

SPORTS RIGHTS: TRENDS, ISSUES AND FORECASTS FOR SPORTS PROGRAMMING

Panel: Ben Buckley, General Manager of Broadcasting, Strategy and Major Projects, AFL
 David Leckie, Chief Executive Officer, Broadcast Television, Seven Network
 Harold Mitchell, Chairman and Chief Executive Officer, Mitchell and Partners
 John O'Neill, Chief Executive, Australian Soccer Association

Convenor: Lyn Maddock, ABA Acting Chair

In a recent study, PricewaterhouseCoopers estimated that the sports market in the United States, Canada, Europe, Middle East, Africa, Latin America and the Asia/Pacific region would increase from \$35.2 billion in 2000 to \$50.4 billion in 2005, growing at a 7.4 per cent compound annual rate.¹ In the US market alone, PricewaterhouseCoopers project that spending will increase from \$14.2 billion in 2000 to \$19.4 billion in 2005, representing a 6.5 per cent compound annual rate. National television sports rights fees are predicted to increase from \$4.6 billion to \$5.5 billion, while the local rights to the national sport of baseball will increase from \$533 million in 2000 to a predicted \$825 million in 2005.

This significant growth in the value of sports rights formed the background for the ABA's conference session on sports rights. One of the session aims was to examine the intrinsic value of sport as a form of broadcasting content. It also examined programming and ratings trends, the changing dynamics in sports marketing, the composition of sports rights packages and new ways of broadcasting sports.

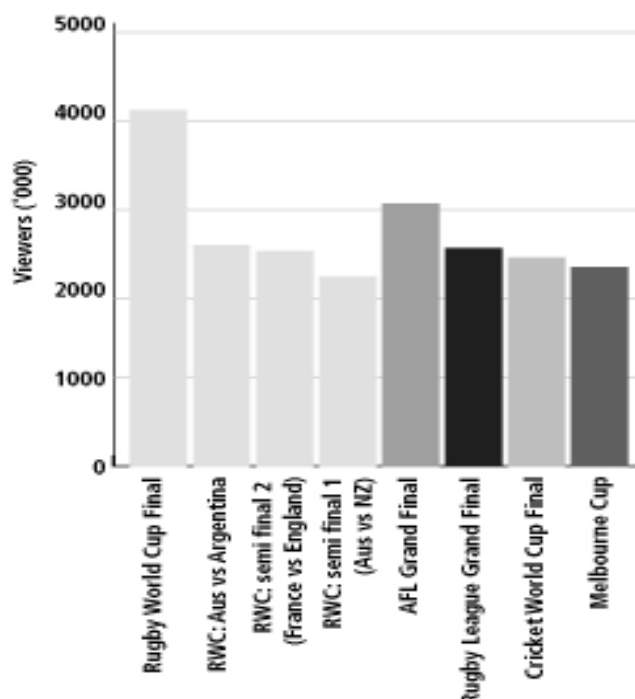
The session began by highlighting the value of sports rights to the Australian television industry. In 2003, eight of the top 20 rating programs on Australian television were sports programs: the highest rating program was the final of the rugby union world cup, which drew an audience of more than four million (see chart). In part, the extraordinary ratings performance of the World Cup final may have been due to the fact that it witnessed the clash of traditional rivals, England and Australia. However, it is worth noting that one of the highest rating programs of the tournament did not feature the host nation Australia (the second semi final, between France and England, attracted a viewing audience of 2.14 million).

¹ PricewaterhouseCoopers Global entertainment and media outlook: 2001-2005. Forecasts and economic analyses of 11 industry segments. Second edition, May 2001, p.4.

Harold Mitchell noted that sport has always been important in Australia and in terms of its ratings performance it was 'absolutely, totally reliable'. Sport is extremely successful and powerful as a form of program content because of its ability to capture and involve its audience. He predicted that its value to broadcasters and advertisers would only get bigger in the future.

As representatives of sporting organisations, Ben Buckley and John O'Neill agreed that the intrinsic value of sports programs depended upon their capacity to attract a mass market audience.

Sports on Australian television: highest rating events in 2003





David Leckie and John O'Neill

They agreed that sport was another form of entertainment where the value of the rights depended on the sport being live and exclusive to a broadcaster. In terms of negotiating sports rights, both the AFL and the ASA preferred to negotiate on behalf of their leagues as a whole. This approach had a number of advantages not the least of which was that the broadcasting industry would have a single point to begin negotiations over the broadcast rights. As a seller of sports rights, Ben Buckley noted the importance of understanding the broadcaster's business model. While the AFL is interested in maximising the value of its broadcasting rights, it is also interested in maximising the reach of its product.

John O'Neill discussed the difficulties of being a sporting 'have-not' in the current environment. Despite the high levels of participation and support for soccer in Australia, the code has been unable to attract the kind of crowds and advertisers that

rugby league, rugby union and the AFL take for granted. This was due to the status of the domestic soccer league and the Socceroos performance in the international arena. The key question for the future success of Australian soccer was, how do you turn the Socceroos into a much loved, revered iconic brand like the Wallabies? John O'Neill argued that the key to becoming a sporting 'have' in Australia was to provide regular opportunities for the sport to display its talent on television and then provide a high quality product. 'Winning is a vital component to this.' In terms of creating a broadcasting product, he highlighted the need to create successful soccer events that would deliver the mass market needed for broadcasters. John O'Neill estimates that it will take five to ten years for soccer to develop a competition and brand that could compete with the other sporting codes.

The session ended by considering the future of sports programs. The panel agreed that sport was now a multidimensional business involving not just the game and its players, but an enthusiastic audience that could be reached through sponsorship, advertising, new media and technology. The Internet will become an increasingly important source of revenue for sports in the future, both through broadcasting and by increasing merchandising opportunities. However, some panellists were of the view that the role of new media in the sports broadcasting would take some time before it was established as a reliable revenue source. Despite the increasing fragmentation of the broadcasting industry and the introduction of new technology such as personal video recorders which would impact on advertisers, 'live' sport remained as one of the few program formats genuinely able to deliver a mass audience in the future.



Ben Buckley

Report by Matthew Dobson, ABA Policy and Research section