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THE ECONOMICS OF SPORT BROADCASTING

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Introduction

Broadcasting business models that created significant revenue for sports leagues are now facing a new set of challenges as technology and audience behavior patterns are causing tremendous industry disruption. Consequently, how leagues and individual teams navigate these challenges will determine their economic success. This chapter offers insight into this environment by reviewing the salient scholarly literature, identifying the various drivers of broadcast demand, discussing how the dynamic decisions made by industry executives influence broadcast rights agreements, and forecasting what these issues may look like over the next decade. Samuelson (1976) defined economics as

> The study of how people and society end up choosing, with or without the use of money, to employ scarce productive resources that could have alternative uses, to produce various commodities and distribute them for consumption, now or in the future, among various persons and groups in society.
>
> *(p. 3)*

Therefore, economics is primarily concerned with what is produced, the technology and organization of how it is produced, and for whom it is produced (Owers et al., 2004). In order to understand the prominent role the mass media play in sports business, it is important to understand the characteristics of the sports audience.

Sports Audience Motivations

Understanding the economics of any industry begins with acknowledging what attracts consumers. As media revenue streams grow beyond gate receipts, academic

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work has moved toward understanding the characteristics driving fans to television, in some cases in lieu of heading to the stadium, as will be discussed in depth within Chapter 9. The sports audience has been described as extremely loyal and watching sports has been found to satisfy emotional needs (e.g., Mullin et al., 2007; Tutko, 1989). The sports audience is notable in comparison to consumers in other industries with fans characterized by high attachment to both teams and individual players. This allows media buyers to assert that sports programming benefits from a loyal, core audience creating more predictable ratings than other types of programming (Grossman, 2004). Tutko (1989) emphasized the emotional characteristic involved in being a sports fan. He claimed:

> There can be little doubt that the athletic area has become a center for taking care of our emotional needs. We participate in and are spectators of the emotional charge. If athletics did not provide excitement it would be gone in a short period. We look forward to indulging in the joys of victory but all too often steep in the agony of defeat. Without the occasional emotional charge, life would be a little bit duller – a little bit less alive and perhaps even have less meaning.
>
> *(Tutko, 1989, p. 113)*

Scholars have identified numerous individual motivations tied to emotion as to why people are sports fans. These motivations include thrill in victory, self-esteem, group affiliation, entertainment, escape, and economics (e.g., Earnheardt et al., 2012; Raney, 2006; Wann, 1995; Wann et al., 2000; Wenner & Gantz, 1998). This emotional connection strongly correlates with several enduring and consistent measures of sports consumption, including ticket sales, television audience, and merchandise sales (Funk & James, 2001).

One popular theory related to the audience's emotional connection driving broadcast demand focuses on the uncertainty of outcome hypothesis (UOH). Rottenberg (1956) and Neale (1964) tested the assumption that fans' interest is higher in sporting competitions with an uncertain outcome. Similarly, suspense has been shown as an emotional condition that can motivate audience interest and behavior toward experiencing certain content, such as sports (Knobloch-Westerwick et al., 2009). Knobloch- Westerwick et al. (2009) acknowledged suspense is predicated and enhanced along two dimensions: (1) outcome uncertainty and (2) a rooting interest, with suspense heightened as these dimensions increase. Kwak and Kim (2013) claimed, "being a fan of a team means that one has to cope with continuous distress caused by outcome uncertainty" (p. 179). Knobloch-Westerwick et al. (2009) contended:

> Failure is a realistic possibility, which might further fuel the arousal and subsequently suspense. Hence, one can think of sports viewing as a risky entertainment selection, because satisfaction is certainly not guaranteed but could be more intense if the desired victory is achieved.
>
> *(p. 754)*

In reporting about audience behavior of witnessing sports motivated by the emotional experience of suspense, Knobloch-Westerwick et al. (2009) explained an unknown outcome produces suspense until the point where there is certainty of outcome, at which time suspense no longer exists.

In trying to provide some ranking of emotional needs in motivating audience behavior, Wenner and Gantz (1998) claimed the unknown outcome of the game is the motivation generating the behavior of watching games. They point out the strongest motivation for watching sports on television deals with resolution of ambiguity, stating:

> Concerns with seeing "who wins" and how one's "favorite does" are among the strongest individual motivations for sports viewing. These tend to combine with the enjoyment that comes with experiencing the "drama and tension" and the excitement of "rooting" for a player or team to win. Indeed, seeking these experiences, along with looking forward to "feeling good" when wins occur, round out the strongest motives for sports on television.
>
> *(p. 236)*

Berkowitz et al. (2011) found fan interest positively correlates with outcome uncertainty. Paul and Weinbach (2007a) showed outcome uncertainty, measured by the score of the game at halftime, had a significant impact on audience size for the second half of the game. Salaga and Tainsky (2015) examined the effects of outcome uncertainty, scoring, and pre-game expectations on Nielsen television ratings for college football Bowl Championship Series games and found that changes in within-game levels of scoring produced no consistent effect on Nielsen ratings. Consequently, these findings failed to support the generally held tenet that fans prefer high-scoring affairs, perhaps furthering the idea that competitiveness of the game is the motivating desire of the sports audience.

Broadcast Business Model

Sports leagues and television networks sign a broadcast rights contract where the network agrees to pay the league a certain dollar amount for a certain number of years for the rights to televise that league's games (Fortunato, 2001; Wenner, 1989). The growth of broadcasting rights contracts increased league and team revenues, with broadcasting rights making up a much larger proportion of overall revenues than ever before. Sales of broadcast rights helped alleviate other financial concerns exacerbated by declining gate receipts and escalating player costs affecting professional sport organizations. Similarly, rights fees represented a guaranteed revenue stream that was theoretically isolated from changes in fan preferences, economic downturns, and corporate sponsorship decisions. Furthermore, once television contracts are signed, future revenue streams are independent of poor weather, injuries or retirement of key players, and changes in ticket demand preferences significantly impacting on-site revenue streams. Finally, television and social media platforms have the ability to include literally billions of global viewers (Coakley, 2004). Live sports feature physical action suited perfectly for televisions' visual quality and the unscripted outcomes are ideally suited to attract and retain viewers, particularly consumers with the demographic and financial characteristics desired by television advertisers (Real & Kunz, 2020). As observed, the loyalty of sport audiences provides more predictable ratings than other content genres, offering broadcasters otherwise rare surety (Grossman, 2004).

Sport broadcasting media rights have historically played a significant role in the overall economic sports landscape along with gate revenues, sponsorship, and merchandise. However, sport rights deals are often significant in not only the sport context but also the broader media market. The National Football League (NFL), for instance, continued significant market share among primetime television ratings at the conclusion of the 2019–2020 ratings season. Specifically, the top four rated shows were Sunday Night Football (NBC), NCIS (CBS), Thursday Night Football (Fox), and Monday Night Football (ESPN) (Levin, 2020). Moreover, the NFL is the most valuable content in all entertainment, not just sports. NBC's "Sunday Night Football" ranked as the No. 1 show in primetime for a record ninth straight year in 2019. In fact, NFL games accounted for 41 of the top 50 most-watched shows on TV in 2019 and average game viewership grew 5% to 16.5 million during the 2019 season (McCarthy, 2020).

The NFL, along with other professional and collegiate sports content, continues to benefit from the fact the audience prefers to consume sports live, remaining relatively unaffected by the advent of recording devices that allows advertising to be skipped. As play-back viewing broadly scaled in the early millennium, soon followed by other technological devices such as smartphones and tablets, the television viewing habits of consumers continue to evolve. Consequently, sports fans no longer just gather to watch one game but now are faced with choosing content from multiple screens. As the media behavior of fans becomes more fragmented in how content is consumed and with clear evidence many consumers bypass watching commercials altogether, this has significant financial ramifications for advertisers. Specifically, as viewing habits become more independent, the less appealing buying television time is to advertisers for many genres, making the live viewing characteristic even more appealing for sports programming (Tamir, 2019).

Sports programming is attractive to advertisers because it draws the relatively hard-to-reach desirable male audience between the ages of 18 and 49 (Wenner, 1989). The strength of this characteristic, however, has arguably diminished with time as sport decouples from a historical masculine hegemony to appeal to broader mass markets (Fujak & Frawley, 2016). Moreover, both the size and demographic characteristics of the audience will ultimately determine the rate the television network can charge advertisers for commercial time. Furthermore, sports programming tends to provide consistent audience viewership with television ratings for games fluctuating by a small percentage in comparison to other programming.

Finally, sports games hold viewers' attention for long times with games lasting three hours (Fortunato, 2001).

Because televised audiences are bought and sold, they must subsequently also be measured. The commercial broadcasting system links audience size and revenue, as networks attempt to secure programming appealing to larger, more valuable audiences. The relationship between a sport organization and a broadcasting network can survive and furthermore prosper only if both parties are satisfied and they are receiving a reasonable return in the form of profits or in long-term gains such as promotion, competitive advantage, or improved public image (Ashwell & Hums, 2004). While estimating demand via television ratings does provide potential key insights, these same television ratings may neglect certain environments where many people frequently watch games in bars, other public places, or via online streaming (Nalbantis & Pawlowski, 2016). However, for the 2020 Major League Baseball (MLB) season, Nielsen arranged to track viewers at home and also digitally. This provides a window to further understand true viewership and represents something that has been largely missing for some time as mobile via over-the-top (OTT) has become a significant part of the behavior equation (Brown, 2020). While this decision should glean some additional insights, one fundamental problem is not all of MLB's regional sports networks (RSN) are included within the paid service provided by Nielsen. Specifically, only 25 RSN MLB teams play home games in Nielsen Local People Meter markets where demographic audience information is readily available daily and play on an RSN paying for Nielsen's NSI service in that home market. Hence, while ratings measurement is critical, it is an imperfect practice, as is discussed in Chapter 3.

Even with the revenue generated by advertisers, it often does not offset the exorbitant fees paid by networks to leagues and teams to acquire these broadcast rights. This raises the question of why television networks would financially guarantee large sums of money to broadcast various sporting events if the deal is unprofitable. One reason to acquire broadcast rights despite a potential financial loss is that networks can promote their future programming, known as a "spillover effect". This is often done so during the context of the game, when the audience is watching, rather than only promoting their shows during commercials when the audience might be more apt to be away from the screen. Lever and Wheeler (1993) pointed out that "astronomical costs (rights fees) can be justified by giving valuable exposure to new series and entertainment specials through promotional spots" (p. 135). Historically, networks also appeared to disburse substantial broadcast fees to televise sporting events and moreover tolerate significant financial losses because they viewed sport as a means of validating their position within the industry (Cuneen & Branch, 2003). For example, Fox gained instant credibility as a major player in the network industry after obtaining the rights for NFL games in 1993 for $100 million. Prior to this landmark deal, Fox historically struggled to obtain a competitive viewing audience compared to the mainstream established networks including ABC, CBS, and NBC (Nichols et al., 2002).

North American Business Model

The evolution of the television network combined with the growth of the cable industry have considerably altered the economic power structure of the North American media market. These cable channels benefited from a dual revenue stream of advertisers and monthly subscriber fees. By the late 1980s, the Big Three networks were consistently losing audiences to cable services and the new Fox network. By capitalizing on live sports coverage, subscriptions to cable and satellite services grew significantly during the early 1980s. While sports property rights were previously split among the major broadcast networks, individual specialist cable channels typically owned by cable operators became interested in sports as engines for subscriber growth (Todreas, 1999). Soon, ESPN became the leading sports network, carried as a must-have cable channel by most multichannel video programming providers (MVPD). Turner Broadcasting System (TBS), a Time Warner Company, is another popular cable channel with key broadcast rights across a range of sports, including baseball, basketball, and professional golf. These cable properties, ESPN and Turner, along with Fox over-the-air network and Fox Sports One created new bidders for sports broadcast packages, significantly driving up the revenue paid to leagues for media rights. Sports leagues and college conferences then tried to tap into this cable business model of advertisers and subscribers by creating league-owned cable channels.

At the local level, in 1996, Fox launched its own cable spin-off, Fox Sports Net (FSN), a collection of regional cable sports networks. The success of cable channels, however, fragmented viewership across an increasing number of channels so that broadcast networks were challenged to invest in high-quality programming guaranteeing high audience ratings. Consequently, the value of live premium television sports rights exploded and the amount of sports coverage on television expanded (Evens, 2013).

Broadcast media revenues for North American sports leagues are shared and distributed differently per league policy. For example, the NFL has no local television contracts as all NFL broadcasting deals are national and go through the league and revenues from these contracts are evenly distributed among franchises. Fundamentally, this revenue distribution creates some financial homogeneity for NFL teams (disparities amongst NFL teams still exist in sponsorship and ticket revenue). Comparatively, local television contracts vary considerably and can play an important role in a team's financial success within the NBA, NHL, and MLB.

American sports leagues are using media opportunities to expand their global reach. For example, launched on September 3, 2020, Sky Sports NFL marked the first time the NFL partnered with an international broadcaster to have a channel dedicated to the sport. While the network had broadcast NFL games since 1995, this will be expanded to include documentaries and other content delivered on both digital and social platforms concurrently. This agreement with the NFL becomes the latest sport-specific channel on Sky, joining channels dedicated to the English Premier League (EPL), Football, Cricket, F1 and Golf. This five-year agreement of a dedicated Sky Sports NFL channel will undoubtedly continue the NFL's rapid growth in the UK and Ireland (Easton, 2020).

International Broadcast Business Model

It is noteworthy to examine how media business dynamics are playing out on an international level. The EPL offers an ideal example. Arguably the most popular global brand, the EPL was formed in 1992 with a set of new rules and changes disrupting the media rights landscape. Specifically, 1992 marked the starting point for a new era of media rights as the Premier League imposed new policies as the interest of the league grew in both the international and domestic media markets. Furthermore, the launch of the Premier League on Sky Sports was the transaction establishing the foundation. One of the main technological improvements was the introduction of subscription-based broadcasting implementing encryption of the satellite signal as a turnstile to allow viewer access. In addition, several aspects related to the coverage of the games stood out such as the increased in number of cameras installed around the pitch to cover the action from a wide array of television angles. The distribution model of television rights in the EPL is as follows:

- 50% of UK broadcast revenue is split equally between the 20 clubs
- 25% of UK broadcast revenue is paid in "Merit Payments" ("Prize Money" per place in the table)
- 25% of UK broadcast revenue is paid in "Facility Fees" each time a club's matches are broadcast in the UK
- All international broadcast revenue and central commercial revenue are split equally among the 20 clubs (Gazapo, 2020)

Similar to the recent developments with American sports, international sports properties continue to monetize the opportunity to stream live sports. For example, late in 2019, technology giant Amazon announced an agreement to stream 20 EPL games for three years expanding its global footprint into Europe. Shortly after commencing this deal, Amazon followed up with another deal for select rights to the Champions League club soccer tournament for the German market. Like the EPL deal, the Champions League agreement will run three seasons, starting in 2021–2022 (Gazapo, 2020). Perhaps Amazon's bigger play here is to utilize these streaming platforms to attract additional new Prime customers to its existing inventory.

Harbord and Szymanski (2004) argued there was no difference between the EPL selling broadcast rights to a single subscription broadcaster and splitting the rights between subscription broadcasters. Specifically, they concluded that splitting rights would essentially create two or more broadcasting monopolies instead of one and ultimately leave consumers no better off. As noted by Butler and Massey (2019), despite having dissolved the monopoly of one broadcaster, UK customers have not benefited in the form of lower prices. In fact, since the oligopoly was established and additional competition ensued, prices have risen sharply on two occasions since 2000, in 2007–2008, and 2015–2016. Ironically, both increases occurred with the arrival of a new entrant into the market. Thus, it appears the European Commission's decision to prevent a single broadcaster from purchasing all of the available broadcasting packages has not created a competitive environment and price competition. Furthermore, this decision created a dynamic where two monopolies exist, each operating in a different market and selling a different product, as Harbord and Szymanski (2004) predicted (Butler & Massey, 2019).

The Changing Environment: Recent Developments

Two significant recent developments will continue to shape the sports media industry: (1) the technological developments of streaming and (2) the legalization of sports gambling.

Streaming

Traditionally, cable television and various satellite providers received heavy criticism from consumers by operating with monopolistic policies forcing customers to purchase specific bundles of services. Specifically, most subscribers incur paying monthly bills for packages including channels that are of no utility to the consumer. While several streaming services have emerged within the last decade providing viewers with additional options, they also require consumers to purchase subscriptions with channels or content having limited benefit to the consumer. Therefore, while customers may have more buying options to view content, the inherent issues remain problematic.

As cord cutting continued, cable providers counteracted this by changing their pricing strategies relative to their key product offerings. For example, in 2010, a typical cable service would offer television and internet packages generally bundled for a monthly fee of $150 with $100 allocated for television channels and $50 for internet. In 2020, as more customers began choosing alternative television services, cable providers repackaged the same $150 monthly service to reflect $100 for internet and $50 for television channels knowing most consumers viewed internet service as the more essential product.

Traditionally, commercial broadcasting is funded on revenues from both national and regional advertisements targeting customers wishing to advertise across an entire country or only a limited geographical area. For example, national commercial broadcasters are generally interested in big mega events likely attracting large audiences. This can include famous sports events, political elections or debates, blockbuster movies, or highly rated television series. Comparatively, for regional or local commercial broadcasters, the situation is quite different. Because they typically rely on customers having regional business interests a local jewelry store may forgo spending advertising dollars on ads being broadcast throughout the entire country (Beutler, 2017).

The rise of streaming services and the use of streaming technology by social media websites such as Facebook, Twitch, and Twitter have altered the way consumers choose content to watch, and, therefore, the methods advertisers use to reach consumers (Bailey, 2019). With streaming services continuing to garner market share, the biggest splash was made by online behemoth Amazon. Specifically, Amazon launched Amazon Prime in 2005 as a fast-shipping subscription service for its online retail business. Today that service is bundled with Amazon's video and music streaming options offered since 2006. Amazon Prime, Netflix, and other similar streaming service providers historically focused on providing on-demand video, foregoing live broadcasts, including live broadcasts of sporting events.

However, this business model has recently changed with Amazon leading the way. Since 2017, Amazon has an agreement with the NFL to broadcast a number of games each season in the USA. Internationally, Amazon won the rights to broadcast ATP tour tennis in the UK by outbidding the Sky television network to procure the exclusive rights. Nonetheless, the most significant transaction occurred in 2018 when Amazon procured what is arguably the most coveted and expensive sport broadcasting rights: the exclusive right to broadcast 20 Premier League games in the UK. Because Amazon, similar to Netflix, is readily available globally, it has scale and familiarity that even the largest television networks do not possess. This "Netflix-ication" of sport broadcasting would further add to the globalization of sports consumption (Lindholm, 2019).

Amazon could be uniquely positioned to disrupt the sports streaming services industry like Google is attempting to do with YouTube TV. Because both Amazon and Google are already profitable and built for sustainability, there is far less risk for these companies, respectively, to offer sports streaming content. Specifically, if these broadcasting deals break even financially, they can still generate additional ancillary revenues by driving sports consumers to others facets of their respective businesses, creating additional market share.

Although technological advancements generally impact broadcasting services favorably, these same tools can have negative consequences. For example, piracy of cable subscriptions has been historically detrimental to the bottom line of both cable and streaming services. When one paying consumer shares his or her account with one or in some cases multiple consumers who do not pay for receiving these benefits, this ultimately creates higher subscription fees for paying subscribers and the potential lost revenue can be substantial. Copyright infringements of broadcasted sports content are frequent and occur on an international scale due to the massive popularity of sports content and the online nature of content-sharing. The profits that would ordinarily accrue from individuals engaging with content legally (by paying for the right to watch their broadcasts) are inevitably taken away by live streaming. Therefore, live streaming effectively lands a double-strike to the sport broadcasting industry as it siphons off potential customers and profits, while still (unlawfully) using sport broadcasters' content.

Digital media with their technological ease to distribute and retrieve content have advanced sports fans' expectations for any game to be available at any time, from any location, through multiple media platforms (Berke, 2016; Lewis et al., 2017; Ourand, 2017; Ourand & Fisher, 2015). Digital media platforms offer another significant opportunity for leagues to distribute games and earn revenue (Berke, 2016; Ourand, 2017; Ourand & Fisher, 2015). For all leagues, fans can purchase packages available through satellite distributors, such as DirecTV, or an internet-based digital media subscription, such as MLB.TV, to receive out-of-market games that would otherwise not be televised in their home territory. Digital media game exposure must be managed in a way that maximizes league revenue through national distribution and protects a team's economic opportunities in its home territory (Fortunato, 2018). The leagues have policies where territorial blackouts restrict a local team's games from being available through the league-wide satellite or the internet-based digital media subscription. Consequently, fans are forced to pay for a satellite or an internet-based digital media subscription and subscribe to a regional sports network to get both the local team and out-of-market games.

As sports consumption continues to see measurable changes driven by a myriad of factors including younger audiences having access to content streamed on multiple devices, tempered enthusiasm for attending live sports, and having a plethora of entertainment options so readily accessible attempts to forecast the future demand of sport broadcasting present several unique challenges, exacerbated by the global pandemic. MLB's television rights were extended through 2028 at considerable increases in rights fees. The NFL's rights expire in 2022, and with the NBA's terminating in 2025, the next few years will indeed present some interesting scenarios. Will we continue to see the recent trend of networks and other broadcasting services paying premiums for sports content?

Sports Gambling

Sports leagues and their media broadcast partners can benefit as sports gambling reportedly increases viewership (Bernhard & Eade, 2005; Nelson et al, 2007; Nesbit & King, 2010; Salaga & Tainsky, 2015; Thomas & Fisher, 2014). Media companies are using both television and digital media platforms to develop content specifically for the sports gambling audience, understanding that people will seek information and analysis to make them smarter gamblers and increase their chances of winning (Bruell & Ramachandran, 2018; Mullin, 2019). Consequently, NBC and CBS developed sports gambling content for their digital media platforms (King, 2019). Fox became the first media company to offer a sports betting service (Mullin, 2019).

NBC produced gambling-themed alternate game broadcasts on its regional sports network telecasts (Ourand, 2020). The game would be televised in a traditional format on the regular regional sports network. Using the regional sports network overflow channel, the "Predict the Game" gambling-themed telecast would be shown in one season. NBC Sports Washington (NBCSW) scheduled 20 Washington Wizards "Predict the Game" telecasts on NBCSW Plus. During the gambling-themed broadcast, fans were invited to go to the regional sports network website and make predictions to the proposition bet scenarios put forth (i.e., which team will be the first to score 30 points). The "Predict the Game" contest announces one $500 winner after each quarter with a leaderboard appearing on the screen so fans can view their position in the contest. Studio hosts during breaks in the game discuss the proposition bets that viewers have to make a prediction. The traditional game broadcast announcers will also interact with the gambling-themed broadcast studio hosts during the game telecast on the main regional sports network. Each quarter of the "Predict the Game" telecast also has its own sponsor (Ourand, 2020).

One sizable change that altered the sports gambling industry occurred in 2018 when the US Supreme Court ruled that more states could legally wager on sports games. As the opportunity to participate in legalized sports betting grew to 18 states and Washington DC by 2020, indications suggest additional states will soon follow. When William Hill opened a temporary sportsbook inside Washington's DC capital arena in August 2020, it marked the first time a sports stadium or arena housing an operational sports book.

In October 2020, PointsBet became the first US-based gambling operator to register for Genius Sports' Streaming product providing live video and live odds pricing for various sporting events. Specifically, the agreement includes tennis, soccer, esports, volleyball, and table tennis. Pairing odds with live video within the same platform is the ultimate goal for sports betting operators because this combination tends to increase engagement. For example, within mature overseas markets like the UK, in-play betting represents 70% to 80% of all sports wagers. Comparatively, in the USA, where gambling is gradually spreading state-by-state, it's about 50% according to Ron Shell vice president of customer & insights for PointsBet's US business (Novy-Williams, 2020).

Because gambling video streams are typically smaller and with lower resolution, they generally do not infringe on the broadcasting networks paying big money for live rights. Currently, none of the major US leagues are involved in this deal as they are contractually locked into long-standing domestic media deals negotiated before the Supreme Court overturned the federal ban on sports betting. However, this opens a potential future collaboration with leagues such as the NBA whose leadership has amenably had discussions about gambling affiliations (Novy-Williams, 2020).

London-based Genius Sports provides a myriad of services for sports books across the globe as its products include official data, streaming services, odds-making, and integrity monitoring. The company has been working with PointsBet since its inception in 2015, when PointsBet only operated in Australia. To gain additional market presence, PointsBet entered the USA via New Jersey in 2019 and is gradually expanding into more states. Despite being in the middle of a global pandemic in August 2020, the company agreed to a long-term partnership with NBC Sports reported to worth as much as $500 million. As part of the agreement, NBC owns a 4.9% stake in the company with the option to buy up to 25% when the deal expires in 2025 (Novy-Williams, 2020).

Conclusion: The Future of Sports Media

Several questions will drive the sports media industry over the next decade. Traditional television broadcast will remain a substantial vehicle to generate revenue for sports leagues and teams and continue to reach mass audiences. In fact, some prominent sports properties such as the Olympics and the NCAA Men's Basketball Tournament have broadcast agreements extending into the decade of the 2030s. However, content delivered through multiple streaming services such as YouTube TV, Hulu, and Sling TV will only grow and perhaps ultimately appeal to advertisers. It will be interesting to see what level of market share newly formed and future services garner.

ESPN offers an interesting example. Currently, ESPN dedicates a significant amount of airtime to the NFL divided among broadcasting live games, analysts talk shows dedicated to discussing previous and future contests, and even a myriad of talk shows where two or more individuals share their opinions. Moreover, ESPN's significant commitment to the NFL takes away potential coverage of other leagues such as the NHL where ESPN does not carry live games. In fact, ardent NFL fans can get year-round league coverage on several cable networks in addition to the substantial time ESPN already allocates with their coverage. Should ESPN lose its NFL broadcast rights in the next series of negotiations, one would hypothesize how it covers the league would also change accordingly. We believe ESPN will also continue to shift content to its premium channel ESPN+ in an effort to garner additional revenues given the networks recent loss of traditional subscriptions.

Invested sports media stakeholders will judiciously monitor how social media influences consumer demand. Specifically, teams, leagues, and broadcasters should develop strategies that engage fans with an understanding they likely are interacting with friends and the broader fan community on a second screen when witnessing sports. This brings both challenges and opportunities for a new channel to create deeper connections with individual fans globally. Home games are no longer required to drive value; teams can now interact with fans on any given day through social channels, digital platforms, or events (Deloitte, 2018).

Other media opportunities will emerge. Can virtual reality technology enhance the sports viewing experience? Will broadcasters deliver new ways to infuse gambling into their telecasts? Will sports leagues be able to grow internationally through the use of streaming and social media platforms? Other sports content will attempt to penetrate into the market. Will Esports continue to gain market share with broader audiences and more traditional broadcasting platforms? How the sports consumer reacts to all of these media developments and opportunities will need consistent study.

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