreal and BMO Nesbitt Burns. In the United States, personal and commercial banking clients are served by BMO Bank N.A., (Member FDIC). Investment and corporate banking services are provided in Canada and the US through BMO Capital Markets.

© Registered trademark of Bank of Montreal in the United States, Canada and elsewhere. ™ Trademark Bank of Montreal in the United States and Canada. © COPYRIGHT 2024 BMO CAPITAL MARKETS CORP. A member of BMO Financial Group