

Sports+Media+Money Cycle

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Sports media as we know it

Sports journalism

- Reporting on games, issues, players, coaches, etc.
- Print, broadcast, web, social media coverage, plus apps

Sports media

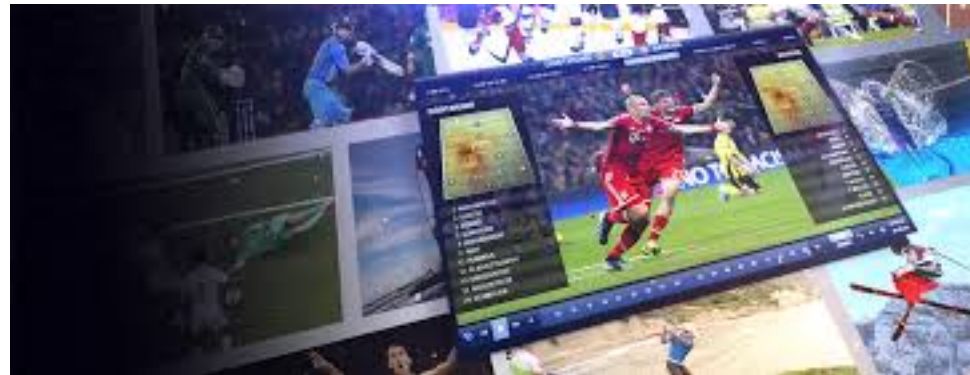
- Broadcasting the event via network television and cable television
- Web streaming events

The money cycle drives sports. It's an industry.

THE MEDIA SCHOOL

The Money Cycle

- **Media = integral part of the cycle**
 - Are the means for advertising
 - Provide continued exposure to sporting events
 - Transform athletes and coaches (talent) into celebrities
 - Five components in money cycle:
 - Athletic talent
 - Owners of teams
 - Media (TV especially)
 - Advertisers
 - The public



Athletic Talent

- Includes coaches, players
- In short supply
- Demand higher salaries plus bonuses
- Additional opportunities for \$ through product endorsements



Team Owners

- Willing to bid high for talent to create competitive team
- Want competitive teams to attract fans to live games, telecasts in order to increase fan base and profits
- Now hire staff to create their own content
- Owners continually drive up salaries

Television Networks

- Compete against each other to attract fans (Olympics, tournaments, etc.)
- Drive up fees to pay for the right to telecast games
- When they own the rights, networks generate higher revenues, become stronger
- Not just telecasting events but providing sports entertainment
 - Spotlighting players
 - Creating legends

Advertisers

- Fans = desirable audience
- Will pay a premium during telecasts, in sports magazines, on websites, in apps and social media, in newspaper sports sections, during sporting events themselves
- Pay huge fees to TV networks to reach target audiences (Super Bowl 2020 = \$5.6 million for 30 seconds)
- Same model used in collegiate and high school sports
- Advertise within stadiums, too
 - Naming rights
 - Ads on walls
 - Concession stand product packaging

The Public

- Receives much satisfaction by following sports
- Follows on TV + social media + web + print + streaming; tolerates advertisements and marketing; buys advertised products
- Some sporting events highly entertaining even if home team is not involved



Public

- Public plays major role in growth of money cycle
 - Increase in number of fans
 - Increase in fan commitment
 - Identification with and support for local teams
- Example: new stadiums require non-fan and local government support
 - Lucas Oil cost \$720 million in 2008; \$620 came from surrounding county tax dollars

Adapting to user demands

- Fans now consume content in a greater variety of ways
- Expectations in how content is presented are changing due to virtual reality, immersive video, 360 video, and mobile technologies
- Like other media, TV audiences are fragmenting (more niche), which is forcing sports & media companies to adapt

Who depends on whom?

- Components of the cycle:
 - Athletic talent
 - Owners of teams
 - Television networks
 - Advertisers
 - The public
- If public ever chooses to leave the sports+money+media cycle, **the cycle will collapse**

Users finding better options

Costs to cable subscribers (bundled or tiered service)

- \$9.06 > ESPN, ESPN2, ESPNU, SEC
- \$1.86 > FS1, FS2, Big Ten Network
- \$1 > stand-alone NFL Network

“Ala carte” or “pick and play”

- *Sling*, for example, starts at \$20 for customized cable
- Disney launching all-new ESPN video-streaming service this spring– will be “inside” [ESPN app](#)