

SportBusiness^{INTL.}

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The four horsemen

LEGACY PLAYERS FIGHT TO
CONSOLIDATE AS AMAZON, APPLE,
FACEBOOK AND GOOGLE TARGET
MEDIA CONTENT

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WESTERN EUROPEAN LEAGUE DATES

- **HERNING, DEN**
18.10 - 22.10.2017
- **LYON, FRA**
01.11 - 05.11.2017
- **STUTT GART, GER**
15.11 - 19.11.2017
- **SALZBURG, AUT**
07.12 - 10.12.2017
- **LONDON OLYMPIA, GBR**
12.12 - 18.12.2017
- **AMSTERDAM, NED**
25.01 - 28.01.2018
- **NEUMÜNSTER, GER**
15.02 - 18.02.2018
- **GÖTEBORG, SWE**
21.02 - 25.02.2018
- **'S-HERTOGENBOSCH, NED**
08.03 - 11.03.2018
- **THE FINAL
PARIS, FRA**
10.04 - 15.04.2018

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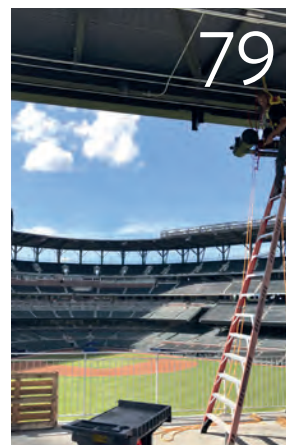
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Snapshot

Off-field and left-field stats, stories and soundbites from the world of sport

MORNING SHIFT

The English Football League (EFL) came in for criticism in late August when it decided to hold the third-round draw for its Carabao Cup competition in Beijing, China. The rights-holder stood accused of neglecting its core fanbase given that the draw took place at 4.15am UK time. The EFL justified the decision by saying it was part of “a strategic plan to grow the EFL internationally and specifically boost profile and exposure in ASEAN markets”. The decision was also reportedly driven by the competition’s Thai energy drink sponsor, Carabao. It seems neither party saw the fatal flaw in the expansionist plan: the draw was not televised in China or anywhere else for that matter. ○

MISMATCH

It sounded incongruous when UK newspaper *The Daily Mail* reported that dating app Tinder was in discussions with Manchester United to become the English Premier League club’s sleeve sponsor for an estimated £12m. The Mail announced that the Silicon Valley company was pursuing the partnership to create a more mainstream brand. The story has generated a large amount of media coverage and its fair share of dating-related puns on social media but, to date, the partnership has failed to materialise. So, has one of the parties swiped left, or was the whole thing a big tease to gain some cheap publicity? ○

NUMBER CRUNCHER

4.9m

The number of pay-per-view buys the crossover fight between Conor McGregor and Floyd Mayweather is estimated to have generated.

(Page 40)

TWEET OF THE MONTH



Elyse Ribbons 柳素英 @iheartbeijing

#recbcek you know, that brand that looks and feels like #Reebok but is totally not #copyrightinfringement

10:24 PM - 19 SEP 2017 15 7 19



You have to admire the chutzpah of the people behind new Chinese sportswear brand Recbcek. After New Balance was awarded close to \$500,000 in a landmark case against ‘parasite brand’ New Bunren, you might have thought they would be reluctant to borrow so many elements of the Reebok identity, but nothing of the sort. The barely pronounceable name for the apparel company takes its place in the pantheon alongside challenger brands New Barlen, New Broom and our own favourite, Uncle Martian. ○



GOOD MONTH: GOLF AND RUGBY

Golf and rugby will remain on the programme for the 2024 summer Olympic Games in Paris after the IOC members ratified an earlier recommendation from the IOC executive committee to retain all 28 sports that featured in the Rio 2016 Olympics. The International Golf Federation will be hoping that a full contingent of star players takes part in Tokyo and Paris to safeguard the sport’s Olympic future. ○



BAD MONTH: PYEONGCHANG 2018

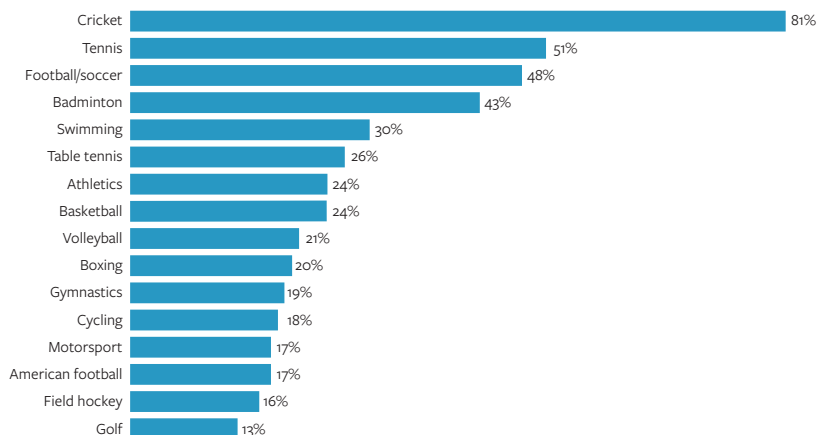
The ongoing crisis with North Korea is reported to be impacting international ticket sales for the Pyeongchang Winter Olympics. With just five months to go until the Games, local tickets sales have also been slow with less than 10 per cent of the 750,000 tickets available to Korean citizens sold. Pyeongchang 2018 president Lee-Hee-beom told the IOC Session in Lima that the organising committee has begun to enforce a back-up plan to work with 17 local governments and schools to boost ticket sales. ○

BADMINTON IN INDIA

Former managing director and senior vice president for IMG South Asia Ravi Krishnan argues there are big opportunities for the sport of badminton in India in an interview on page 110 of this issue. Data from SportBusiness Group's Fan Tracker service shows the sport ranks as the fourth most popular in India. The survey of 1,000 or more adults in the country revealed that 33 per cent of 18-24 year olds are interested in the sport while the proportion increases for older segments of the population. For instance, 48% of 35-44 year olds and 47% of the 55+ demographic expressed a passion for the sport. For more information like this, go to www.sportbusiness.com/fan-tracker-landing. [O](#)

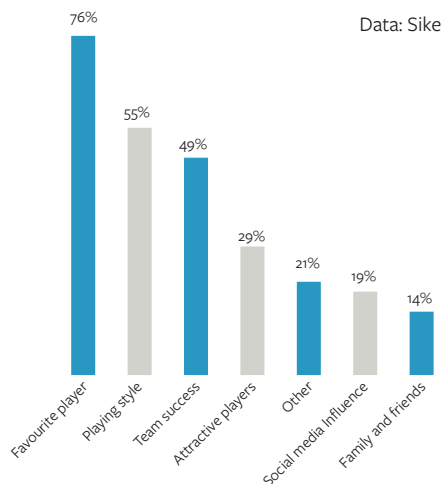
India: Overall interest

Percentage/raw number of population interested in the selected sports/properties.



RED PASSIONS

Data from the latest issue of Mailman's monthly Red Card report gives an interesting insight into how fans in China choose which western football teams to follow. The most popular clubs in China are generally the most successful in terms of on-field performance. However, the survey has shown that it is not just winning that attracts fans. Of 30,362 fans surveyed by the digital consultancy and Chinese football app Sike, 76 per cent said they follow their favourite player over the club. Also of interest is the value Chinese fans place on playing style over success. [O](#)



QUOTES OF THE MONTH

"I think there are opportunities to sell shovels in a gold rush."

RAVI KRISHNAN,
STEPATHLON
(PAGE 110)

"You're going to see an incredible decline in broadcast media."

SCOTT GALLOWAY,
NYU STERN SCHOOL OF BUSINESS
(PAGE 10)



THE TRUE VALUE OF LIBERTY

Ben Cronin, Editor

Liberty Media's transformation of Formula 1 makes for the most interesting business case study in present-day sport. It condenses many of the difficulties facing the sector into a single narrative and offers a high-profile variation on the most popular of industry riddles: how do you reboot an established sports property for the fragmented 21st-century fan?

The thing that makes the story even more compelling is the deliberate contrast the sport's new triumvirate of leaders – Carey, Brawn and Bratches – have drawn between their own management style and the more idiosyncratic methods of their predecessor. The third member of this management trio, Formula 1's new managing director of commercial operations, Sean Bratches (see page 50), argues that there is plenty of virgin territory to be exploited in the sport because of former CEO Bernie Ecclestone's propensity to say 'no'.

The speed at which Bratches has created a more formal commercial structure around the sport, and the number of new initiatives Formula 1 has launched in the eight months since Liberty Media took charge, proves that these are not empty words. By establishing a stronger presence on social media, creating an esports championship and with talk of plans to create two over-the-top platforms, it's as if the new management team is playing its own version of industry-buzzword bingo.

Bratches happily concedes that the motor-racing series' position as the fastest growing sport on digital media is built on a very low base. At this stage, the attitude is to increase the amount of inventory and the variety of assets available to the sport's sponsors and give Formula 1's newly minted sponsorship sales team something to get their teeth into.

Having previously expressed his admiration for the way Manchester United has parlayed its global following into a sponsorship model broken down by region, Formula 1's new commercial chief is moving towards mimicking it. The dynamic trackside advertising that the new owners will introduce in 2018, which changes depending on where the television viewer is watching it, will allow for the sale of more segmented deals.

For Formula 1 to get anywhere near the 43 corporate partnerships boasted by its nearest rival, Nascar, Bratches knows it will have to bring more races to the US and the country's outsized sponsorship market. An interesting footnote to Formula 1's recent deal with French broadcaster TF1 – in which the free-to-air service has bought rights to show four Grand Prix a season – is that it stipulates the channel must show at least one live race in the Americas. An example of the new management team's more joined-up thinking if ever there was one. [O](#)

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Media

THE MOST POPULAR NEWS STORIES ON TV SPORTS MARKETS



DEAL OF THE MONTH BY ROBIN JELLIS

The English Football League agreed a five-season domestic rights renewal with pay-television broadcaster Sky, from 2019-20 to 2023-24, worth an average of £120m (£135m/\$165m) per season.

Is this a good financial outcome?

It's difficult to say. The new deal represents a 36-per-cent increase in value compared to the league's current domestic deal with Sky. That deal, worth about £88m per season, was originally for 2015-16 to 2017-18 and was later extended to cover 2018-19. In pure revenue terms, the increase isn't eye-catching, but the league has successfully carved out certain streaming rights, which will be exploited by clubs in the UK and Ireland.

Was there much competition?

The league spoke to several interested parties about the rights, including Amazon and Twitter. But in the end, the bidding was a head-to-head battle between BT and Sky. The process is said to have been competitive, but BT was reluctant to bid aggressively after its expensive renewal of Uefa club tournament rights in March, while an accounting scandal in BT's Italian division has led to cost-cutting.

What rights have been carved out?

The number of matches that can be streamed by clubs will be relatively limited. It will not include matches shown on linear television by Sky or those that kick off at 3pm on Saturdays. The potential buyers will be limited to fans who are prepared to subscribe to the iFollow OTT service created by the league this year. Live matches can currently only be streamed outside the UK and Ireland, where the service costs the local equivalent of £110 per season. From 2019-20 onward, Sky will have the right to stream the same matches the clubs will stream on its own digital platforms.

Is this carve-out significant?

It could be. It's difficult to put a financial value on the streaming rights because no club can accurately forecast take-up of the iFollow service. But in having a global direct-to-consumer product which includes live matches, EFL clubs will be in a position envied by many top clubs around the world. English Premier League clubs in particular are sure to be watching the development closely – only 168 of the 380 Premier League matches per season are currently available for domestic live broadcast. [O](#)

To access more detailed analysis of the EFL's renewal, as well as values for the league's other rights deals, subscribe to TV Sports Markets.



1. BEIN MEDIA TARGETS PIRATE CHANNEL IN SAUDI ARABIA

BeIN Media Group has teamed up with an alliance of sporting organisations and broadcasters to call on Saudi Arabia to shut down a pirate channel called beoutQ in the country. BeIN Media Group claims that beoutQ is showing the broadcaster's "proprietary media content". The alliance comprises Uefa, football's European governing body, and LaLiga, which operates the top two football divisions in Spain, as well as the Audiovisual Anti-Piracy Alliance.

2. UK WELCOMES NEW FREE-TO-AIR SPORTS CHANNEL

A new free-to-air sports channel has been launched in the UK, offering live football from Argentina, Belgium, Portugal and Spain. A sister channel of pay-television broadcaster Premier Sports, FreeSports is available via operators Freeview, TalkTalk, BT, Sky and FreeSat, with claims that over 10m UK homes will be granted access to a 24/7 sports channel for the first time. FreeSports' football content will also include content from the club channels of Barcelona, Bayern Munich, AC Milan and Borussia Dortmund.

3. TURNER TO LAUNCH OTT SPORTS PLATFORM

The Turner Sports division of US cable-television broadcaster Turner Broadcasting System is to launch a standalone sports streaming service after securing exclusive English-language rights to club football competitions the Uefa Champions League and Europa League. After announcing a three-season deal starting in 2018-19, Turner said its new OTT sports platform will launch in 2018, with the Uefa rights package serving as a "core pillar" of the direct-to-consumer offering.

4. AMAZON SEALS EUROSPORT STREAMING DEAL

Internet company Amazon is to start offering content from international sports broadcaster Eurosport to subscribers of its Prime service in Austria and Germany. Amazon reached the agreement with media and entertainment company Discovery Communications, which owns Eurosport. The deal grants Amazon Prime members access to Eurosport content such as football's German Bundesliga and the Australian Open, French Open and US Open grand slam tennis tournaments.

5. ITV PICKS UP WORLD BOXING SUPER SERIES RIGHTS

UK commercial broadcaster ITV has acquired rights for the inaugural season of the World Boxing Super Series through an agreement with the MP & Silva agency. The series, which began in September, comprises 16 elite boxers competing across 14 different fight nights. ITV will show the super middleweight and cruiserweight tournaments through its free-to-air and pay-per-view platforms. [O](#)

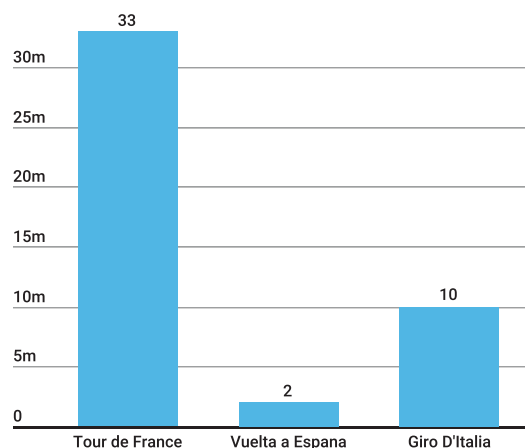
CYCLING MEDIA RIGHTS FOCUS, POWERED BY *RIGHTS TRACKER*

TVSportsMarkets



Sister title *TV Sports Markets (TVSM)* has produced an interactive data report which analyses media deals in cycling. Some of the graphs and charts are reproduced here as a preview of the TVSM Rights Tracker service. The full report includes TV deals covering The Tour de France, Vuelta a España and the Giro d'Italia.

Current domestic value of the grand Tours



The domestic rights to the Tour de France will remain with France Télévisions until 2025 after the public-service broadcaster renewed its free-to-air deal last year. The domestic fee for the Vuelta a España has decreased cycle-on-cycle since its deal with public-service broadcaster TVE from 2005 to 2007. TVE's ability to pay large fees for sport has declined in recent years, partly because its budget has been frozen or cut by the government each year since 2008. The Giro d'Italia is thought to have increased the value of its domestic rights in its recent renewal with public-service broadcaster Rai for two main reasons: increased competition for the rights, and RCS Sport, organiser of the Giro d'Italia, marketing the rights more aggressively.

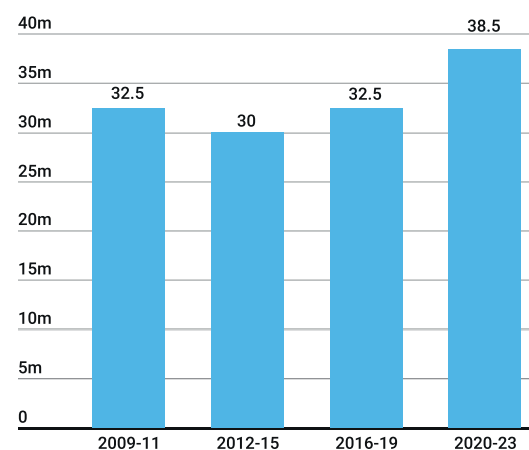
Selected EBU contributors to the 2020-23 deal for the Tour de France

TERRITORY	BROADCASTER
Pan-European	Eurosport
UK	ITV
Switzerland	SRG
Belgium	RTBF and VRT
Netherlands	NOS
Spain	TVE
Italy	Rai
Denmark	TV2
Norway	TV2
Luxembourg	RTL
Portugal	RTP
Slovakia	RTVS
Slovenia	RTV Slovenija

Source: TV Sports Markets Rights Tracker

The European Broadcasting Union (EBU), the consortium of Europe's public-service broadcasters, buys rights on behalf of its member broadcasters. Each member provides a specific amount it is willing to pay for the rights in each territory.

Pan-European Tour de France deals by rights cycle



ASO, the Tour de France's commercial rights-holder, increased the value of its media rights across Europe by just under 20 per cent following a renewal with the EBU in July. The EBU agreed a four-year deal, from 2020 to 2023, across Europe, excluding France. As an EBU guarantor, Eurosport will hold exclusive rights in 38 European territories in the new deal.

To subscribe to *TV Sports Markets* or *Rights Tracker* call Tom McMullen on +44 (0) 207 265 4223 or email: tom.mcmullen@sportbusiness.com

FIGHTBACK | LEGACY PLAYERS CONSOLIDATE AS THE 'FOUR HORSEMEN' TARGET MEDIA CONTENT

As the tech giants dubbed the 'four horsemen' increasingly target media content, legacy pay-TV players face their biggest ever challenge. **Frank Dunne** looks at a frenzied 10 days which encapsulated both the scale of the threat and the way traditional media companies are responding



Sean Parker [Justin Timberlake]:

I brought down the record companies with Napster...

Eduardo Saverin [Andrew Garfield]:

Wait a minute. You didn't bring down the record companies. They won.

Parker: *In court.*

Saverin: *Yeah.*

Parker: *You wanna buy a Tower Records, Eduardo?*

[THE SOCIAL NETWORK, 2010]

This 10-second snatch of dialogue from the film, *The Social Network*, still captures the spirit of digital disruption better than anything you will see on a slide show at an industry convention. It's a punch-the-air moment for young tyros and should induce cold sweats in anyone working in a legacy media business.

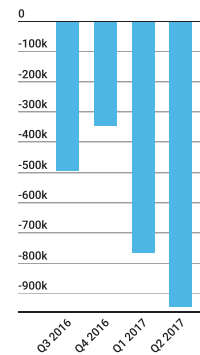
Sitting with Eduardo Saverin across that restaurant table from Sean Parker, of course, was Mark Zuckerberg, founder of Facebook. And it is precisely because of the unprecedented growth of Facebook, along with Amazon, Apple and Google – the four are valued at over \$2.3trn (€2.0trn) – that the behemoths of media's old order are on the backfoot.

The internet turned the music business from a \$20bn industry in 1999 to a \$7bn industry by 2014. Nobody expects the media business to take that scale of hit. But the game is clearly up for any business whose margins depend on selling people a bunch of stuff they don't want. As global financial services firm BTIG put it in a note on August 2: "Over the past 10 months, industry fundamentals have eroded, with it becoming increasingly clear to investors that the era of cable networks' over-earning at the expense of the consumer is coming to a screeching halt."

In the US, the traditional pay-TV market is shrinking fast. The second quarter of 2017 was the worst on record, with distributors losing 941,000 subscribers – a 2.7-per-cent erosion of their base. Linear, live TV ratings are falling, even for top sport like the NFL. This year, digital advertising revenue is set to overtake linear TV advertising for the first time. And any graph of time spent watching traditional TV by age group is full of bloody red lines among the youngest.

It is widely agreed that as the market fragments, sport becomes more important and legacy media companies have made huge bets on it. But they risk losing their grip on anything they haven't already got nailed down well into the future.

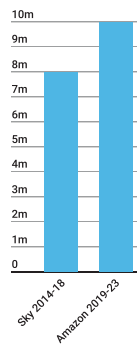
Scott Galloway, professor of marketing at the New York University Stern School of Business, refers to Facebook, Amazon, Google and Apple as 'The Four', as in 'horsemen of the Apocalypse'. In July, he said this about their impact: "You're going to see an incredible decline in broadcast media. The only thing keeping



Number of subscribers lost by US pay-TV platforms by quarter in the last year

\$2.3trn

Combined value of Amazon, Apple, Facebook and Google



Amount of money paid per year for the exclusive UK rights to ATP World Tour tennis, with Amazon to replace Sky in 2019

\$14.6bn

Value of Discovery's acquisition of channel producer Scripps Network Interactive

broadcast media alive right now is sport. If you took away sport, you'd have massive declines in viewership across these companies. And the thing about sport is that you can't own it. It goes to the highest bidder. There are no proprietorial advantages. There is nothing it does to your culture which is sustainable. You're just the highest bidder at that moment. But it has been the last firewall of broadcast media."

Not for much longer. In the next 12 to 24 months, he predicts, The Four are going to start outbidding broadcast media for sports rights because "they have a bigger chequebook".

The traditional pay-TV players are consolidating, adapting and tweaking business models, and exploring new technologies to make sure the equivalent movie scene a few years from now does not play out with the line: Wanna buy an ESPN, Eduardo? Wanna buy a Discovery?

In a convulsive 10 days between July 31 and August 9, a cluster of big industry developments underlined the inexorable rise of The Four and revealed some of the survival strategies of the Legacy Gang. For industry analysts, and keeping with the movie theme, it's time to get the popcorn in. Below, Sarah Simon, senior analyst in equity research at Berenberg Bank, Gareth Capon, chief executive of Grabyo, and William Field, founder of Prospero Consulting, review the summer's blockbuster deals...

BLOCKBUSTER 1:

'Discovery circles the wagons'

Release date: July 31

Budget: \$14.6bn

Discovery Communications agreed to acquire channel producer Scripps Network Interactive in a cash-and-stock transaction valued at \$14.6bn, or \$90 per share. The combined company will have nearly 20 per cent of ad-supported pay-TV viewership in the US. It will control the top female networks in ad-supported pay-TV, with over a share of 20 per cent of women watching in primetime. It opens options for growth through the exploitation of brands and formats, with over 8,000 hours per year of original programming and over seven billion monthly streams. Cost savings will be about \$350m. The expectation is that 'skinny bundles' of content will be spun off for OTT distribution with low entry points.

Field: This is exactly what channel aggregators have always done. When linear channel distribution is facing decline, you circle your wagons and consolidate. It makes a lot of sense. It enables Discovery to broaden their portfolio of content. They have a strong niche in factual programming, but it's quite limiting. Scripps gives them a big audience in terms of things like food and a big women's audience.

Looking toward a non-linear future, it gives them a stronger portfolio of content to use on a non-linear basis. And there are economies of scale in terms of what they do

Continued from previous page...

in digital in being able to play with this much wider portfolio of assets. It has a rationale from an old-world perspective, but there is also a rationale from a new-world perspective.

Simon: This deal is all about the shift to skinny bundles and giving Discovery more leverage with the cable and direct broadcast satellite providers. There will be cost synergies too, but the main thing is about owning more of the channels that will go into the reduced bundle.

Capon: In the modern media world, scale matters. The more traditional affiliate fees you can control, the better. Discovery adding the Scripps portfolio in the US, which has a different target demographic, makes sense as there is not much overlap in the content produced. I can see growth opportunities from a traditional TV distribution perspective, meaning Discovery can leverage this investment in content more effectively.

Discovery has ambitions for OTT beyond what we have seen with Eurosport [on Eurosport Player] in Europe and the next Olympic Games. If you do get to a position in the market where there are challenges with the traditional paywall/affiliate model, the more content you can control, the better, whether that means taking content into your own OTT services or licensing to third-party OTT distributors and tech platforms.

BLOCKBUSTER 2:

'Amazon aces Sky'

Release date: August 1

Budget: £50m

Amazon outbid Sky for the exclusive UK rights to the ATP World Tour in a five-year deal, starting from 2019, worth £10m (£11.0m/\$12.9m) per year. Sky currently pays £8m per year in a five-year deal ending in 2018 and was reported not to have increased its bid. The deal makes the Amazon Prime subscription video service the home in the UK for all top tennis except the four grand slams.

Simon: Amazon has been increasingly vocal about sports rights; it has also suggested interest in rights for Germany's Bundesliga. ATP makes sense as a starter. It's not too expensive and has a clear set of enthusiasts. It's a good bolt-on to the existing entertainment product, which is also being broadened. It's also a great way



Amazon's successful bid for ATP World Tour tennis rights in the UK was one of the blockbuster television deals of the summer (Getty Images)

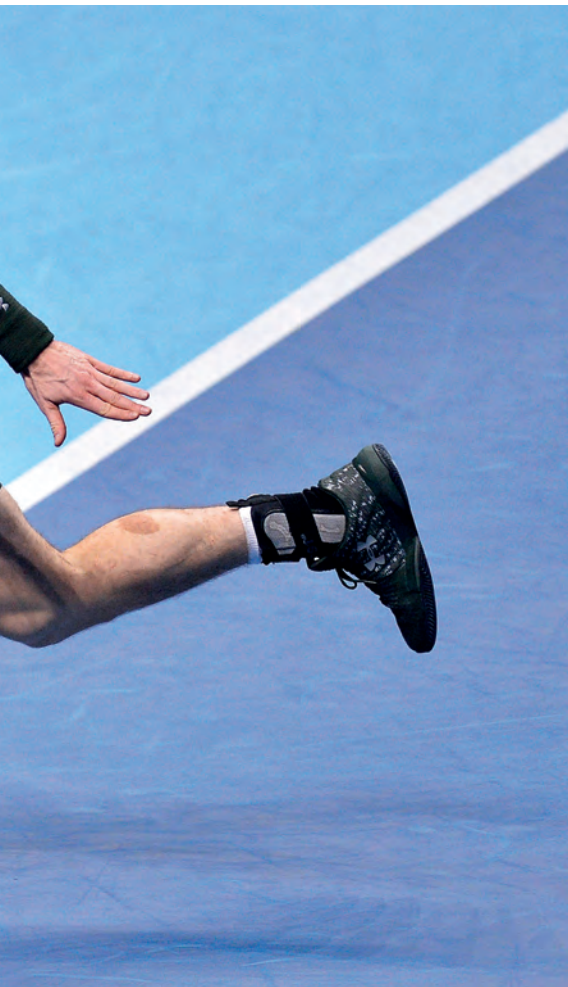
to test how robust their technology is for live streaming if they are contemplating bigger rights deals.

Field: We have not had a billion-dollar premium rights deal from one of the digital players. What we have seen is a series of steps; the importance of sport has been recognised by digital platforms. The ATP deal is an example of that. You can say they 'took it from Sky'. But unless Sky was completely blindsided, I doubt they'll be sobbing into their beer glasses. For pay-TV, we are seeing an increasing separation between the real statement events and the filler. Sky as a business is having to work much harder now. It's not about what people watch 24/7, but what convinces them to renew their subscription. The big sports competitions are where the money is; they will be fought over and their value will continue to

"We have not had a billion-dollar premium rights deal from one of the digital players. What we have seen is a series of steps: the importance of sport has been recognised by digital platforms"

WILLIAM FIELD,
FOUNDER, PROSPERO CONSULTING

increase for a while. I see Amazon as the natural place for the smaller stuff. It will be interesting to see what this does for them, what they do around it, how they promote it, how they link into merchandise and retail, and what advertising they can drive



and e-commerce, and are prepared to bid to be the exclusive owner of content.

Tennis is a global sport, and there are not that many sports which are. It's played in some important growth territories for Amazon. Given Sky Sports' recent change in its channel structure, maybe tennis wasn't quite as important to them and was something it was willing to let go.

For Amazon, the subscription piece is only a small part of the overall value of a Prime subscriber. It can monetise content investments across the whole sphere of services. Prime subscribers on average spend 85 per cent more across Amazon products on a consistent basis. The threat from the tech companies has always been their access to cheap capital and significant amounts of cash, combined with the best engineers on the planet. Amazon takes long-term bets around the businesses it builds.

We still haven't seen Amazon, or other global tech companies, get into the billions-of-dollars primary sports rights market, which is a very different business. \$2bn a year for the Premier League is a major investment, even for Amazon. But you have to expect Amazon to be a bidder for anything which is not primary, tier-one domestic rights in markets where the company believes there is growth potential for the core business and Amazon Prime. As the quality of the Amazon TV product evolves and the penetration of connected devices increases, it will be a meaningful competitor.

BLOCKBUSTER 3:

'Disney gets a move on'

Release date: August 8

Budget: \$1.58bn

The Walt Disney Company will raise its stake in BAMTech, the digital media company spun off from MLB Advanced Media, from 33 per cent to 75 per cent, paying \$1.58bn for the additional 42 per cent. Disney bought the original stake in August 2016. Using BAMTech technology, Disney will create its own streaming platform for entertainment content from 2019. At the same time, it will end its output deal with Netflix. An ESPN-branded OTT service will be rolled out in early 2018. Disney said the ESPN service would be "more robust" than originally envisaged. Content will include Major League Baseball, National Hockey League, Major League Soccer, grand slam tennis and college sports.

Capon: As Netflix becomes a more powerful distributor of content, it needs some way of defending that business. Building its own IP was the most sensible way to go about that. Netflix now invests billions of dollars in owned content and IP, which it can distribute on its own platforms and license to others. Netflix looks more like a traditional media production business or a studio than just a distribution company. Hence the concern from Disney and others that they are dealing directly with a competitor, a buyer of content, competing for the best talent and scripts.

Where people will go for film content will be interesting. We saw this with the music industry. The labels didn't want to deal directly with Apple, but Apple's download business became so big they didn't really have any choice. iTunes was such a huge part of global download volume that if the labels didn't license their content to Apple they risked losing core revenues. If Netflix grows to 150 million or 200 million subscribers, is that a paid distribution platform you can ignore? Maybe Star Wars or some of the Disney franchises are strong enough to do so – we shall see.

The live feed for sport (the 'host broadcast') is the same everywhere, so what you build around it becomes a differentiator. That's what your brand represents. It remains to be seen whether consumers are prepared to pay for this or are just interested in the event itself. We know that when watching OTT platforms viewers tend to tune in close to the beginning of the event. That's tough for a broadcaster which carries the additional cost and infrastructure of a studio show around the live feed. There are opportunities with data, additional services and personalisation on these platforms – but having access to what people want to watch still matters most.

Simon: The BAMTech deal is all about acquiring live streaming capabilities. Disney is clearly developing an increasingly direct-to-consumer strategy. Disney Life [film app], BAMTech, the recent Netflix news are all components of this. Their content is sufficiently high quality to make it possible to bypass the aggregators.

Field: This is not a huge surprise. We always knew Disney had a small stake with the option of increasing that stake. It's no surprise that they have gone ahead and done that. Alongside it, which I think is more

around it. They've paid for something to play with in the UK.

Can we now expect them to bid for the Premier League domestic rights? I don't believe it makes it either more or less likely. A lot depends on how the Premier League package the rights. Will they look at creating a package that would be attractive to an Amazon that would also scare a Sky or a BT? It's more likely they will bid for some international rights.

Capon: It's certainly symbolic that this is the first time one of the major digital players has taken key sports rights in a primary market on an exclusive basis. To take tennis in a core market like the UK is significant, as was [Perform-owned] DAZN taking the J-League football rights exclusively for OTT in Japan. The deal says Amazon is prepared to invest in content that will drive Prime subscriptions

Continued from previous page...

“For a long time TV companies have been trying to work out ‘what you should watch’ as a viewer, ‘what others are watching,’ ‘what your friends are watching.’ Facebook has a wonderful data set and can use it to answer that question”

GARETH CAPON, CHIEF EXECUTIVE OF GRABYO

notable, is the announcement they’re pulling their entertainment content from Netflix and building their own streaming platforms. That is a step where one of the behemoths of the entertainment industry is saying we’re going to do our own thing on OTT. It’s a predictable step, but an interesting question is whether they are a bit late to the party.

Disney-BAMTech can really help ESPN in the US, but what happens about that old painful chestnut of ESPN internationally? They now have some strong digital properties in sport. Will we see ESPN being a player in premium content outside of North America? If that’s what they want to do, the obvious building block would be to acquire Discovery. Eurosport would give them the Olympics and non-US-based sporting knowledge, and teams who could really push a premium-content based ESPN into multiple European markets. We already have BAMTech working very closely with Discovery on the Olympics.

BLOCKBUSTER 4:

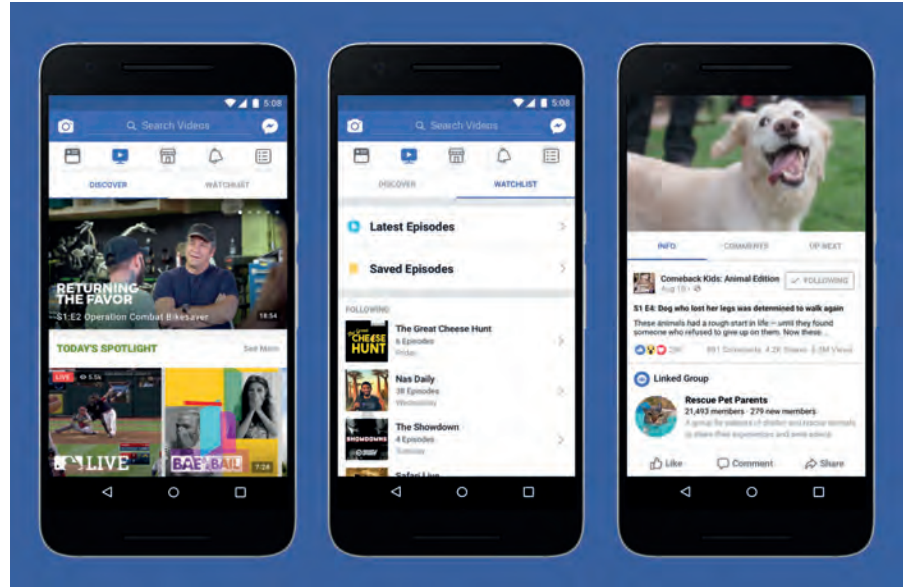
‘Facebook needs more time’

Release date: August 9

Budget: Unknown

Facebook’s new video platform, Watch, began rolling out to a small number of users in the US. It features original, mostly short-form, content in a tab that will be personalised to viewer interests. It will be where Facebook streams its coverage of one MLB game per week under the deal agreed with the MLB in May. Most of the commissioned content will feature mid-roll advertisements from which Facebook will retain 45 per cent, with 55 per cent going to the content creator. Facebook said the Watch tab would enable a shared viewing experience like no other service, because suggested content was also driven by what your friends are watching.

Field: It’s a very sensible move. It will create a better, Facebook-owned and controlled environment for them to monetise video content. They haven’t captured all the video



ad revenues they might have done with people posting content on Facebook. And this gives them a proper environment to cultivate that content ecosystem. It will give them some exclusive content which will be a bit of a differentiator.

Most importantly, it will give them an opportunity to really develop and test their understanding of the interaction, and therefore the commercial opportunities, around video. They would have been crazy not to have done something of this nature. It doesn’t look as though it has been set up as a platform for exclusively owned premium sport content.

Capon: Facebook is trying to solve the discovery question for video content. For a long time TV companies have been trying to work out ‘what you should watch’ as a viewer, ‘what others are watching,’ ‘what your friends are watching.’ Facebook has a wonderful data set and can use it to answer that question. On the flip side, Facebook does not have many core sports rights yet or originally produced TV content to view on-demand, to sit alongside its data on viewer behaviour

and preferences. It’s one of the first products that will take the social viewing experience from a mobile screen on to TV. Watch will be the product that takes social video on to other platforms. Consuming a social feed on your TV is a cumbersome experience. It’s not easy to scroll through your feed and react to comments, which is why Facebook is 90 per cent mobile today.

It’s much easier to have a video-centric experience and that’s what this is going to be. In the short term the viewing figures and engagement Facebook get for the sports rights it has acquired, as well as the huge volume of ancillary content on the platform, will be interesting to follow. The OTT space is changing fast.

Simon: The two fastest-growing segments in online advertising are video and mobile, with mobile video the fastest of all. Having become dominant in mobile, it’s a natural evolution for Facebook to want to do the same in video and Watch is what they need to be able to gain market share from the likes of YouTube. Short-form content is particularly relevant for mobile. ●

INTERNATIONAL CONFERENCE OF SPORTS FOR WOMEN SET TO BRING INSPIRATIONAL LINE-UP OF INDUSTRY-LEADERS TO ABU DHABI, 6-7 NOVEMBER



The ground-breaking International Conference of Sports for Women (ICSW), is set to return to the UAE on 6-7 November at the Abu Dhabi National Exhibition Centre (ADNEC).

Organized by the Fatima Bint Mubarak Ladies Sports Academy, ICSW has developed a stellar reputation as a global platform that addresses the most pertinent issues in women's sports today. The two-day conference will feature two keynote speeches, five panel discussions and eight workshops under the central theme "Inspiring Generations".

In the build up to the conference, multiple inspirational figures from the world of sports have been confirmed to join the line-up, headed by the keynote speaker, **HRH Princess Haya Bint Al Hussein**, wife of HH Sheikh Mohammed Bin Rashid Al Maktoum, Vice-President and Prime Minister of the UAE and Ruler of Dubai. HRH Princess Haya is a former Olympic athlete, a former member of the International Olympic Committee (IOC) and a former President of the Fédération Equestre Internationale (FEI).

The Conference Panel Discussions Will Be Led By:

- **Raha Moharrak**, the first Saudi woman to climb Mount Everest
- **Sister Madonna Buder**, the 86 year-old world record-breaker who gained worldwide fame as the 'Iron Nun' for her impressive track record in Ironman triathlons
- **Loretta Claiborne**, Special Olympics icon and global speaker
- **May El-Khalil**, founder of the globally acclaimed Beirut Marathon
- **Kate Bosomworth**, founder of the tremendously successful "This Girl Can" campaign
- **Samar Nassar**, double Olympian and LOC CEO of the FIFA U16- Women's World Cup Jordan 2016
- **Tricia Thompson**, sports marketing innovator and former Director of Cycling at Sky.

In addition to the speeches and panels, the conference will feature a series of workshops that address key challenges faced by the community in raising a healthy and active generation. Registrations for ICSW are now open to all members of the public, but spaces are limited.

Register now via the event's official website www.fbma.ae/icsw

Those travelling to the UAE for the conference can benefit from an ICSW 20% discount rate at the Marriott Hotel Downtown Abu Dhabi between 4-9 November by using the discount code KF7 at the official hotel website www.marriottdowntownabudhabi.com

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CROSSOVER APPEAL

While the Mayweather-McGregor bout may have attracted the attention of millions of fight fans worldwide,

Kevin Roberts suggests that cultural changes, rather than novelty, will influence the sporting contests of tomorrow

What a great piece of business! The Mayweather v McGregor fight which pitted the noble art against the mixed martial variety is reported to have generated 4.9 million pay-per-view sales and grossed up to \$700m across all revenue streams.

The victorious Mayweather trousering \$200m and his Irish opponent \$100m appears to represent a decent slice of profit, even after significant costs have been dealt with.

For once the stupendous hype around what more or less everybody considered a forgone conclusion seemed justified and the manner of McGregor's defeat allowed him to exit stage left with both his own reputation and the MMA brand significantly enhanced.

Among the matters arising from the fight was a discussion around whether it would prove to be the precursor to a new wave of inter-disciplinary contests. In sport, as in any business, every successful venture tends to herald a sort of feeding frenzy among those anxious to cash-in. For every genuine innovation there are hundreds of 'me too' efforts. That's just the way of things.

But are inter-disciplinary sports promotions really the future?

These sort of sporting oddities are not new and not particularly unusual. Back in the 1970s the 55-year-old male sometime-US-tennis-pro Bobby Riggs took on Billie-Jean King, the queen of the women's game and the driving force behind the WTA, in what was billed as 'The Battle of the Sexes'. The match was played at the Houston Astrodome and saw Riggs lose in three sets.

In 1996 top English rugby league team Wigan and their union counterparts Bath played a two-game series dubbed 'Clash of the Codes'. To understand the importance, you must set the series against the background of long-standing animosity between the two sports that have much in common but are separated by more than a century of cultural and class-based hostility.

The first game, playing rugby league, saw

Wigan win by a thumping 82-6 in front of 20,000 fans at Manchester City's stadium. The return, under union rules, attracted over 40,000 to Twickenham, the sport's spiritual home, where Bath took the honours 44-11.

The games worked as promotions but proved little, although they did mark a watershed in the relationship between rugby's 'two tribes', which helped lead to an influx of leading players from league to union.

While interesting up to a point, more recently these occasions are essentially sporting freak shows and there have been plenty of

"The spirit that drives sport, that deep-rooted desire to be proved the best – or prove a particular point – will always lead to odd but intriguing match-ups"

those over the years including not just inter-disciplinary but inter-species contests. Jesse Owens, the legendary American Olympian, was tragically reduced to racing horses to make ends meet, and the greatest swimmer in history, Michel Phelps, was paired in a contest with a (virtual) great white shark.

The fact is that the spirit that drives sport, that deep-rooted desire to be proved the best – or prove a particular point – will always lead to odd but intriguing match-ups which, if skilfully promoted, will capture the public imagination and the contents of their wallets.

But the reality is that their attraction lies in the fact that they are, by their nature, superficial add-ons to the torrent of mainstream sport which hoovers up media attention and money day-to-day throughout the year.

They depend on the power of the personalities involved, a fascination for their back-stories and, of course, the context of the contest and the probabilities of outcome. And while some events hit the sweet spot and more

or less sell themselves, others would be a far tougher proposal, particularly if what starts as novelty slides towards the commonplace.


When considering what sports and sports events are likely to really take root in the years ahead you have to look beyond pure novelty and at the ways that real life is changing and the social and economic impact of that change.

Of course, the phenomenon of esports springs immediately to mind and that genie is never going to be put back in the bottle.

But at a time when the UK, France and India have already put a legal deadline on the demise of petrol and diesel engines cars and a whole bunch of other countries are considering similar moves, the shifting economic imperatives of the global auto industry are sure to have a profound impact on the world of sport.

Already new manufacturers are committing budget and moving into Formula E, the electric-powered racing series which may have been seen as an oddity when it launched but which is quickly becoming mainstream, while other series are beginning to emerge. Electric GT is due to run its first race using Tesla cars in France next month (November) while electric rallycross is planned for the US in 2018.

The long-term future of commercial sport will be driven – pun unintended – by a mixture of factors, including the legislative and social ones which are changing the face of private transport and, therefore, the public's relationship with the internal combustion engine. This is a deep-rooted change which will spill into every area of society and inevitably be felt right across motorsport. Why would manufacturers want to invest to promote technology they are not allowed to put on the market?

There will always be room for novelty competition on the sports calendar and always a promoter to be found. So maybe one day – perhaps in 20 years or so – the big inter-disciplinary match up won't be about fighting but technology. How about a gleaming state-of-the-art esports car taking on a once-unbeatable F1 model in the 'Clash of the Eras'? 



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DOT CON | HOW FORMER NEW ZEALAND AND TOTTENHAM STAR NELSEN IS DEFENDING SPORT FROM CYBER-SQUATTERS

- ▶ So-called cyber-squatters attempt to make money by buying domains linked to sports stars and organisations
- ▶ Michael Jordan, Serena Williams, Wayne Rooney, Fifa and the NFL have all been victims of corporate speculators
- ▶ The .basketball and .rugby domains now bring all those sports' key stakeholders, from players to clubs, under a single digital brand



Fiba's embracing of the .basketball TLD means clubs, coaches and individuals can come together in a global digital community (Srdjan Stevanovic/Getty Images)

BY **DOMINIC BLISS**

In 2010, shortly after competing for New Zealand in the Fifa World Cup, defender Ryan Nelsen received a telephone call out of the blue. It was a complete stranger asking him if he wanted to purchase a website with his own name as the domain name. Nelsen was intrigued but rather shocked by the hefty price tag of £10,000 (£11,000/\$13,250). "I said 'Okay, spell the domain name.'"

The website vendor hadn't realised Nelsen spelt his surname with 'en' at the end, instead of the more common 'on'. He was offering him RyanNelson.com which was, of course, no use at all. "The poor guy had probably never watched a game of soccer in his life," Nelsen says. "He just saw

an opportunity but got the wrong name." The experience got Nelsen thinking. How many other footballers were being offered their website domain names at extortionate prices? Quite a few, as it happens. Nelsen was playing for Blackburn Rovers at the time, when they were still in the Premier League. He says of the 25 players on the squad, only three had their own domain names. Everyone else's was owned by corporate speculators who had purchased the names with a view to selling them on to the relevant players at a later date for a huge profit.

In the IT industry this practice is called cyber-squatting. In most cases it's not illegal, but Nelsen believes it's certainly immoral, since it infringes intellectual property rights.

"It happens in all industries, not just sport," he explains to *SportBusiness*

International. "It's the 'wild west' out there. Squatters and corporate speculators can profit from other people's intellectual property. You've got celebrities and companies held to ransom." One American court of law has called cyber-squatting "the internet version of a land grab".

Victims of cyber-squatting

Nelsen says it makes a mockery of search engines, since many domain names which feature the full name of a celebrity actually have nothing to do with them at all.

Hundreds of famous sportsmen, sportswomen, clubs and governing bodies have found themselves victims of cyber-squatting. They include footballer Wayne Rooney, baseball player Barry Zito, basketball players Michael Jordan, Chris Bosh and Yao

Ming and tennis players Venus and Serena Williams, as well as governing bodies such as Fifa, NFL, NBA, MLB, NHL and The America's Cup.

Sometimes the cyber-squatters simply want to sell on the domain name for a profit. Occasionally, the intentions are more nefarious, involving extortion of money, or pop-up ads for gambling or pornography.

Business acumen

Nelsen quickly realised what a mess the whole business was in.

Before his career as a professional footballer, when he played for Blackburn Rovers, Tottenham Hotspur and Queens Park Rangers and won 50 caps for New Zealand, he had trained in law. As a result, he is imbued with much more business acumen than the average Premier League footballer. Once his playing days came to an end, and after a brief role managing MLS team Toronto FC, he relocated to Washington DC. Here, with business partner Peter Dengate-Thrush, he set up an internet-hosting company. He and Peter then set about contacting many of the world's major international sports governing bodies, with a view to helping them secure the rights to domain names that matched their sports.

In each case they wanted the domain name suffix (the .com or .net suffix at the end of a domain name, known in IT as the top-level domain name) to correspond with the sport that the body governed.

So, Fifa would have .football; the International Cricket Council would have .cricket; the International Golf Federation would have .golf. It would mean lengthy negotiations with legal teams and the organisation with global responsibility for internet names – the Internet Corporation for Assigned Names and Numbers (Icann).

For Nelsen and his partner there was money to be made, but, as he stresses, there was also an altruistic purpose to their mission: it would allow all the clubs, coaches and individuals who had built up their particular sports to come together in a global digital community under a single top-level domain name.

"They originally set up that community," Nelsen explains. "They're the ones who have put down blood, sweat, tears and money for that sport. They should at least have the rights to the domain name, instead of some speculator who has no real interest in the sport at all." As is often the case with huge governing bodies, business decisions like this



"Squatters and corporate speculators can profit from other people's intellectual property. You've got celebrities and companies held to ransom"

RYAN NELSEN,
FOUNDER & CHAIRMAN, ROAR DOMAINS

require committee approval. Unfortunately, only two of the many bodies that Nelsen approached acted quickly enough to take advantage before the deadline imposed by Icann expired. They were Fiba and World Rugby.

Nelsen and Dengate-Thrush set up two internet-hosting companies (Roar.basketball LLC and Roar.rugby LLC) and have since partnered with both governing bodies, who can now offer .basketball or .rugby top-level domain names to their member nations, clubs, leagues, coaches, players, sponsors, suppliers – anyone they want to invite into their global family.

For all the other sports, Nelsen says it's too late to join the party. "The floodgates have already been opened. Football, golf, all the other sports – they've already gone. They'll never be able to get the domain names back," he says.

Domain name registration is a very big deal indeed. Think for a minute how it simplifies all those searches by internet users interested in basketball or rugby; how it draws myriad stakeholders together beneath the same sporting brand. So, with Fiba, for example, everyone with a genuine stake in basketball can end their website address with .basketball.

That's surely better than the situation all the other sports face, which is a confusing alphabet soup of dot-coms, dot-nets. and dot-orgs.

Outside of IT, not everyone understands the significance of domain names. If you're one of those and you need convincing, consider these examples. In 2016 Verisign, the owners of the dot-com and dot-net internet registries, paid \$135m for the rival dot-web. Back in 1998, the tiny Pacific island nation of Tuvalu sold the rights to its domain name (which by a quirk of toponymy happened to be dot-TV) for \$50m. This stroke of luck increased the impoverished country's GDP by 50 per cent and is now the country's largest source of income. For Fiba and World Rugby, control of a branded domain name is a crucial element in growing their sport.

Right now Fiba's .basketball is in what Nelsen calls an "invitation-only period", where all of basketball's key stakeholders are being offered the domain name (for "a token fee of around \$50 a year") before it is opened up to a wider basketball audience. Nelsen says registration is simple and that a proportion of the fee is reinvested in the sport at grass-roots level. He expects World Rugby to follow suit in the next few months.

Key stakeholders

So far Fiba has established .basketball domains for the Fiba Basketball World Cup, its continental cups, the Basketball Champions League, its three-a-side form of the sport (3x3), the International Wheelchair Basketball Federation, plus several national federations and clubs.

The benefits are potentially enormous. In addition to bringing all key stakeholders under one single digital brand, Fiba is able to offer all .basketball websites and email users extra cyber security.

By encouraging all its affiliated federations to sign up, Fiba is, according to Nelsen, "trying to bring the global basketball community together online, as well as on the court."

The real test will be whether the top stars of the NBA decide to adopt the .basketball domain name, since that's where global internet interest will be strongest. Will we soon see websites such as LeBronJames.basketball, KevinDurant.basketball and StephenCurry.basketball?

None of the big names have broken cover yet, although there is one precedent in the 3x3 code of basketball. That's the Serbian and world No.1, Dusan Bulut. You'll find him at Bulut3x3.basketball. ○



DOES SECURING A NEW STAR'S SOCIAL MEDIA FANBASE MEAN THE SHIRTS WILL FOLLOW?

Player transfers highlight the capricious nature of the global football fan in the social media era, says **Richard Clarke**

We need a firm definition of crazy when it comes to football transfers. If it was “lunacy” two years ago and “madness” last summer, then what, in the name of Stanley Matthews’ bandy legs, can we make of the last few months?

Leafing through the Picador Book of Juvenile Puns, there seemed only one phrase that worked: ‘Totally in-Seine’.

The effects of Neymar’s move to Paris Saint-Germain will continue to ripple across football for some time. The player, his clubs (former and current), Uefa and Qatar have all been impacted. The extent will be discovered in due course.

The beauty of social media is such consequences are immediate, obvious and measurable. According to statistics from Result Sports, from July 28 to August 8, the period surrounding Neymar’s move, PSG put on 1.4m followers (3%) across the three major platforms to climb to 55m. Almost half were on Facebook (642,000), with Instagram (568,000) not far behind and just 188,000 on Twitter. Compare that with Barcelona, who ‘only’ put on 850,000 (0.5%) in the same time, despite possessing almost four times the reach of the club from the French capital.

It gets more interesting when you look at Neymar’s following. He added 2.6m followers (1.9%) in the same period, but the makeup was different. Well over half were on Instagram (1.45m), a quarter (726,000) on Facebook and the remaining 471,000 on Twitter.

Once again this demonstrates the strength of Instagram for athletes. It is led by pictures, not words, and has made changes to address abusive comments. Therefore footballers, photogenic and with enviable lifestyles, have jumped onboard.

Returning to the Neymar deal, the engagement on social media proved to be extremely diverse.

Despite its well-publicised problems, Twitter remains the go-to platform for breaking news. Most of the player’s new followers joined on the day of the announcement.

For Instagram and Facebook, the vast

majority signed up the next day, when the requisite ball-juggling and scarf-holding shots were posted from the unveiling.

Instagram and Facebook also had a long tail on their content, with rates of new followers holding up for a few days after the announcement. With Twitter, there was one big spike when the news was revealed and nothing either side.

Result Sports also analysed the effect of Mexico’s star striker, Chicharito, moving from Bayer Leverkusen to West Ham United in July. The German side actually lost 75,000

“Perhaps the acid test of the player-versus-club pull will be if Real Madrid’s Cristiano Ronaldo, the most followed sportsman in the world, switches clubs”

followers (0.25%) across its three major platforms during that month. Over 55,000 departed from Facebook, with the majority of those from the US (18,800), with its large Hispanic population, and Mexico (16,200).

On the flip side, West Ham gained around 295,000 followers. A massive 186,000 arrived on Facebook, with 142,000 of those from Mexico and 18,000 from the US.

This all proves the long-established algebra of social media: players > clubs > leagues.

The nature of football fandom has always been complex but, for devotees, identity is paramount. You follow the team of your heritage, familial or geographical, and stick with them for life.

This notion is particularly prevalent in England. Hence the jokes directed towards London-based Manchester United fans and the chants of “we support our local team” from the David’s terrace when they take on a Goliath.

However, digitisation and globalisation may

be altering the situation. For a start, overseas football fans are firmly now part of the family, with access to major competitions like the Premier League via television and social media.

Initially seen as transient, overseas support has seemed to solidify in recent years. Hence the desire by clubs to move them further down the conversion funnel.

But now, in an age in which players enact their ‘brand’ on social media, perhaps supporters will be even more likely to move when their star moves – or, at least, to follow an additional team.

And split loyalties make it harder to shift shirts. We Brits might seem secure in our status as the birthplace of football and home of the greatest league, but we are not impervious to the changing tide. Having returned to the UK after two years in the US, it was interesting to see a greater proportion of Real Madrid and Barcelona shirts among the 10-year-olds on my son Charlie’s football team. They easily matched those of the big Premier League teams, while a kit from a local League One or Two side was clearly the product of an overly enthusiastic father.

That’s all anecdotal, of course. Perhaps the acid test of the player-versus-club pull will be if Real Madrid’s Cristiano Ronaldo, the most followed sportsman in the world, switches clubs.

How many youngsters will ask their parents for a Ronaldo shirt of another colour?

More pertinently, if the destination was Manchester United, as rumoured, how many Liverpool, Manchester City or Arsenal-supporting parents would acquiesce?

It would be another pressure point in the changing nature of football fandom. Oh, and Charlie, if you are reading this, the answer will be no! [🔵](#)

Richard Clarke is a digital and social media consultant. He holds the distinction of having run the social media accounts at major football clubs in the Premier League and MLS, having worked for EPL club Arsenal and MLS club the Colorado Rapids. @MrRichardClarke

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DEAL OF THE MONTH MATTHEW GLENDINNING

Japanese e-commerce brand Rakuten signed as the jersey patch sponsor of NBA champions, the Golden State Warriors, in a three-year deal from 2016-17 to 2018-19, reportedly worth \$20m (£16.7m) per year. The NBA approved the sale of jersey sponsorships in April 2016 to start this season. The branding is placed on the front of the shirt opposite the kit manufacturer's logo.

Why has Rakuten targeted a US market team?

Rakuten established its Americas regional headquarters in the San Francisco Bay Area in 2015. The US is an important part of Rakuten's business with the company acquiring Ebates, a US-based online cash-back site in 2014 as well as other US-facing technology businesses, such as the Canadian e-books company Kobo. Both sub-brands have official partner designations within the Warriors deals. Rakuten also holds an 11.9-per-cent stake in the San Francisco-based Lyft, a ride-sharing service.

Is that all there is to it?

While the company aims to expand its brand presence internationally, marketing-led rationales are secondary to the vision of Rakuten founder and chief executive Hiroshi Mikitani. On signing with the Warriors, he said: "Like FC Barcelona, the iconic soccer club we partner with, the Warriors are innovators in their sport." Mikitani brokered the €55m-per-year main shirt deal with the Spanish LaLiga football club, from 2017-18 to 2020-21, having been introduced to the club by Barca player Gerard Piqué and his pop star partner Shakira. Months before the agreement was signed in November 2016, Rakuten closed down its offices in Barcelona as part of a wider downsizing exercise in Europe.

Is the \$20m-per-year fee in line with other NBA jersey patch deals?

With the regular season starting on October 17, 14 NBA teams have made jersey patch deals. The Golden State Warriors deal is the richest to date. The next biggest is between tyre company Goodyear and the 2015-16 NBA champions, the Cleveland Cavaliers, at around \$10m per year, followed by the deal between cloud software company Infor and the Brooklyn Nets at around \$8m per year. Disney's deal with Orlando Magic is worth between \$5m and \$10m per year. Some big-market teams like the New York Knicks, Chicago Bulls, Los Angeles Lakers and LA Clippers have yet to sign deals. ○



1. FERRARI RENEWS LONG-STANDING PHILIP MORRIS PARTNERSHIP

US cigarette and tobacco company Philip Morris International has extended its long-running partnership with Formula One motor-racing team Ferrari. Philip Morris began sponsoring Ferrari in the mid-1980s. The length of the new multi-year deal was not disclosed, with the current deal set to expire at the end of 2017. The partnership represents one of the most inconspicuous sponsorships in sport, with advertising laws meaning Philip Morris hasn't displayed its Marlboro cigarette brand at a race since 2007.

2. BARCELONA SEALS NEW PARTNERSHIP FOR ASIAN MARKET

Spanish LaLiga football club Barcelona has entered into a regional partnership with soaps producer Safeguard. The company will serve as Barcelona's official shower gel in China, Hong Kong, Macau and Taiwan. The two-year deal will run until 2019. The partnership strengthens Barcelona's relationship with Procter & Gamble, Safeguard's parent company. Procter & Gamble also owns personal care brand Gillette, which is a premium partner of the club.

3. BRITISH TRIATHLON HAILS LANDMARK ACCENTURE PARTNERSHIP

Professional services group Accenture has agreed a four-year sponsorship deal with British Triathlon. Accenture will serve as a lead partner of the body, as well as an official partner of British Triathlon's elite teams. Financial terms of the agreement were not disclosed, but British Triathlon said it represents one of the biggest investments in British Olympic sport since London 2012.

4. SEVILLA SIGNS NEW SHIRT SPONSOR

Social gaming company Playtika has agreed a deal to become the main shirt sponsor of Spanish LaLiga football club Sevilla. The initial one-year deal will cover the 2017-18 season, although there is an option to extend. Financial terms of the deal were not disclosed, but Sevilla said the agreement would be worth "several million dollars".

5. SERIE A SIGNS PRESENTING PARTNER FOR ASIAN MARKET

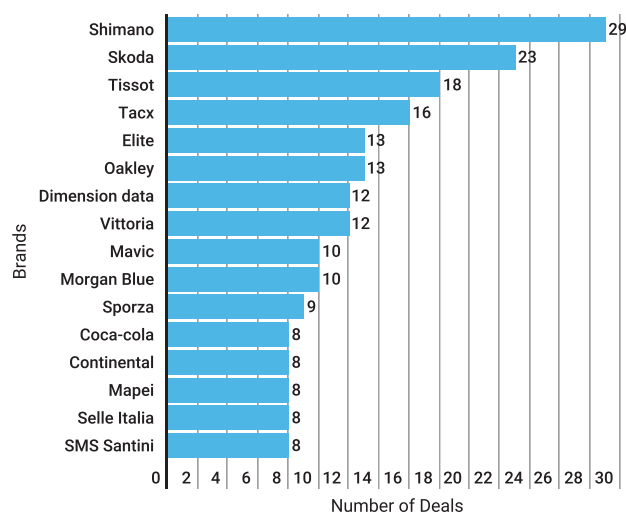
Lega Serie A, the organising body of the top tier of Italian club football, has entered into an Asia-focused partnership with betting company ManBetX. The company will serve as the international presenting partner of the league in Asia. The length of the deal was not disclosed, but it has been signed to coincide with the start of the 2017-18 season. ManBetX's branding will feature on match graphics, idents and virtual goal-mat advertising during all Serie A matches broadcast in Asia. ○

CYCLING INDUSTRY DATA FROM SPORTS SPONSORSHIP INSIDER



Sister title *Sports Sponsorship Insider* has produced an interactive data report which analyses sponsorship deals in cycling. Some of the graphs and charts are reproduced here as a preview of its Deals Tracker service. The full report includes sponsorship deals across 27 UCI World Tour teams, cycling's three grand tours and International Cycling Union (UCI) central properties.

Top brands by number of properties sponsored

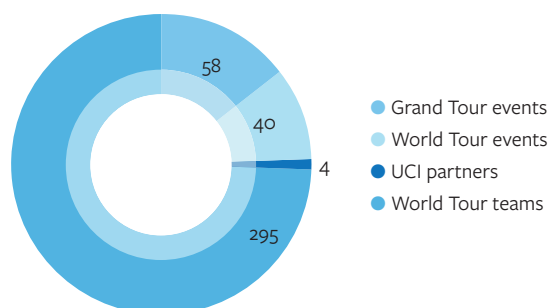


The top brands by number of properties sponsored are headed by the Japanese bicycle component maker Shimano, which sponsors 29 properties, comprising multiple team and event deals, including Team Sky and BMC Racing (teams) and Vuelta a España and the Santos Tour Down Under (events).

Czech carmaker Skoda is in second place with 23 properties, of which eight are from a package deal with road cycling race organisers Amaury Sports Organisation (ASO), which gives Skoda rights to the Tour de France, Vuelta a España, the Critérium du Dauphiné, Eschborn-Frankfurt, Flèche Wallonne, Liège-Bastogne-Liège, Paris-Roubaix and Paris-Nice.

Tissot is in third place with 16 race properties. Tissot serves as a sponsor of several major cycling races including the Tour de France, Vuelta a España and La Flèche Wallonne under a five-year deal with ASO, signed in January 2016.

Road cycling sponsorship revenue by property type per annum



Research by *Sports Sponsorship Insider* into road cycling sponsorships across 27 UCI World Tour teams, the three Grand Tour events, 37 UCI World Tour events and International Cycling Union (UCI) central properties, values the market at €397m (\$468m) per year.

The combined revenue from World Tour teams represented by far the biggest tranche, comprising 74.3 per cent of the market at €295m.

The Grand Tours was the second most valuable property type, comprising 14.6 per cent of the total, with combined sponsorship revenue of €58m, split between the Tour de France (€35m), Giro d'Italia (€15m) and Vuelta a España (€8m). World Tour events comprised 10.1 per cent of the total (€40m), while International Cycling Union (UCI) road cycling-related sponsorships comprised one per cent (€4m).

Top cycling deals per annum

TEAM	TOUR	FEDERATION
€25m BMC Racing Team	€4m Tour de France	€2m International Cycling Union (UCI)
€25m Team Sky		

The top road cycling deals are made at World Tour team level, where two deals are valued at more than €20m per year. Bicycle frame manufacturer BMC, owned by Swiss billionaire Andy Rhys, contributes around €25m per year as title sponsor of the BMC Racing Team.

Pay-television and telecommunications brand Sky pays around €25m per year as Title Sponsor of Team Sky, which has the largest budget of any team on the World Tour. The top deal at Grand Tour level is worth around one-sixth the value of the top team deals, while the top UCI central deal is worth around one-twelfth.

French bank LCL pays around €4m per year as one of five top-tier Tour's Club sponsors of the Tour de France. The current five-year deal is from 2014 to 2018 and gives LCL branding rights on the leader's yellow jersey.

Swiss watchmaker Tissot was the first brand to sign up to the UCI's World Cycling Partner programme in a €2m-per-year deal from 2017 to 2020.

To subscribe to *Sports Sponsorship Insider* or Deals Tracker call Tom McMullen on +44 (0) 20 7265 4223 or email tom.mcmullen@sportbusiness.com

NEW POWER | HOW THE ELECTRIC VEHICLE REVOLUTION IS CHANGING MOTORSPORT

- ▶ The UK and French governments will outlaw the sale of petrol and diesel-based vehicles from 2040
- ▶ Mercedes and Porsche will join Formula E from season six, while FCA could enter even sooner
- ▶ Brands partnering with Formula E and its teams include EV charging point supplier Chargemaster and oil brands like Total and Gulf



Formula E fans watch the action during the Mexico City race at Puerto Autodromo Hermanos Rodriguez (Zak Mauger/LAT/Formula E via Getty Images)

“People can’t go out and buy a Formula One car, but a lot of other race circuits are working with vehicles that just look like family cars. So if they can introduce audiences to electric versions of them it makes the story relevant and exciting”

NIGEL GEACH, SVP GLOBAL MOTORSPORT, NIELSEN SPORTS

BY ANDY FRY

For many drivers around the world, the prospect of switching from a petrol to an electric vehicle (EV) probably still fills them with a sense of apprehension or aversion.

Sure, it might save the planet, but what will it look like, where will they charge the battery and what kind of speed and performance will it deliver?

The fact is, though, that the momentum in favour of EVs is growing rapidly. Recent announcements from the UK and French governments that they will outlaw the sale of petrol and diesel-based vehicles from 2040 have given consumers and manufacturers a clear indication of which way the market is heading.

Add to this a firm pro-EV commitment from Volvo, a new \$1.5bn (€1.3bn) fundraising round from US EV manufacturer Tesla and a rapid rise in EV sales in China and it is no longer possible for anyone in the value chain to ignore the message.

The EV revolution is also starting to have a significant impact within the motorsports sector. This is most evident in the growing appeal of FIA-endorsed Formula E, an all-electric series that has just come to the end of its third season.

Although the series is yet to make money, this summer’s news that Mercedes and Porsche will join from season six is regarded as a watershed moment for EV technology.

Audi has already jumped on board the Formula E bandwagon, while Fiat Chrysler Automobiles (FCA) is also talking seriously about entering the arena imminently.

Established series

The growing appeal of electric does, however, raise a couple of key questions for the motorsport sector.

Firstly, how are more established series – including Formula One – responding? And, secondly, should sponsors shift their focus to electric?

Anthony Indaimo, head of commercial at legal firm Withersworldwide, believes the sport has done a good job of addressing



49%

year-on-year increase in EV car registrations in China this May compared to 2016

61.5m

cumulative global viewers for season one of Formula E

400,000

spectators that attended the FE races track-side across the 11 ePrix of season one

225,582

number of fans on FE’s Facebook site in August 2016, as well as around 64,000 on Instagram and 93,000 on Twitter

80dB

average noise made at an FE race, compared to the much louder 140dB recorded at Formula One events

the EV agenda. This is in part thanks to the efforts of regulator the FIA, “which has for many years been pro-actively working with car manufacturers involved in motorsport about evolving technologies,” he says. “As far back as 2013, the FIA created the regulations that gave birth to the Formula E race series. This is a useful example of a regulator encouraging innovation and partnership between cities, sponsors, fans, drivers and teams.”

That said, he is not convinced electric spells the end of the road for F1. He adds: “Formula E’s chief executive, Alejandro Agag, should be credited for engaging so creatively with all stakeholders to build a series that seems to be growing in popularity and moving in the right direction in terms of reduced losses and increased revenues.

“But there is room for F1 and FE to thrive alongside each other. F1’s teams are already driven by a desire to become more energy-efficient and this, alongside all of its other performance innovations, gives it a distinctive positioning.”

At the same time, there is a general acceptance that FE is nowhere near replicating the raw visceral experience of high-octane racing series like F1 and Nascar.

“FE has introduced some interesting innovations, like Fanboost, but for most hardcore F1 fans, the noise, smell and heritage are a key part of the experience,” says Indaimo.

“FE cars are much quieter and, because of battery charging limitations, can’t match F1 cars in terms of the distances they can effectively race over.”

Exciting start-up venture

Indaimo’s assessment is pretty much in line with that of Mercedes motorsports boss Toto Wolff, who has likened Formula E to “an exciting start-up venture” that offers manufacturers “an interesting platform to bring this technology to a new audience”.

At the same time, however, Wolff stresses that F1 is still “the pinnacle of motorsport,

Continued from previous page...

combining high technology and the most demanding competitive environment.”

While F1 and FE may sit side by side, the situation is less clear for other series. It's significant, for example, that Mercedes' decision to join FE coincided with a surprise announcement that it will quit the popular DTM racing series at the end of 2018. Porsche's and Audi's entries to FE have also come at the expense of involvement in the World Endurance Championship.

Bruce Grant-Braham, director, Motor Sport Research Group at Bournemouth University, says: “I don't believe we're witnessing the end of traditional motorsport series, but given that the sector is a showcase for manufacturers it's understandable that we're seeing more examples of EVs used in race series, such as the forthcoming Tesla-inspired Electric GT Championship.

“I think the German manufacturers in particular see it as an opportunity to build up some positive PR after recent scandals they have faced concerning emissions.”

Adding electric to their agenda

This shift to electric comes in various forms. In addition to FE and Electric GT, existing series, ranging from the Isle Of Man TT to the 24 Hour Le Mans race, are also adding electric to their agenda - either through the introduction of standalone races or the introduction of hybrid technology.

So is Red Bull Global Rallycross, which will introduce electric cars to its Red Bull GRC race weekends in a standalone series from 2018, joining the Supercar and GRC Lites.

Commenting, Red Bull GRC CEO Colin Dyne says: “[Electric] is one of the hottest topics in the automotive industry and manufacturers across the globe have recognised its immense potential.

“We want to embrace this technology by welcoming it into our series as we grow and expand. This electric series will never replace the current formula, but will be an important part of our expansion.”

IMG's Paul Bellamy, who is managing director of the FIA World Rallycross (World RX) championship, takes a similar line to Dyne. Although World RX has not yet introduced EVs, he says it could happen some time after 2020 and that the demand is there from manufacturers.

“I don't see EV replacing petrol, but for a series like ours there's a lot of logic to adding electric racing,” he says.

“The cars we use in World RX are

Extra:

THE GROWTH OF THE ELECTRIC VEHICLE SECTOR IN NUMBERS

EV cars sales: In China the EV sector is growing fast – supported by government subsidies. In May there were 40,000 new EV registrations, a 49% increase compared to the same month last year. EVs currently account for a small proportion of car sales in Europe and the US, but recent forecasts suggest that may soon change. A new study by Bloomberg New Energy Finance says OPEC has recently quintupled its forecast for sales of plug-in EVs, while oil producers including BP and Exxon Mobil have also revised up their outlooks in the past year.

Viewers: Formula E is shown live by broadcasters such as Fox Sports, Channel 5, CCTV-5, Eurosport, Viasat and TV Asahi. Although it is dwarfed by F1 (1.5 billion viewers), it managed a reasonably encouraging 61.5 million cumulative global viewers for season one (later figures not available). FE hasn't provided much guidance on live race attendance, although organisers of the

season one event in Battersea Park pointed to Ticketmaster sales of 60,000 as an indicator of the event's appeal. This is probably at the top end of the circuit's attendances to date.

Fanbase: Earlier this year, CSM conducted a comprehensive piece of research into the global F1 and the FE fanbase. In the case of FE, it identified an audience segment that it believes could be crucial to the future of the franchise. Dubbed ‘Next Generation’, this group accounts for 41% of the FE fanbase – and skews towards a younger more affluent demographic. It also indexes highly in China, India, the US and Thailand. CSM's Matt Dennington says this segment is “knowledgeable” but not yet fully engaged with the FE circuit. He says: “They have the most potential for FE to grow, but will require innovative engagement, not necessarily via TV.” Social media and emotional investment in drivers appear key.

essentially like road cars and the length of our races means there isn't an issue with recharging. I've had the good fortune to drive an electric rallycross car and I know they are fast, cool-looking cars.”

The details of what World RX might look like after electric are still being discussed with the FIA, but Bellamy stresses that EVs will have their own race during the course of a World RX weekend and will not be racing against existing cars.

“Electric rallycross won't impact on what we already have,” he adds. “The existing format is very successful and we won't be changing it.”

Nigel Geach, SVP global motorsport for Nielsen Sports, agrees with the logic of EV having a prominent role in rallycross: “People can't go out and buy a Formula One car, but a lot of other race circuits are working with vehicles that just look like family cars. So if they can introduce audiences to electric versions of them, it makes the story relevant and exciting.”

If auto manufacturers and race series are backing electric, does that mean sponsors should also go the same way? “If a brand's agenda is around sustainability, the environment, mobility, CSR, reduced carbon emissions or automated driving, then EV motorsports is certainly worth exploring,” says Matt Dennington, head of client and

business development in Motorsports at CSM Sport & Entertainment.

The perfect example, he says, is the UK's leading supplier of EV charging points, Chargemaster, FE's Official Charging Infrastructure Supplier. There's even a role for oil brands like Total and Gulf, says Dennington, both now associated with FE teams.

While this might smack of turkeys voting for Christmas, Gulf International VP Frank Rutten says that EVs “will require new lubricant solutions to ensure they run at optimum efficiency and to support the technologies that will provide increased range, faster charging and greater durability.”

Geach agrees with Dennington's emphasis, adding: “It also makes sense for brands with clear business imperatives related to electric.

“DHL is a sponsor of Formula E, which makes sense when you think of the kind of charges petrol and diesel-based delivery fleets may face in the future if they go into cities.”

However, can electric attract more mainstream brands? Grant-Banham says it is possible, but stresses it is early days. He adds: “To attract a wider array of brands, FE needs to develop the kind of celebrity culture you see around F1. And that will generate the kind of media coverage that big global brands are looking for.”

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F1 leads the way with new hybrid technology

Formula One is at the forefront of developments in hybrid engine technology. Indeed, those connected to the sport argue F1's 1.6-litre V6 turbo hybrid, introduced in 2014, is actually more energy-efficient than the average electric road car.

In a recent interview with ESPN, Mercedes technical director Paddy Lowe said: "Electric cars are seen as green and the solution to all carbon emissions, but they are absolutely not.

"In a typical country with a regular profile of electricity generation, a Formula One car

is masasively more efficient than any electric car being charged from a power plant burning hydrocarbons."

Crucially, leading F1 manufacturers believe that the efficiency gains they have achieved can be introduced into family-sized road cars.

They argue that the most likely way of achieving true fuel efficiency is to develop electric vehicles for city centres and hybrids for out-of-town journeys from 100km upwards.

Besides, as Bournemouth University's Bruce Grant-Braham points out, the F1 and FE agendas

are not as distinct as they may at first appear.

"Liberty Media, which owns F1, is related to Liberty Global, a shareholder in FE. FE cars currently use batteries supplied by Williams Advanced Engineering, a subsidiary of the Williams F1 Team, and McLaren Applied Technologies will supply all the championship's new batteries from 2018," he says.

"BMW is already Formula E's official vehicle partner and will join the grid in 2018 with the Andretti Team." ○

IMG's Bellamy is optimistic. While firmly convinced of the future of established motor racing, he says: "There is a younger generation that hasn't grown up with that tradition, so they might find the new electric series especially appealing."

Although Bellamy doesn't comment on this point, there is also a possibility that series such as his own will be well-positioned to match up electric with new sponsors.

Influential brands

In the same way that Red Bull's sponsorship of Global Rallycross has now been stretched to encompass electric races, World RX's relationship with influential brands like Monster could take a similar turn.

Indaimo points out that some sponsors may also find FE more appropriate than F1 in the wake of the financial crisis. "F1 is an amazing spectacle, but there may be some brands that see F1 expenditure as too excessive, too public. By contrast, FE's

positioning at the heart of cities could be attractive," he says.

Financial services firms, for example, are targeting Formula E, notably credit card provider Visa, Swiss bank Julius Baer and German insurance giant Allianz. Allianz had been a partner of F1 for 10 years before it switched to FE this year.

Explaining the move, Jean-Marc Pailhol, head of group market management and distribution at Allianz, says: "We believe that now is the time to engage in the development of new ecosystems defining the future of urban mobility in a sustainable way."

While the challenge for EV motorsport is to become more glamorous, is there a risk that traditional motorsports will suffer from negative consumer attitudes towards petrol, similar to what has happened to tobacco, alcohol and fast food?

Indaimo argues that this is "only a risk if the sport stops evolving. In the case of F1, as

long as it keeps demonstrating its value as a driving force for innovation in efficiency, safety and control, then it should stay on the right side of the line."

And what happens when driving petrol cars on roads is just a distant memory? Grant-Braham argues "there will still be room for motorsports that aren't powered in the same way as road cars – you just need to look at IndyCar's use of ethanol. The fact that people stopped travelling around on horses and carts didn't make horse racing any less attractive as a sport."

Besides, all this talk of a 2040 cut-off point for petrol and diesel road cars may prove to be overly ambitious – especially as manufacturers like Mazda are finding ever more ingenious ways of improving petrol engine efficiency.

There is such a large legacy industry to unravel – and a new infrastructure to build – that political efforts to promote EVs could still end up in the pits. ○

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DEAD CERT | IS SPORTS BETTING PROVING TOO MUCH OF A GAMBLE FOR RIGHTS-HOLDERS?

- ▶ The FA and Fina turn backs on gambling partnerships
- ▶ Gambling companies will have to be more 'creative' in their approach
- ▶ 'Levy' on sports could offer a middle ground



Joey Barton was handed an 18-month ban from football after breaking betting rules (Clive Brunskill/Getty Images)

“Outright banning will just make our jobs trickier, but will significantly reduce the purses of sports channels that charge gaming operators a rate of three times the value of the likes of car manufacturers”

SHANE STAFFORD, HEAD OF BRAND, BETVICTOR

Sport has experienced a tumultuous relationship with gambling over the years, with a historically uncomfortable acknowledgement that the sector can generate essential income whilst not necessarily sharing the ‘values’ of the competition, club or athlete.

Broadly speaking, the worlds of betting and sport have appeared to be working together more closely. However, there have recently been some high-profile bumps in the road.

In June England’s Football Association announced that it would curtail its multi-year

commercial partnership with bookmaker Ladbrokes less than 12 months after the deal began – as part of a new approach to avoid agreements with gambling companies.

The decision was announced just weeks after former England international Joey Barton was handed an 18-month ban from the sport after admitting to a misconduct charge related to betting. Barton was found to have placed more than 1,200 bets on matches between 2006 and 2016 – contravening FA rules.

“I think if the FA is truly serious about

tackling the culture of gambling in football, it needs to look at its own dependence on the gambling companies, their role in football and in sports broadcasting, rather than just blaming the players who place a bet,” Barton said in a statement following his ban.

Then, in July, Fina, the global governing body of aquatic sports, announced at its general congress that sports-related betting services would be added to an event sponsorship blacklist that already included tobacco and alcohol companies.

MARKET REACTION

SportBusiness International asked a series of experts about the implications of these developments amongst the broader question of whether sport and gambling are moving closer together or further apart.



Malcolm Speed, executive director, The Coalition of Major Professional & Participation Sports (Australia)

Betting and sport have long been intertwined. Australians love sport and

we love to bet. The numerous options for betting on sport have been embraced by many Australians, particularly young males.

The recent European developments involving the English Football Association and Fina indicate a change of direction is taking place.

Sports betting in Australia is heavily regulated and the sporting bodies have integrity agreements with betting operators that give the sports the right to veto bet types and require the operators to share suspicious information with the sports. Additionally, several of the major sports have quite valuable sponsorship arrangements with major betting companies.

Sports betting is not without vocal critics in Australia. Television advertising by betting operators has been heavily criticised. It is seen to be an unnecessary distraction from the games that are being broadcast. The advertisements are broadcast often and can be very annoying.

Critics argue that it is dangerous for young children to be exposed to betting advertising. In response, the Federal Government has brokered an agreement between broadcasters, betting operators and sports to prevent sports-betting advertisements from being shown during matches and for 30 minutes either side of the match.

Despite this criticism, I do not expect Australian sport to follow the European lead.



Shane Stafford, head of brand, BetVictor

The relationship will always be there. Betting phrases are colloquial and exist in the vernacular of commentators and participants alike.

It will become more regulated in the future, but TV and sponsorship are still the strongest mediums for awareness. You just have to look outside our industry to see that. The integration of Carlsberg into the Liverpool FC kit from 1993

to 2010 was so strong and so well integrated, I still see people around with that kit to this day.

Jump over to TV and you only need to look at awareness campaigns like the Act Fast Campaign for stroke awareness in 2011. That campaign saw a 24-per-cent rise in stroke-related emergency calls as people became aware of the symptoms and what to do.

As a purely digital company it’s our only avenue to communicate this. This will change in the coming years as live streaming of sports events become available. Companies like YouTube and Facebook will control the media space.

The reality is that unless an outright ban happens, TV and sponsorship will always have their place in the marketing strategy. Non-personal advertising like sponsorship and TV are passive forms of communication. In TV we already conform to the watershed rules and only advertise during the day on subscription sports channels with one gaming operator ad per break.

A limited structuring is already in place. Outright banning will just make our jobs trickier, but will significantly reduce the purses of sports channels, that charge gaming operators a rate of three times the value of the likes of car manufacturers.

The reality is gaming operators will have

Continued from previous page...

to become very creative. Just look back to the banning of tobacco companies advertising on TV in the 1970s. The restrictions that all companies adhere to give the perception of over-saturation. I think the next few years might be the pinnacle of the sports industry's relationship with the gaming sector. New partnerships will be looked at with caution in the years to come.

The momentum of gambling and gaming companies getting into football and rugby continues to grow to this day. It's the responsibility of these sponsors to utilise and communicate responsible gambling practices. Kneejerk reactions or poorly thought-out stunts will always generate negative sentiment. As a sponsor or partner, it's important you take the values of the club into consideration. It shouldn't just be your brand stamp on a jersey.



Clive Hawkwood, chief executive, The Remote Gambling Association (UK)

We have to recognise that there will always be aspects of the relationship between the sports and betting sectors that some people

will feel uneasy about. There are two main reasons for this.

The first is that, for various reasons, some people quite simply do not like gambling and do not want the sports they run or support to be associated with it.

The second is that there is an underlying nervousness about betting being a source of corruption and match-fixing. The reality is actually very different. The licensed betting industry has common cause with the sports in preventing anything like that from occurring and in recent years that partnership approach has become much stronger and much more effective.

As for recent developments and what lies ahead, it may be that governing bodies such as the FA and Fina are in a different position to other sports' stakeholders and their actions do appear to be going against the trend. A look at the number of sponsorship deals ahead of the new football season is clear evidence of that.

So overall, if we are collectively mindful of the concerns that are held about the relationship and seek to address them responsibly and responsively, then I'd very much expect commercial relationships to continue to evolve and grow for the foreseeable future.

Extra: PREMIER LEAGUE SHIRT SPONSORS



The FA may have ended its association with Ladbrokes, but 10 of the 20 Premier League clubs have shirt sponsorship partnerships with gambling operators during 2017-18.

CLUB	SPONSOR
Bournemouth	M88
Burnley	Dafabet
Crystal Palace	ManBetX
Everton	SportPesa
Huddersfield T	Ope Sports
Newcastle Utd	Fun88
Stoke City	Bet365
Swansea City	Letou
Watford	FxPro
West Ham Utd	Betway



Oliver Robinson, senior consultant, Brandwave

From a strategic marketing standpoint, correctly aligned brand values, positioning and beliefs are key to any successful partnership or

collaboration. With regards to the sport and betting industries, fundamentally they have very much opposing values. Sport is widely regarded as a catalyst for positive change, associated with a plethora of both physical and emotional benefits. The betting industry on the other hand, although it can be financially rewarding for some, is linked with many negative connotations such as addiction and anxiety.

Sports fans and consumers are increasingly becoming more ethically aware and informed. They are ever more conscious of how brands, associations and organisations behave. Consequently, athletes are also becoming more aware of their actions and fan perceptions.

These recent developments support a widely recognised shift across the sports industry for all involved to demonstrate a duty of ethical responsibility, a trend that continues to influence many wider markets including FMCG (fast-moving consumer goods), automotive and technology.

Partnerships can be beneficial for both sides, but there needs to be an underlying

alignment of values, something that may continue to prove a challenge for the betting industry and sport moving forwards.



Lizzie Pollott, creative director, Cake

When it comes to betting on my beloved Watford, I adopt the Withnail & I strategy: "Even a stopped clock is right twice a day."

Translated to Saturday afternoons, this means that if I place a bet on a Troy Deeney 2-1 scorecast enough times, surely I'll win eventually.

Just like me and Watford, betting and sport have had a topsy-turvy relationship, particularly in the UK football market. The FA terminated all sponsorship deals with gambling companies this summer, around the same time that 10 out of the 20 Premier League clubs wore betting brands on their shirts.

Sports rights-holders want the money from betting brands in the face of rising disquiet as to the way sport has helped normalise betting, and perhaps contributing to issues such as gambling addiction and match-fixing.

I'm in favour of the middle way. A levy imposed on betting brands in all sports, as they do in horse racing. The extra cash can be diverted towards causes which genuinely benefit fans and communities, and/or tackle the darker side of betting. ○

JUD

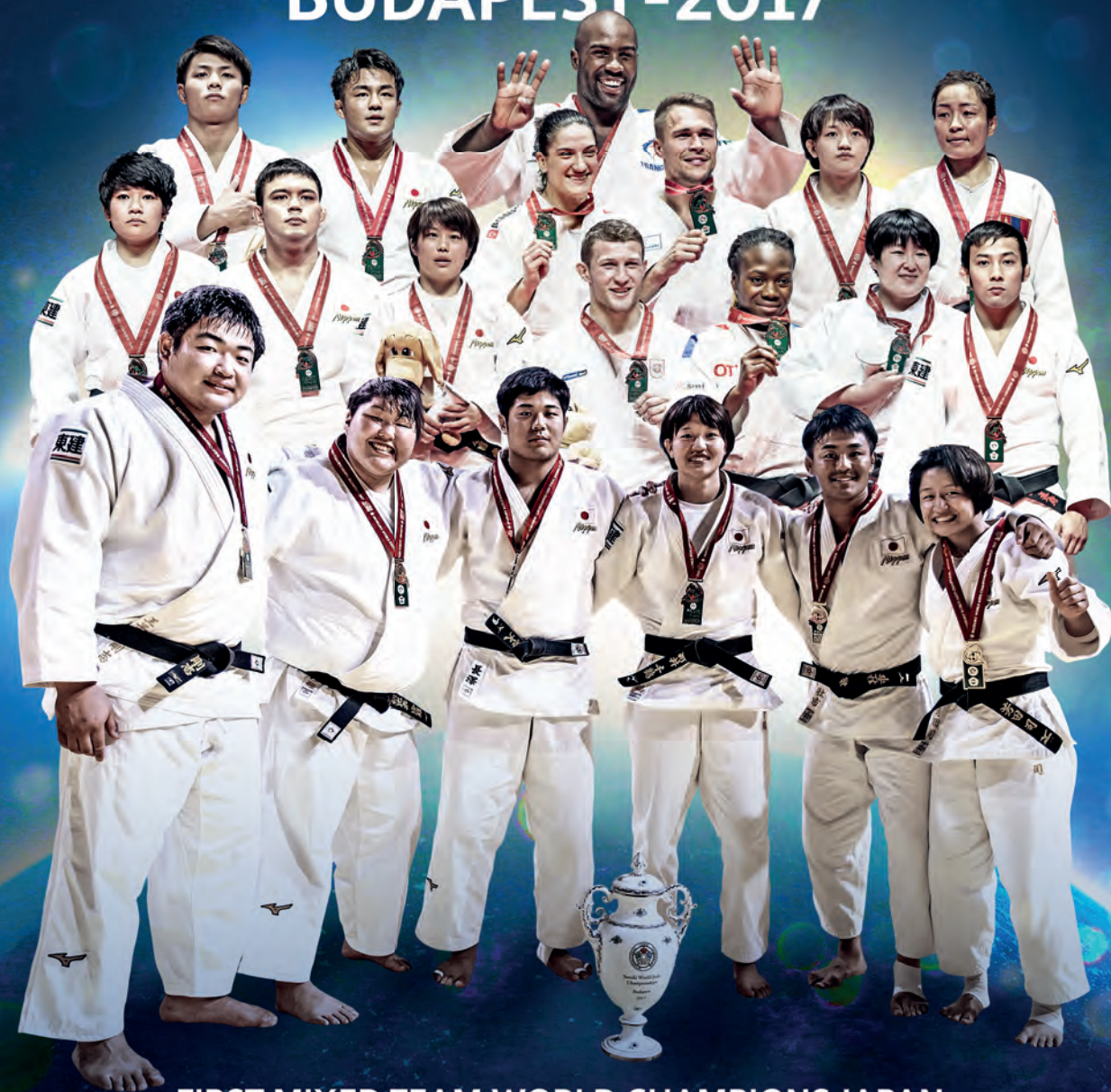


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WORLD CHAMPIONS

FROM THE SUZUKI WORLD JUDO CHAMPIONSHIPS

BUDAPEST-2017



FIRST MIXED TEAM WORLD CHAMPIONS JAPAN



Data

NBA HACKATHON | LEAGUE PUTS QUALITY OVER QUANTITY IN ‘DATA SCIENCE CHALLENGE’

- Hackathon took place in September in New York
- Undergraduate and graduate students applied as two or four-person teams
- Event included separate basketball and business tracks



Technology experts aim to get the right results at the NBA Hackathon (NBA)

BY MARK BURNS

Largely viewed as the most progressive US professional sports league by those within the industry, the National Basketball Association (NBA) has taken on a global learner's mindset, a characteristic that dates back 30-plus years to the time David Stern was named league commissioner in 1984.

That organisational philosophy and mentality also now stretches to students, both at undergraduate and graduate levels, through NBA Hackathons, with the league's second such event having taken place in September in New York City.

According to Jason Rosenfeld, the NBA director of basketball analytics, the 'buy-in' from the top down in the league office,

starting with commissioner Adam Silver, has enabled the hackathons to become "something really special".

While the league already has an entire department devoted to basketball strategy analytics, the initial goal of the hackathon concept was to glean a fresh set of insights from fans who also possessed a data science and analytical background.

"It's a great opportunity to get a fresh look at the types of problems we're facing on a day-to-day basis," says Rosenfeld of the hackathons.

Application process

Students were able to apply as a two or four-person team or select the individual option. In 2016 students were initially presented with the traditional application

process and tasked with answering basketball analytics-type questions, such as 'how would you construct an NBA roster if you were a general manager', 'what statistics would you consider' and 'what would the evaluation process look like'?

For this year's iteration, which included separate basketball and business tracks, students were challenged with much more statistically difficult scenarios.

Some application questions centred on predicting the probability that a team would suffer consecutive losses at any point during the season or predicting when a team is eliminated from playoff contention. Consequently, Rosenfeld and his team could weed out the pretenders from those who have the "chops to contribute something meaningful at the hackathon".

The NBA executive says: “At the end of the day, it’s basketball, but at its core it’s a data science challenge. You need to have people who have pretty strong programming, data manipulation, data science skills to do well.”

“There are tonnes of fans, but there are a few who have the skills to build something meaningful over 24 hours.”

“I really do think you have to understand how the league works, what’s important to the league and what are the types of questions we face,” adds Rosenfeld about whether a student without any knowledge of the NBA could be successful in the hackathon.

“You need to have some basketball intuition to make some progress in this field. These questions are very, very hard to begin with and if you don’t have a substantive subject matter expertise, it’s very tough.”

Analytics track

With the business analytics track, participants ranging from undergraduates and engineers to developers and PhD student statisticians were charged with developing solutions for back-end problems like ticketing, sponsorships and marketing, among other areas.

Given that a business track was added this year, Rosenfeld expected an even better turnout compared to the 210 students and 60 teams in 2016, which included minimal league promotion in the weeks leading up to the event.

Still, he explains that the league isn’t just going to accept whoever applies in order to just boost numbers and participation.

Rosenfeld adds: “It’s as much about quality as it is about quantity.”

Additionally, he says that with the extra time added for participants in the fall, he’s “pretty confident that we’ll get more complete and fully blown out and detailed solutions than we were able to get last year.”

He adds: “We’re confident that with 24 hours this year, students will be able to develop something more detailed, more complete and closer to a finished product to put us in a position to use it more directly, whether it’s on NBA.com, for teams or NBA TV.”

For those teams interested in working through the night, there will be food and drinks, even the necessary toothpaste and toothbrushes, staples for the typical round-the-clock hackathon. And while the league isn’t mandating hackathon teams remain on-site for the full 24 hours, Rosenfeld says he wouldn’t be shocked if some did.

210

students from 53 different universities
across the US and Canada competed
in the NBA Hackathon 2016

*“It’s basketball, but at its core
it’s a data science challenge. You
need to have people who have
pretty strong programming,
data manipulation, data science
skills to do well”*

JASON ROSENFELD, DIRECTOR OF
BASKETBALL ANALYTICS, NBA

“Believe it or not, if you’re competitive and want to win this thing – and, believe me, some students really want this thing – there’s a good chance they’ll want to work all night,” he says.

He adds that, in an ideal world, participants’ contributions will somehow impact how the game is played, it’s viewed or how the league presents different types of data and information across one of its properties over the next three, five or 10 years.

“It’s really up to us to come up with good questions and good data to put them in a position to provide us with something that is interesting, actionable and insightful,” Rosenfeld says.

One of the major benefits of the hackathons, which seem as though they’ll be recurring events on the NBA calendar, is recruiting for the league and its 30 franchises. Last year 15 organisations attended the hackathon, five of which

hired individuals for part-time or full-time positions. Rosenfeld declines to specifically mention the teams, although he does call the opportunity for job placement “pretty neat”.

Between selecting judges, determining the rules, writing the application, designing the website, coordinating media outreach and a host of other components, Rosenfeld says that there are a lot of moving parts before “we hit the green light and go.”

Chance to network

Since the hackathons involve several departments — such as legal, operations, analytics, human resources and public relations, among others — it’s quite an ordeal, but still an event a smaller organisation could execute on a much lower scale.

When asked if there’s any sense that the leagues and teams are taking advantage of people’s passion for basketball and obtaining free ideas, Rosenfeld says he doesn’t believe so, illustrating that he puts himself in a student’s shoes and views the hackathon from his or her perspective.

First and foremost, the NBA hackathon will continue to provide students with an opportunity to work with real-world problems using league data not provided to the general public to develop concrete solutions.

In addition, participating teams have a chance to network with league officials, team executives and panel judges, receive giveaways and also have a chance of winning a grand prize trip to NBA All-Star 2018 in Los Angeles and lunch with NBA commissioner Silver.

From that vantage point, Rosenfeld – who is still naturally biased towards his employer – says: “The benefits are pretty darn cool. ... I would have given anything as a college student to work on an opportunity like this.”

Extra:

HERO BALLERS **VERSUS** TEAM PLAYERS

For the inaugural NBA Hackathon in 2016, the league’s director of basketball analytics, Jason Rosenfeld, explained that the winning team won with a ‘Hero Ball’ concept and analysed the effects of stars playing team-first basketball versus an individualistic approach.

Through an open prompt at the event, the group of students compared the amount of time elite

players spent dribbling, shooting and passing from the regular season to the playoffs, ultimately discovering that those players who were more selfish with the basketball had a detrimental effect on their team’s overall performance.

While the findings weren’t necessarily too beneficial for the NBA itself, according to Rosenfeld, the 30 franchises could find value in the team’s discovery.



LALIGA ON THE RIGHT SIDE OF THE LAW

LaLiga has positioned itself on the cutting edge of the fight against audiovisual piracy, with a finely-tuned strategy that aims to clamp down on violations through detection, prevention and education



In an age of multi-platform media consumption, tackling copyright violations has become an increasingly complex task for sport's major properties. LaLiga, which operates the top two football divisions in Spain, has adopted a particularly aggressive approach to clamping down on copyright violations in order to protect its media-rights deals with broadcast partners worldwide and therefore the future value of rights fees.

The stakes are high, with illegal transmissions of LaLiga programming estimated to be worth more than \$437m (€367m) annually and rights which, since being marketed centrally by the body, have leapt in equivalent value to nearly €1bn per season from 2016-17 to 2018-19 in the domestic market alone.

"Protecting copyright is an increasing issue,

not only for the sports industry, but also for the entire entertainment sector," said Diego Dabrio, LaLiga's International Affairs Representative of the Audiovisual and Anti-Piracy Area.

"It is of the utmost importance for LaLiga and we're really committed to expanding resources to protect our content."

Allocating significant resources to the fight is necessary considering the explosion of social media in recent years, allowing those who illegally distribute the content to reach a wider audience on more disparate platforms than ever before.

"The changing technology provides a constant challenge, but we are working with the DNS (Domain Name System) providers, as well as the social networks and the online video players in order to remove content as soon as possible.

"With the expansion of social networks

there are new alternatives for piracy. We are trying to develop technological tools and also the legal tools required to try to eradicate copyright infringements."

To meet the challenge head-on, LaLiga has a four-pronged strategy, focusing on legal, technological, communicating and lobbying efforts.

Technology

In terms of its approach to technology, LaLiga is widely considered to be setting a benchmark in this area.

Marauder, a piece of software that was launched by LaLiga in February 2015, has produced some spectacular results that underline the sheer scale of the task.

According to an internal report by LaLiga, the total number of reported videos online during the 2016-17 season was 157,864.



However, with 154,963 of those videos taken down, a success rate of 98.16 per cent suggests that copyright violators are not finding it easy to exploit coverage of LaLiga competitions.

“Marauder detects keywords, such as ‘Real Madrid’, for example, and then finds them online or via social media, and identifies content that includes copyrighted material,” said LaLiga’s head of digital assets, Emilio Fernández.

“Marauder identifies the provider and the server and sends an automatic notification to the platform – whether it is an application, Facebook, Instagram, Twitter or another – and the content is then removed.

“We have agreements with internet companies around the world and the speed at which the content is removed is much faster than it was two years ago. We are always looking at ways to speed up the process.”

As LaLiga continues to sign agreements with DNS providers, social networks and online video players, Marauder’s reach has become even more broad and comprehensive. In terms of online streaming, the tool scans different search engines and social networks, while on mobile apps it crawls numerous lists to find infringing content.

With regard to card sharing and IPTV, Marauder detects, monitors and acts, communicating with servers and those who have the power to block access to the content.

“I think that IPTV will be the most important platform for this problem going forward,” Fernández added. “Marauder is being developed to meet the challenges of fighting new forms of piracy on platforms such as IPTV, which will be a big challenge.”

On customer-to-customer websites, it searches for advertisements featuring pirated LaLiga content, providing another avenue to make life as difficult as possible for the wrongdoers.

“We send letters to the companies hosting the adverts to inform them that they are promoting illegal platforms,” Dabrio explained.

“This has been a very fruitful approach. Our studies have shown that only 10 per cent of 6,000 adverts promoting illegal services that were identified by Marauder have stayed up after our communications. This approach

targets the financial driver behind the audiovisual piracy.”

Marauder also provides analysed data reports and geolocation and heat maps, providing a snapshot of where in the world the activities are taking place.

“The users are global and the servers are changing, moving to countries where proper protection is not in place,” Dabrio said.

Fernández added: “This is global. We find content that is being distributed via different servers around the world. A couple of years ago there were hot spots in the US, UK and Germany, but now they are moving to servers in other countries where it is more difficult to reach an agreement.

“We have different agreements with service providers. If we’re not able to block a specific website outside Spain quickly enough, at least we can try to block it in Spain.”

The state-of-the-art Marauder technology sits at the heart of LaLiga’s strategy to fight piracy, which has been developed as a priority since Javier Tebas’ appointment as president of the organisation in 2013.

Collaboration

However, detection is only part of the prevention strategy surrounding piracy, which also relies on collaboration with like-minded institutions.

LaLiga recently signed an agreement to provide free access of a specially-adapted version of Marauder, called Lumière, to the Spanish government, enabling the organisations to work together on defending intellectual property rights.

“This will allow the government to improve levels of speed and efficiency,” Dabrio said.

LaLiga – which is a member of bodies such as the Sports Rights Owners Coalition and La Alianza, the Latin America-based Alliance Against Pay-TV Piracy – also has partnerships in place with numerous other bodies, including the US government and the European Commission, in an attempt to tighten any loopholes that exist across the globe.

Additionally, the league works with other sports leagues, adopting a leading role in the knowledge-transfer process required to encourage a holistic approach to tackling piracy.

“Even when we are dealing with a company or organisation that is a

VIDEOS ON SOCIAL NETWORKS

The total number of reported videos was 157,864 and 154,963 were deleted (98.16%)

- ▣ On Instagram, there were 21,528 reported videos, with 20,644 videos removed (95.89%)
- ▣ On Dailymotion, there were 67,337 reported videos, with 66,231 removed (98.36%)
- ▣ On Twitter, there were 15,688 reported videos, with 14,842 removed (94.61%)
- ▣ On Periscope, there were 4,618 reported links, with 4,567 deleted (98.9%)
- ▣ On Facebook, there were 42,657 reported videos, with 42,652 deleted (99.99%)
- ▣ On Sporttube, there were 1,365 reported videos and all were deleted (100%)

PROFILES ON SOCIAL NETWORKS

- ▣ On Footbie.com, there were 1,118 reported videos and all were removed (100%)
- ▣ On Vine, there were 523 reported videos and 514 were deleted (98.28%)
- ▣ On Vidme, there were 1,016 reported videos and all were removed (100%)
- ▣ On Streamable, there were 1,229 reported videos and all were deleted (100%)
- ▣ On Footytube, there were 345 reported videos and all were deleted (100%)
- ▣ On Playwire, there were 421 reported videos and all were deleted (100%)
- ▣ On Instagram, there were 1,004 reported profiles and 928 were deleted (97.63%)
- ▣ On Facebook, there were 972 reported profiles and 852 were deleted (92.71%)
- ▣ There were 1,347 reported profiles via the Facebook Live service, with 761 deleted (59.18%)
- ▣ On Twitter, there were 579 deleted profiles due to infringements on the illegal use of LaLiga’s trademark, as well as 734 deleted profiles due to illegal posting of content



REPORTED MOBILE APPLICATIONS – APP STORE AND GOOGLE PLAY

- 49 mobile applications were removed out of 91 reported (53.84%)

REPORTED URLS

- On Blogspot, 406 URLs were removed out of 621 reported (65.38%)

IPTV

- 1,307 servers were identified and analysed, broadcasting approximately 56,491 channels
- 15 platforms that were hosted on No-IP and DynDNS were removed, having been illegally streaming a total of 3,847 channels, some of which corresponded to channels that were offering LaLiga games.
- Two apps were deactivated on Roku
- MiTV and FlixTV – due to LaLiga's agreements with different DNS services providers.

CARD-SHARING

- 140,067 IP addresses were analysed, having been obtained resolving 9,766 DNS entries, of which 9,509 are tagged as 'troubled' (97.36%)
- 3,316 DNS entries were reported to No-IP, with 3,310 being deleted (99.81%)
- 2,457 DNS entries were reported to DynDNS, with 2,453 being removed (99.81%)

REPORTED URLS INDEXED TO GOOGLE

- Having analysed the main links that were shown on Google when searching to view LaLiga's pirated content, 81 URLs were reported as offering either live or deferred games. Out of them, 26 were deleted (32.09%)

PUBLIC ESTABLISHMENTS (BARS, RESTAURANTS AND HOTELS)

- During the season and acting in full cooperation with the different broadcasters involved, LaLiga carried out 45,405 inspections of public premises, identifying 13,670 cases, of which 11,995 were found to be using residential contracts in a public establishment, and the remaining 1,675 were flagged up for various piracy techniques

Continued from previous page...

competitor, our focus is on improving the communication channels to report the information, so it is easier to identify live content and the alerts can be processed more quickly," Dabrio added.

Forging closer relationships with broadcasters is also seen as an essential step in the ongoing battle to protect content.

Last year, LaLiga launched its LaLiga Global Network, an initiative that places LaLiga employees in various countries around the world. So far, LaLiga Global Network delegates have been dispatched to 36 countries, where they build local relationships with broadcasters, governments, sports organisations. Through the Global Network, LaLiga is also learning about viewing habits in many corners of the world.

"Establishing this network is very important when it comes to fighting piracy as it provides us with a complete picture," Dabrio explained.

"By visiting these countries, we retrieve very important information about how piracy is affecting those territories and perhaps get a better idea of the challenges that lie ahead.

"We work very closely with broadcasters to engage them and we're not looking for a typical client-provider relationship with them; it's a partnership."

Legal action

The role of Marauder in gathering data and information is not only important for identifying copyright violations at short notice and filing complaints with the relevant platform providers; it is also vital when it comes to taking legal action.

"There have been close to 50 prosecutions so far and most have ended successfully," Dabrio said. "Marauder provides proof for the legal team as it offers the tools to make a case.

"In the past, one of the problems we had was being able to provide thorough information when we filed a case. Now we have this tool, though, and Lumière will do the same for the government."

To illustrate the impact of Marauder, LaLiga's high-profile case against Rojadirecta – which led to the website being shut down and its parent company being ordered to

pay damages to the league – relied greatly on information gathered by the technology.

"With the Rojadirecta case, Marauder provided all of the proof and data that we needed," Fernández added. "Rojadirecta was a popular platform for accessing illegal content, so it was a very positive outcome for us."

Legal reforms on IP regulation and the Spanish Criminal Code in relation to IP offences came into force in January and July 2015 respectively, strengthening the legal framework to bring copyright infringers to justice.

However, challenges remain for those on the right side of the law.

"Significant advances have been made to provide the nimble legal process that will allow a quick and permanent block, but of course the situations are different in other countries" Dabrio said.

"In this country, the government is working very hard on these matters, but the process through the courts is not quick."

Education

Whilst LaLiga is doing everything it can to protect its rights through technological, collaborative and legal avenues, educating the public about watching content that is being shown illegally is also crucial.

With that in mind, LaLiga has launched several awareness campaigns with the goal of pressing home the message that copyright theft is wrong and counter-productive – for the fans, as well as the league and its clubs.

"Communication is a crucial factor to educate the current generation and future generations," Dabrio added.

"Last year we launched a campaign entitled 'When piracy appears, football disappears', in which the players on the screen were gradually blocked out by images.

"We try to send a message to fans that watching football on illegal platforms damages Spanish football's sustainability and also puts the growth models of our clubs at risk."

With close to a 100-per-cent success rate in removing illegal videos and an increasingly forceful stance in the courts, LaLiga is leading the charge against piracy, providing a model for success and lessons that other sports event operators can ill afford to ignore. ○



A GLOBAL CHALLENGE



The global appeal of LaLiga as a product has ensured worldwide coverage and awareness of the Spanish football brand and its clubs.

However, with great opportunities there are also great challenges, and any major event or competition owner will be aware that attempting to protect a sports property from copyright violations across the globe represents an unenviable task.

LaLiga, though, has been keen to reach out to its global network of broadcast partners to gain as much knowledge as possible in order to step up the fight against audiovisual piracy.

Last year, the LaLiga Global Network was launched, with representatives of the league visiting dozens of broadcast partners worldwide with a view to learning more about the copyright and content consumption demands and challenges in specific markets.

For Juan Carlos Muñoz Vázquez, the head of programming and content at pay-television broadcaster Sky Mexico, LaLiga's proactive and collaborative approach to addressing copyright violation issues is refreshing.

"LaLiga has been one of the most active and has put a lot of effort and resources into protecting coverage," he said.

"From the beginning the league has shown an interest in sharing and listening in each of its territories whilst developing intelligence tools for cyberspace. They have visited us at

least twice a year to exchange information and concerns in this regard."

According to Vázquez, LaLiga took a major step forward in preventing copyright violations when it adopted a collective rights-sales process, starting with the 2016-17 campaign.

"Before the rights were centralised it was a very complicated situation with clubs having separate rights deals," he added.

"There were separate simultaneous operations and the logistics for licensing the rights were more complex. However, with the Mediapro agency distributing the rights, there is now a central touch point.

"Through the restructuring, there is now a more active fight and greater coordination of activities and results."

Sky Mexico carries out its own checks on media platforms and reports back incidents to LaLiga.

"There is a close cooperation," Vázquez added. "We offer every round of fixtures, from Friday to Monday, so we monitor various platforms, including Facebook and Twitter, and then report back to a central address along with the other rights partners.

"We share all of the information we receive, even with rival media companies. After all, all of us are on the same page in our aim to protect content.

"We also have regularly meetings with our technical support team and discuss anything we have found and have great

relationships with agencies over here, including the police." Technological developments have also expanded the channels through which audiovisual piracy can take place.

"High-speed internet provides the gateway and the social platforms provide access to a lot of people," Vázquez said. "People can access the coverage they need on their cell phone nowadays and there are new development platforms that will provide more sophisticated challenges in this area."

According to Vázquez, content that appears on platforms such as Twitter and YouTube tends to be uploaded by individuals rather than larger entities that are trying to make money out of exploiting coverage illegally.

However, he added that it is important to highlight to the wider public the sinister support networks that prop up the providers, illustrating why genuine football fans should avoid watching their platforms.

"Many are supported by organised crime syndicates," he said. "It is important to stop the growth of the monsters and we work in countries where we have relationships with law enforcement agencies.

"However, it is a complicated process in many territories and therefore it is crucial to offer better education and awareness to the public. They should be aware of the damage that they are doing by watching the illegal content. They are funding criminals and basically paying for guys to kill people or sell drugs in another country. In the long term, if consumers are put off from watching the content, then there is no need to provide it."

To support these awareness initiatives, LaLiga provides materials for cross-promotion on Sky Mexico – including on-screen messages – and ex-players are also used to articulate the message.

"LaLiga is always totally open with us and ready to support our ideas for positive new campaigns," Vázquez added.

"As a pay-TV platform, we carry a lot of exclusive content so we are concerned about protecting our investments in rights.

"We communicate with our partners on a daily basis, as well as third parties and other broadcasters, and having the support of LaLiga is very important." ○

Case Study

FIGHTING FIT | MAYWEATHER-McGREGOR CROSSOVER SETS EVENT MARKETING BENCHMARK

- Fight pitted boxing versus UFC and Mayweather's mega-wealth and record against McGregor's provocative personality and rags-to-riches story
- Companies that controlled rights to show the contest benefited from audience crossover and the wave of interest among casual fans
- Endorsements earned the two fighters at least \$20m each, while sponsoring brands also gained



So, after all the hype and speculation, undefeated boxing legend Floyd Mayweather did as expected and dispatched gritty Ultimate Fighting Championship (UFC) star Conor McGregor in late August at the T-Mobile Arena in Las Vegas. A 10th-round stoppage meant both men emerged with their reputations intact and fans who paid up to \$100 (€84) for a live pay-per-view (PPV) feed probably got their money's worth.

The fight was believed to have generated \$600-\$700m from tickets, TV sales and sponsorship. Of this, Mayweather is thought to have walked away with \$200m, while McGregor took home around \$100m – not bad for a young man who was pretty much broke until four years ago.

The entertainment age

At first sight, it's hard to see why a boxing match between a 40-year-old retired fighter and a mixed martial artist who has never boxed professionally should have become one of the most talked-about sports events of the decade. But this is sport in the entertainment age, where media companies and fans are looking for larger-than-life stories as well as supreme skill. Mayweather's mega-wealth and 49-0 win record, McGregor's provocative personality and rags-to-riches story, boxing vs MMA, the Irish connection, iconic fashion, celebrities at the ringside in Las Vegas – all of it added up to a unique event.

So, with the dust having settled since August 26, what can we learn from the bout? How will boxing and UFC fare in the long run, for example, and what is next for McGregor? Which brands and organisations managed to take advantage of the event – and what lessons does the fight offer others in the sport business ecosystem?

Viewed first from a boxing perspective, veteran sports promoter Barry Hearn – speaking to *Sport Business International* prior to the fight – said the bout was “a total mismatch. McGregor has a lot of spirit, but that doesn't count for much when you're in the ring with an exceptional talent like Floyd Mayweather.”

In a pure sporting sense, Hearn advises that boxing won't have learned much from the fight. However, he does think the fight can teach ‘the noble art’ something about marketing. He says: “They've both made a lot of money and good luck to them – because sport is show business. Boxing is quite a niche sport but Mayweather and the

“Social media had a big influence on the decision to make the fight as both fans of McGregor and Mayweather, as well as fans of combat sports in general, began to create a social buzz about a match-up”

KB REIDENBACH, PARTNER, LEVELWING

UFC came up with a formula that appealed to both the casual fan and the millennial audience.”

Hearn doesn't anticipate many more opportunities for boxing/UFC crossovers, but he does believe boxing should continue to explore ways of reaching out to a wider fanbase. “We look after world heavyweight champion Anthony Joshua,” says Hearn. “He has a wide appeal with casual fans and that translates into good figures on PPV. As a company, we place a lot of emphasis on social media these days, because it plays a key role in building up the personalities of the protagonists.”

Social buzz

The power of social media is also picked up on by KB Reidenbach, a partner at digital

marketing firm Levelwing who also happens to be a certified USA Boxing coach. He says: “The unique thing about the Mayweather vs McGregor event is that social media was one of the key drivers of the fight getting made. McGregor made an offhand remark about Mayweather in an *Esquire* piece and that created a link between the two athletes that grew into the August 26 mega-fight. Social media had a big influence on the decision to make the fight as both fans of McGregor and Mayweather, as well as fans of combat sports in general, began to create a social buzz about a match-up. I firmly believe the social media engine also helped Mayweather's team qualify the financial opportunity this fight presented.”

Like Hearn, Reidenbach says “there is certainly the potential for the sport of boxing to benefit from younger fans participating in the social conversation. According to a recent study, the average age of a boxing fan is 49 years old and having so many younger McGregor followers engaged in this boxing event could certainly generate some younger fans for the sport.”

Those in the fight game are eager to see whether the McGregor bout will have any impact on the appeal of boxing, with the recent Canelo Alvarez and Gennady Golovkin match-up likely to provide many answers. Pre-event estimates suggested there would be 3.5 million PPV buys at \$70 a time, with promoter Oscar De La Hoya relieved

MAYWEATHER-McGREGOR: KEY DATA

TV exposure

A co-promotion between Mayweather Promotions and the UFC, the Mayweather vs McGregor fight is expected to have generated around 4.9 million PPV buys – which means revenues just shy of \$500m. However, in many parts of the world the fight was available via more standard forms of TV distribution. In total, the UFC reckons the fight will have been available to around one billion people in 200 countries.

Betting

Betting on the Mayweather-McGregor fight saw most punters back the Irishman – not because they expected him to win, but because the odds on Mayweather were so bad. Within Nevada, it is estimated that \$50m in bets was

placed on the fight. Not surprisingly, betting firms were keen to get in on the action in the form of sponsorship deals.

Tickets

The fight is reckoned to have generated a record-breaking \$80m – despite the fact that only 14,600 of T-Mobile Arena's 20,000 seats were filled. The reason for the empty seats was that ticket prices were initially set in the \$4,000-\$10,000 range. As the fight approached, prices dropped to around \$1,300, but were still too high for the army of Irish fans wandering up and down the Vegas strip. Post-event analysis suggests the price was too high for an exhibition fight – although Mayweather and McGregor probably aren't complaining. **O**

Continued from previous page...

that the Mayweather-McGregor bout didn't prove to be the kind of dire spectacle that can put audiences off PPV boxing for years.

Being authentic

From a UFC perspective, the first obvious issue is what will now happen to Conor McGregor. Will he, for example, shed fans as a result of his defeat?

Reidenbach doubts that: "McGregor has achieved such a high level of social engagement by being authentic and sharing behind-the-scenes content that has endeared him not just to his core fans but to the casual fan.

"I think his brand will be as strong as it ever has been and he'll still have earned the respect of a large audience segment simply by attempting the impossible task of beating an all-time great at his own game and doing it with a level of enthusiasm the boxing world hasn't seen in quite some time."

This point is endorsed by UFC senior EVP and chief operating officer Lawrence Epstein, who says "the event has been great for Conor. He's a cool guy with an infectious personality and he has put in a lot of work during training. He can't lose." When the fight was first mooted, UFC president Dana White was against it – but eventually came round to such an extent he was co-promoter of the fight. Explaining that U-turn, Epstein says it was partly about giving fans the fight they wanted and partly "an opportunity to expose UFC to a wider audience."

In the immediate aftermath of the fight, there were calls for more MMA/boxing cross-over bouts – maybe involving McGregor, or maybe not. But White has made it clear he would rather focus on pure UFC fights for the foreseeable future – with McGregor possibly returning to the sport on December 30 to fight Khabib Nurmagomedov.

Speaking at the post-event press conference, White said: "I don't even want to talk about my other guys in a boxing match. This was built from the bottom up from the fans to the media and then up to us when we even started remotely considering something like this. It was just a real special and rare event. I'm not looking to do this again."

That said, Epstein stresses that the UFC wants to bottle some of the magic from the Mayweather fight: "I'm certainly not referring to this as a once-in-a-lifetime fight. It's a very competitive world out there, so you need to put on a great show if you're going to get people to pay. I think one thing this event reminded us all is that sport is

supposed to be fun; you're supposed to yell and scream, and have a good time."

Fan passion

McGregor is by far the biggest attraction in UFC, generating around 1.5m PPV buys for most of his recent events. So, one obvious question for the sport is how would it cope without him, for example if he decided to go off and launch a movie career (echoing WWE wrestling star Dwayne 'The Rock' Johnson).

Epstein is confident that this isn't going to happen, but stresses that "the UFC is in the star-building business. Conor is the latest, but not the last iteration of that business."

"When you bring together two of the biggest names and talents in their sport making it one of the biggest fights in history, you get eyeballs, you get attention, you get the world watching. And, in this day and age, with this comes sponsors"

GARRY DODS, FOUNDER, WEAREFEARLESS

On the subject of social media, Epstein says building fan passion is nothing new for UFC. He explains: "Back in 2001 when we launched, no one would write about us, so we had to do everything we could to get the sport out there. We were early adopters of social media and it has become a core competence of the UFC. These days we work with our athletes to ensure they have something interesting to say and we curate a lot of content to push out to our audiences.

"We have also put a lot of effort into widening digital distribution. If you compare this fight to the recent Mayweather vs Manny Pacquiao fight, you'll see the live PPV feed was made available via a much broader range of platforms – including our own UFC.tv platform."

It isn't just boxing and UFC that talked up the fight's value as a way of reaching new audiences. Companies that controlled rights to show the contest also cited the benefits of both the audience crossover and the wave of interest among casual sports fans. Pre-event, for example, Showtime Sports EVP Stephen Espinoza noted: "We're not only drawing

from the universes of boxing and MMA fans; we tapped into an audience that doesn't follow either sport."

Tim McManus, director of marketing at Joe Hand Promotions, agrees: "We have the exclusive US rights to UFC PPV in commercial establishments and have done numerous boxing bouts in the past. But we've never seen anything like this. We started selling at the end of July and have been talking to a range of venues that wouldn't usually come on to our radar."

It is a similar message from Perform-owned sports streaming service DAZN, which showed the event in Germany, Austria and Japan as part of its regular subscription offerings. "We're still quite a new service," says DAZN spokesperson Mel Baroni, "so for us the real opportunity with the Mayweather-McGregor fight was to encourage people to trial our service. If we can use events like this to get people to subscribe to the service, then they get to sample our range of other live sports rights." While the TV revenues are by far the most significant part of the fight's take, it is worth noting that a number of brands managed to generate decent exposure off the back of the fight.

Combat sports are not the right environment for every brand, says Garry Dods, founder of sponsorship consultancy Wearefearless, but for many it is an irresistible opportunity – including Rolls Royce, which partnered with McGregor. He adds: "When you bring together two of the biggest names and talents in their sport making it one of the biggest fights in history, you get eyeballs, you get attention, you get the world watching. And, in this day and age, with this comes sponsors."

Dods says backing a fight like this is "not for the faint-hearted. But brands are willing to pay for this association, because the exposure is unreal.

"These fighters have built up strong luxurious lifestyles that offer so much value to the likes of online gambling companies, energy drinks and lifestyle and fashion brands. They recognise the opportunity, the kudos and sky-high status of being involved, and make sure it works."

Massive exposure

A case in point is watch brand Hublot, which paid an estimated \$3.5m to appear on Mayweather's shorts and wrist. It also got the added advantage of being referred to directly during the press tour trash talk – watched by millions online.

A cross between a catwalk and a cockfight, the four-city press tour offered massive exposure opportunities for brands like Gucci, Monster Energy and Dr Dre's Beats, which created a special Irish version for McGregor.

When images of McGregor at the weigh-in went viral, Calvin Klein was another prominent beneficiary. Reports suggest that Mayweather's personal endorsements ranged in value from around \$1m for his robe, shoes and victory hat to around \$5m for sponsorships appearing within the ring.

All told, endorsements earned the two fighters at least \$20m each. But there were other brands that also benefited. T-Mobile, with naming rights to the fight venue, featured prominently in all of the coverage up to and around the event. It reinforced that engagement with competitions that gave its users the opportunity to travel to Vegas for the fight.

Leveling's Reidenbach says "responding to the fight in real-time on social would have been a way to engage, especially knowing that so many viewers would likely be following the social conversation as it happens."

So, the big question for other professional sports is – can they do something similarly amazing? White's view on this is worth bearing in mind. He says: "It takes two special people and the right place and the right time to do the freakish kinds of numbers and the watercooler talk and all the things that this fight had. You have to have the right people in the right place in the right time. This s**t doesn't happen all the time."

Great barometer

It probably isn't possible to manufacture events of this scale often – but they do come along; witness Nike's Breaking2 marathon attempt and Red Bull's working with Felix Baumgartner on his jump from the edge of space. Reidenbach offers two key conclusions.

"Firstly, I think the Mayweather-McGregor fight is going to be a great barometer for the idea that social engagement can drive PPV revenue," he says.

"Secondly, I think a big lesson to take from this is the open-mindedness that has been exhibited by all parties involved. From the fighters to the promoters and even the networks, they all collectively saw an opportunity to engage a fan base of two sports and they have run with it and successfully delivered the biggest fight of all time to sports fans." ○

Extra:

ULTIMATE FIGHTING CHAMPIONSHIP - THE BIGGER PICTURE



UFC will be pleased with the massive exposure that the Mayweather-McGregor contest achieved. But it will now be watching carefully to see if the fight generates any long-term strategic value for the MMA franchise. After all, it is only a year since WME-IMG acquired UFC for \$5bn, so there will be internal pressure for it to hit tough financial targets.

There are four main areas to watch. The first is UFC PPV buy-rates. The Mayweather fight attracted around 4.9m buys, but a typical UFC fight involving Conor McGregor comes in at around 1.5 million. UFC will be looking to a) grow McGregor's numbers and b) use his involvement in UFC to build other PPV stars. This could be done by creating exciting new rivalries or presenting McGregor more in a mentoring role. Absolutely critical at this stage is that UFC doesn't lose McGregor – even if this means giving him an improved financial deal (possibly including a stake in the UFC itself). Fortunately for the UFC management, losing to Mayweather means McGregor's fate will be linked to MMA for at least another couple of years. After all, he still earns \$4m a bout from UFC – usually two or three times a year. However, the fact that he has set up his own promotions operation suggests he is looking to capitalise on his new-found fame.

The second is how well the UFC does in the next round of TV rights negotiations (content that sits alongside the franchise's live PPV events).

Currently, UFC generates \$100m-\$150m under a seven-year deal with Fox that ends in 2018, but is keen to treble that figure. UFC is confident it can get an increase, because there are not many premium live rights coming on to the US market in the next few years. But it may need to offer more top fights to secure such a deal, rather than keeping all the best bouts for PPV. Likely contenders for the rights are media firms that can benefit both from UFC's high volumes of content and robust appeal in PPV – such as Fox and Turner Sports.

International growth is another priority for MMA. The Mayweather-McGregor fight generated strong PPV revenues in North America and the UK, but modest PPV buys in Australasia. It was also aired in markets like Germany, Japan and Brazil (the latter via Globo-owned PPV service Combate). There is an argument that WME-IMG will use its deep roots in China to try and build the UFC franchise's popularity in that market.

There is also the question of sponsorship. Mayweather and McGregor did well out of endorsements, but can UFC capitalise with longer-term partnerships? UFC's Lawrence Epstein said: "The build-up to the fight was so compressed that we didn't have a lot of time to put together any new partnerships. But we did tons of pitches to companies we haven't spoken to before and hope that will develop into something further." Not that the situation is desperate. UFC already counts Reebok, Harley Davidson and Budweiser among its sponsors. ○



PERFECT 10 | AFTER A DECADE IN SPORTS MEDIA, PERFORM IS STILL AHEAD OF THE GAME

Perform has become a leader in the sports media and digital content sector over the last 10 years thanks to successful partnerships with organisations that share its vision and innovative approach. Here, some of Perform's most celebrated clients from across the industry discuss the secrets of its success



There are times when the phrase 'it takes one to know one' rings particularly true.

That's certainly the case with Perform Group, the sports digital content and media company which is currently celebrating its 10th anniversary.

It has been a decade of growth, diversification and success built on an ethos of innovation and partnership and a hard-wired commitment to doing things differently to enrich clients' businesses

through technology. Talk about Perform to clients and partners across the various strands of the sports sector and there's unanimity in their description of the company as pioneers willing to put their money where their corporate mouth is to make a difference.

Perhaps unsurprisingly many of those clients, partners and associates are generally considered to be pioneers themselves; always looking for a new horizon and the next boundary to cross to maximise the value of

their offering whether it is enhancing the game-day experience for fans or powering sports media and betting operations by delivering new levels of video and data.

Among them is Seamus O'Brien, founder of World Sport Group, which revolutionised sports marketing across Asia from its headquarters in Singapore before its merger with Lagardère in 2015. In a sports world largely focused on the old order of Europe and North America, O'Brien and his organisation helped develop the sports



market in Asia, creating and monetising rights for a range of organisations including the Asian Football Confederation. In short, he knows a thing or two about beating a fresh trail and he sees Perform in the same light.

"They are genuine pioneers. A lot of people today have followed others but Perform has been at the forefront of building new pathways. They had a great idea and the courage and determination to back themselves to make it work," he says.

"The founders saw digital as a totally new frontier. I worked with them and they opened their Asian operation in World Sports Group's offices in Singapore. I was happy to give them a few Asian football rights to help them get traction.

"The fact is that, back in the day, while we knew the internet was out there, people didn't know where it was going. They (Perform) were the ones with a game plan and have gone on to do remarkable stuff over the last decade."

Jonas Persson, who with his partners built IEC In-Sports, is another sports media entrepreneur who has successfully identified a rights niche and built a significant business from it. The roots of IEC were in identifying and inexpensively acquiring rights to second or third-tier events - often from Asia - to satisfy the content hunger of the growing number of dedicated sports channels springing up in the 1990s and beyond.

"I guess we were probably one of the first companies to sit down with Perform with a blank sheet of paper and discuss the ideas which we had around the internet space," Persson says.

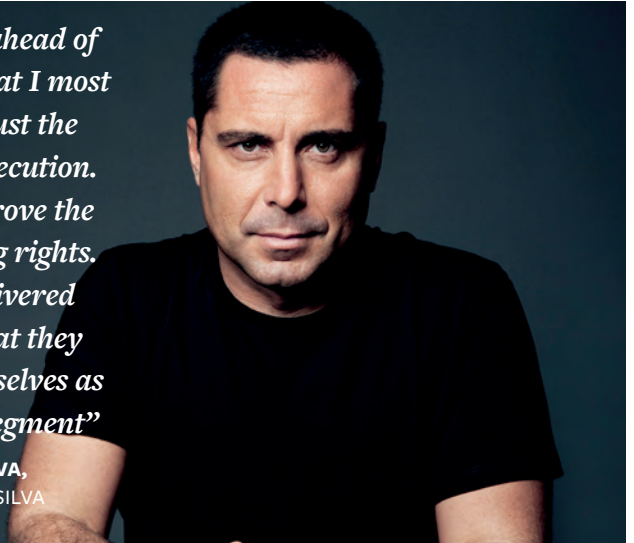
"Once we had done that we came to the conclusion that rather than do anything ourselves the right move was to do a joint venture (with Perform) using our inventory. It turned out to be the right decision and it helped them grow their business.

"The key to Perform's success has been their total focus on digital from the very beginning. Ten years ago almost all the money was in traditional media but they stuck to their vision and succeeded through focus - being very innovative and having a strong financial alliance which gave them important muscle."

Another sports business pioneer, Riccardo Silva, who built the MP & Silva agency into a

"Perform were ahead of the times. But what I most admire is not just the vision but the execution. They actually drove the growth of betting rights. Those guys delivered to the extent that they established themselves as leaders in that segment"

RICCARDO SILVA,
FOUNDER, MP & SILVA



global force, also saw a like mind at work in shaping Perform.

"I started my working relationship with Simon Denyer and his team in 2007 when they were still known as 'Inform' and we were working on different projects, including developing the Italian Serie A on British channels," he says.

"Perform have always employed great staff and I've always had an excellent relationship, in particular with Simon. He rightly has a great reputation across the industry and I consider him a good personal and professional friend. When I look back, I think that one of the reasons we get on so well is that we've both followed a similar path to growth and success.

"Simon and Perform were the first to envisage the growth of betting rights. They were ahead of the times. But what I most admire is not just the vision but the execution. They actually drove the growth of betting rights. I always say that success is 20 per cent vision and 80 per cent execution and those guys delivered to the extent that they established themselves as leaders in that segment. They were also the first to strongly believe in OTT as a real competitor to traditional TV broadcasters and, again, it's looking like they were right, and their challenge on this is really fascinating to follow."

That "remarkable stuff" described by Seamus O'Brien has seen the company

develop client touchpoints throughout sport, providing services direct to the consumer through its own global network of digital sports destinations serving more than 2,000 publisher sites with sports news and video through Omnisport, delivering video to publishers through the Perform E-Player and creating a media revolution in basketball and women's tennis through its partnerships with FIBA and the WTA. Its consumer output is enhanced by its data services, and advanced data and analytics services are delivered through OptaPro to professional clubs for performance analysis, scouting and player recruitment.

In 2016 Perform Group added another significant string to its bow with the launch of DAZN, described as the world's first truly dedicated live sports streaming service. DAZN, which is currently available in Germany, Switzerland and Austria and Japan but will roll-out in new territories throughout 2017 and beyond, gives fans unlimited access to the widest array of live and on demand sport on virtually any connected device for a low fee and no contract - effectively meeting the demands of cord-cutting fans who live on digital.

The launch of DAZN is indicative of the relentless desire to innovate at the heart of Perform's culture and, according to Bill Koenig, President of Global Content and Media Distribution at the NBA, it is a culture which permeates its clients as well.



“We have worked with Perform for eight years and they have pushed us to innovate in ways we hadn’t thought of and we have been a willing partner to their ideas,” he says.

“They are a tremendous partner and Simon Denyer is one of the most creative and visionary executives we deal with. They came to us with the idea of getting involved in businesses we hadn’t considered both in the US and internationally.

“Perform operates across all sports and has an affinity with basketball. They are committed to the growth of digital content distribution and, although we had video highlights before working with Perform, they took us into newspapers and other websites. Perform now operates NBA local digital destinations around the world in local languages with localised content and with a local sales force. Six or seven years ago they encouraged us to provide data and video content to bookmakers (where it was legal), which was another new step. While more recently there has been the OTT distribution of game broadcasts in Germany and Japan through DAZN

“Their vision for the growth of digital content distribution has transformed the sports media landscape. They had a vision, stayed true to their vision and their vision has happened. While others are now seeing the value of sports to drive different platforms, Perform were the first and they are still the leaders.”

Among the most significant milestones in the Perform journey to date have been the signing of deep and multi-dimensional partnerships with two global sporting bodies. The first, with the WTA Tour and then FIBA, basketball’s international governing body.

Both sports had similar challenges of finding deeper engagement with audiences worldwide but the scale and depth of the partnerships which emerged were seen by some observers as watershed moment, indicating a new way of doing business for rights owners.

WTA Tour CEO Steve Simon joined the organisation after the agreement to form WTA Media was in place but sees it as a transformational move.

“The WTA’s partnership with Perform continues to play a major role in the transformation of our sport,” he says.

“Perform has a unique understanding of



the digital media universe which is allied to a deep affinity with the WTA, our aims and objectives and the outcome has been the creation of an entirely new media experience for tennis fans and all of the commercial and marketing opportunities that go with it.

“They are genuine innovators in sport who lead the way rather than simply following trends.

“Our partnership with Perform in WTA Media oversees the production and distribution of more than 2,000 WTA matches and that revolutionises the fan experience by bringing them closer to global and local stars. Importantly WTA Media has also hugely increased news content and delivers magazine shows and significant additional off-court content.

“It’s about getting great content to fans as and when they want it and that is at the very heart of our strategy for the future of the sport. Thanks to Perform, fans decide how to consume the matches and who they want to follow. They are in control.

“It’s a game-changer for women’s tennis and it results from Perform’s innovative culture, tech saviness and willingness to invest in building sports to benefit all stakeholders.”

Similarly, FIBA Secretary General and International Olympic Committee (IOC) Member Patrick Baumann sees the creation of FIBA Media with Perform as central to the organisation’s strategy for the growth and development of the sport.

“In the fast-changing world of sports media, Perform has consistently demonstrated its ability to think differently and innovate and this is the basis of the ground-breaking strategic partnership with FIBA signed last year,” Baumann said. “This is a real partnership and until 2033, Perform will be FIBA’s worldwide partner for the distribution and sale of all media-related rights for FIBA national men’s and women’s team competitions.

“The partnership covers more than 5,000 live games including qualifiers and major tournaments - such as the FIBA Basketball World Cup and FIBA EuroBasket - with more than 1,500 live games in the first cycle (2017-2021).

“Together with Perform, we have created FIBA Media, a joint venture committed to increasing the value of the basketball fan experience. FIBA Media is maximising exposure for our sport on multiple platforms



and providing fans with unprecedented access to content.

"The partnership is helping us realise our ambitions to accelerate our sport's growth by unlocking the true potential of national team basketball, bringing the game to a new level globally, and tapping into emerging markets in Asia, the Americas and Africa. This agreement marks a step forward in a fast-growing and developing strategic area for FIBA and its international competitions." Among Perform's enduring customers is Matchroom Sport, whose founder, Barry Hearn explained that he had known the company and its founders since the very early days.

"The business depends on accessing volume TV rights and I deal in volume blue-collar sports and was probably their first customer 10 years ago," he says. "They have always been very creative in digital rights and kept ahead of the game. In betting, for example, live sports streams changed everything.

"As the world has progressed and technology has advanced, Perform has changed with it. In many ways, I compare them to Sky Sports, who rewrote the rule book. What they are doing is fulfilling unserved demand, taking niche sports to a general market and providing content for the audience when and where they want it. Millennials want sport on the go and Perform delivers sport in a way that suits their lifestyles."

But, he pointed out. It's not always just about the business. "There's one other thing," he says. "They're good guys and fun to work with and that's important!"

Perform has broken new ground across many areas of sports media and business but it is arguable that nothing has been as profound as the changes the company has helped drive in the betting sector, where the business has been transformed by changes in consumer behaviour resulting from access to new opportunities to bet created by digital technology.

Erik Backlund, head of Sportsbook at Kindred Group, which comprises 13 major betting brands including Unibet, underscores the importance of their contribution.

"Our partnership started many years ago with Unibet's first channel and then built around providing streaming services. The relationship went on to become more strategic and is now integrated into what we do from board level down. It is far

more than a supplier relationship and is something which we really value," he explains.

"They provide a premium service of video and data and I believe they have played a huge part in the rise of live action betting, actually helping to change consumer behaviour.

"Perform has been one of the driving forces in giving consumers what they want and they've had a particular impact in making mobile betting what it is today. Their work helped reduce the delay in delivering video via mobile from 20-30 seconds – which made betting impossible – to 5-7 seconds. That opened up the market.

"Most recently they've shown their creativity by responding to our push to add voice to streams without adding to the delay."

In its first 10 years Perform has had a profound impact on the sports media sector and the consensus is that the success has been achieved by total focus on digital innovation and thinking differently.

In an interview for *SportBusiness International* earlier this year CEO Simon Denyer explained the culture behind the success.

"Our ethos has always been not to replicate things done by other businesses and not to do anything that isn't digital. By keeping to that we have moved up the value chain," he said.

"Ten years ago, there were already well-developed ways of making money from sports media rights.

"We just looked at where the industry was from the perspective of starting from scratch with just some technology and some rights and worked on how we would build a sports content business for the next 10 years.

"We knew that we didn't want anything to do with analogue broadcasting, linear programming or print and that we weren't going to collect content in anything other than digital," he explained.

"Every year we change the way we do things. We are always looking for more efficient ways to get more coverage and faster ways of getting the feeds out. Digital and IP (internet protocol) is more efficient and there are always better ways of doing something.

"We are not bound by any existing business model and we have a pretty ruthless approach to the way we do things." ○



"In the fast-changing world of sports media, Perform has consistently demonstrated its ability to think differently and innovate and this is the basis of the ground-breaking strategic partnership with FIBA"

PATRICK BAUMANN,
SECRETARY GENERAL, FIBA



"Perform has a unique understanding of the digital media universe which is allied to a deep affinity with the WTA, our aims and objectives and the outcome has been the creation of an entirely new media experience for tennis fans"

STEVE SIMON,
CHIEF EXECUTIVE, WTA TOUR

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THIS MONTH'S INDUSTRY MOVES



The International Hockey Federation (FIH) has appointed **Delf Ness** as its new marketing and communications director. Delf, a former vice-president of the DHB, the sport's governing body in Germany, will take up the newly-created position in the FIH's headquarters in Lausanne, Switzerland. In addition to relinquishing his voluntary position with the DHB, where he was responsible for marketing, communication and events, he has also left

his consultancy role with Stilwerk, a retailer of home accessories, where he was part of the management board.



Steve Dainton (pictured) will steer the International Table Tennis Federation (ITTF) as the organisation's new permanent chief executive, while **Raul Calin** has been named as the governing body's first secretary general. Dainton had been serving as acting chief executive for two months, having previously served as the ITTF's director of operations. Dainton has worked for the ITTF since 2002, when he was named as the body's Oceania

development officer. He held this role for three years before becoming the director of the organisation's Asia-Pacific office in Shanghai.

Jon Dutton has been named as the chief executive of the 2021 Rugby League World Cup, which will take place in England. Dutton led England's successful bid for the tournament. He will begin his role in February after leaving his current position as director of projects and people at England's Rugby Football League. Dutton, who served as operations director of the 2013 Rugby League World Cup in England, has also previously worked for golf's PGA European Tour and the English Football Association.



Mark Lichtenhein has assumed the day-to-day management of golf's Ladies European Tour (LET) on an interim basis after Ivan Khodabakhsh departed as chief executive of the organisation. Lichtenhein, who is also chairman of the Sports Rights Owners Coalition, was appointed as chairman of the LET in December. The LET's board of directors, which asked Lichtenhein to take on the extra responsibility, will review the organisation's "current governance structure and business strategy".

Shuhei Nakamoto has joined Dorna Sports, the commercial rights-holder of the MotoGP and Superbike World Championships, as a special adviser. The former HRC vice-president will take on a role in the management and organisation of the company's Talent Promotion department, which includes the Asia Talent Cup, British Talent Cup and the European Talent Cup. Nakamoto's career with Honda began as a chassis designer, moving from two wheels to four before returning to HRC to take the reins in MotoGP in 2009. As vice-president of HRC, the team won four rider titles and five manufacturer's titles in eight years.



Andrea Bassani, the former Euroleague Basketball chief television and new media officer, has been appointed as the 7DAYS EuroCup media manager and will head the new centralised media-rights structure for the competition. Bassani, who was one of the founding members behind the creation of the EuroLeague in 2000, has led the rights distribution of the competition for the past 17 years.

Australian Olympic Committee chief executive Matt Carroll announced that **Todd Day** has been hired as the new chief financial officer of the national body. Day previously held the same position at Australian Rugby Union for seven years and the NSW Waratahs rugby union club for five years. Day has an extensive background in corporate accounting and financial management with more than 20 years' experience working in both global and locally-listed public companies, as well as not-for-profit organisations.



Fred Ridley has been appointed as chairman of the Augusta National Golf Club and Masters tournament after the retirement of **Billy Payne**, who had served in the role since 2006, was confirmed. Payne (pictured) will become chairman emeritus of the club. Ridley, who played in the 1976 Masters, went on to serve as president of the United States Golf Association after retiring from the sport.

MOVE OF THE MONTH



Jack Lim,
Chief commercial
officer,
One Championship

Jack Lim has been unveiled as the new chief commercial officer of One Championship, the ambitious Asian mixed martial arts promoter.

Lim, who held the same role at Singaporean media company Mediacorp, will oversee sponsorships, media rights, merchandising, ticketing and brand licensing for One and will also seek to develop additional revenue streams for the series.

Lim joins chairman and chief executive Chatri Sityodtong, international chief executive Victor Cui, vice-president of PR and communications Loren Mack and senior executive producer Bo Vongsakoun as part of One's senior management team.

Since completing an MBA in International Business from Nanyang Technological University in Singapore, Lim has specialised in digital and content strategy, consultative selling and integrated marketing.

Before his three-year spell at Mediacorp, Lim served as vice-president of media sales for Sony Pictures Asia. From 1997 to 2003 he was director of international sales at CNBC Asia Pacific and he has also worked at IBM, GE and Dow Jones.

"To unlock the full monetisation of our assets, One Championship needs a strong and seasoned leader to think through all of our assets and how best to optimise them across all revenue streams," Sityodtong said. "With Jack joining our senior leadership team, I am excited at the possibilities for One Championship."

The company, which was established nearly seven years ago, plans to stage up to 30 events next year across Asia and hosted its first fight night in the Chinese city of Shanghai at the start of September.

Lim added: "The breadth and depth of insights and experiences I've gained from working in world-class multi-nationals will go a long way in driving One Championship's global growth in the years to come. The team at One is incredibly passionate, with the technical expertise necessary for aggressive execution." ○



“If we can serve the fan, all the manifestations of our business will benefit”

SEAN BRATCHES, MANAGING DIRECTOR OF COMMERCIAL OPERATIONS, FORMULA 1

- Sport will move to dynamic trackside sponsorship assets next year
- Management team planning to launch two OTT products
- Bratches wants F1 team brands to recruit drivers and enrol teams in F1 esports competition next year

BY **BEN CRONIN**

Liberty Media, in case you hadn't noticed it, have been at pains to put a bit of distance between themselves and Bernie Ecclestone since they purchased Formula 1 in late 2016.

While the new management team have been careful to pay their respects to the octogenarian's achievements, it's seldom very long before they move on to enumerate all the business opportunities that the former CEO left on the table while he was running the sport.

Far from offering a placatory business-as-usual message to Formula 1's stakeholders, the sign that the new owners have placed over the door sends out an unmistakable message: the world's premier motor racing category is under new management and they think they can apply a more rigorous and open-minded approach to the task than their predecessor.

Speaking to Sean Bratches, the sport's new managing director of commercial operations, at the Singapore Grand Prix, it soon becomes clear that this root-and-branch approach also extends to the way the sport deals with the media.

“We never had a communications team,” says Bratches nodding towards former Ferrari press officer Luca Colajanni who oversees our interview in the F1 paddock and who joined the group in a frenetic recruitment drive earlier this year.

“The word is out, we've got professionals like Luca now on the communications team. I think we're trying to take this to a 21st-century-led company that has best practices and has the sport's, in the broadest sense, best interests in mind,” he adds.

An ESPN vice president of sales and marketing for nearly 30 years, Bratches joined Formula 1 in January when the new owners effectively tried to replace the ‘one-man show’ of the Ecclestone reign with a triumvirate of new leaders. Former Fox executive Chase Carey was appointed as the CEO, with Bratches heading up the commercial side and engineering legend Ross Brawn taking care of motorsport decisions.

Since joining the sport, Bratches has arguably been the most vocal member of the trio, although journalists accustomed to Ecclestone's more eccentric musings on Adolf Hitler, say, or the love lives of Formula 1 drivers are unlikely to get anything of the sort from the new commercial head. In fact, such is the intensity that Bratches applies to staying on-message, the paddock has already coined a word to describe his turn of phrase. ‘Seanspeak’ refers to his fondness for upbeat corporate metaphors and is an affectionate nod to the ‘Ronspeak’ similarly employed by former McLaren owner Ron Dennis.

The verbal intensity has been matched by the speed at which Bratches has attempted to create a more professional commercial

structure for the sport. Aside from the new hires in the communications team, he now presides over Formula 1's first formal sponsorship team, headed up by former World Rugby chief commercial officer Murray Barnett, and a commercial research team led by former Discovery and BT Sport head of research Matthew Roberts.

Measure and monetise

“You know there's an old adage that if you can't measure it, you can't monetise it,” he says. “When I arrived here ... we really didn't have any research; it wasn't a research-oriented company and we've moved to pivot that.”

At a recent conference, Chase Carey derided the sport's previous approach as one in which it was selling a ‘black box’ to its sponsors – Bratches' job is to give the sport's prospective partners a greater sense of what's inside. In the eight months he has been in position he explains how the sport has already conducted a global brand study, audience segmentation studies and on-the-ground research at every Grand Prix. An expression that might sound like a platitude in the mouths of other executives becomes more convincing given the extent of the research.

“Ultimately, we're putting the fans in the middle of the table on every conversation that we're having because we think if we can serve the fan, all the manifestations of our

SEAN BRATCHES *continued...*

business will benefit,” he says. “We think there’s a pretty significant upside on the sponsorship side for Formula 1, particularly as relates to our incumbent assets, but we’re also developing platforms that are sponsorable that don’t exist today in the sport.”

Where once the sport focused on static trackside adverts and counted the number of times they appeared on television, Bratches says Formula 1 will look at more dynamic inventory next year.

“You see what’s going on in paint and signs,” he explains. “We’re going to a full immersive, digital experience next year trackside where our [sponsors] will be able to position their brands in new creative ways to tell stories through digital technology, which other sports have adopted but we’ve been a little bit behind the curve on.

“Some of the manifestations from that are our ability to create split copy for current sponsors. So, if Heineken, as an example, wanted to promote their o.o brand in Spain and they wanted to promote Heineken Light in the US, Heineken in China, they could do that.”

The description sounds a lot like the digital replacement technology pioneered by technology firm Supponor in La Liga, but Bratches refuses to say which companies he plans to work with. The furthest he will go is to say the new inventory will be a combination of “LED, virtual reality and 3D” assets.

Additional sponsorship opportunities will be provided by updates to the Formula 1 website and, of course, the sport’s increased activity on social media.

“We’re building from the ground up a responsive web platform,” he says. “Right now, our current web platform is not commercialised at all, and it’s not set up to be commercialised. There are certainly capabilities from a social standpoint. Snap [Snapchat] is probably an appropriate example of that – we’re doing a live story Snap programme here in Singapore.”

Digital

With this, Bratches touches on the most obvious change instigated by the new owners. Towards the end of July, the sport’s new communications team sent out a celebratory press release revealing that Formula 1 was the fastest growing sports brand on social media having increased the number of its followers at that stage by 56 per cent in comparison to the end of 2016. Impressions were up 124 per cent and video views had increased by 283 per cent – it was also reported that the sport was



Sean Bratches pictured trackside with Formula 1 chief executive Chase Carey (Getty Images)

outperforming the likes of the NBA and MLB in terms of the number of interactions-per-thousand fans on Facebook.

The new commercial director is happy to share the good news, although he is the first to acknowledge this was the lowest hanging morsel of fruit when taking the reluctance of Ecclestone towards digital technology into consideration. Regardless of this, it sounds like the sport has a clear plan about what it intends to do with the new-found levels of engagement.

“We see social media as a kind of a dual opportunity,” he says. “One is to broaden the scope and reach of our brand and the other comes with direct monetisation.”

Expanding on this, he says the richer experience provided by the new website will also help to “ignite linear opportunities” while the sport’s new ‘fan-first’ approach will allow it to tailor content more effectively to its followers. He adds: “We think that is going [lead] to the ascendancy of our brand once we unleash the extraordinary amount of data in very user-centric and engaging ways.”

Media disintermediation

Bratches is in a strong position to comment on the changes that are taking place in the media having had a front-row seat in his time with ESPN. While he is reluctant to comment on the troubles at his former company, he is prepared to be quoted more generally.

“There is a disintermediation going on in the global video marketplace and you’re going to have winners and you’re going to have losers in that marketplace just like any other,” he says. “I think it’s dependent upon incumbent and insurgent brands to

be looking around corners in terms of the products that they’re serving their fans on, and which platforms and under which business models they adopt to do so.”

He is also prepared to put more flesh on Formula 1’s plans for not one, but two over-the-top (OTT) products. Once again, he lingers on the opportunities in the increased use of Formula 1 data.

“We’re going to launch two [OTT products], one live, which will basically be from Thursday to Sunday evening at a Grand Prix,” he says. “And we are going to launch a non-live one which will be data-driven. These extraordinary machines these pilots shepherd around the Grand Prix tracks are equipped with 120 sensors. They kick out over 1,500 points of data every second and we’ve been in the throes of discussions internally in terms of identifying which of those data points initially will make the most sense to create user experiences around and put on our non-live OTT platforms.”

Like any rights-holder trying to balance the needs of its media partners with the need to create a direct-to-consumer offering, Bratches maintains that live platform will be “complementary” to its media rights deals. He says there are two primary audiences the sport wants to target with the new platform.

“There are a growing number of households that do not have television either for economic or philosophical reasons,” he says. “We want to be competitive with other leagues that have platforms that can target these audiences and we want to be able to serve those audiences.

“The second I think are the ‘avids’ that the incumbent platforms are incapable of

facilitating. These are the kind of, what I would call, next generation experiences which an OTT platform can afford.”

Having just concluded TV deals with TF1 and Canal+ in France, Bratches says the sport will continue to try to pursue a mix of free-to-air and pay-TV deals. When he is asked about recent comments criticising the exclusive pay-TV deal negotiated by the previous ownership with Sky in the UK for rights from 2019 to 2024, he reiterates the proportion of Formula 1 he'd like to see on free-to-air.

“It's 25 to 30 per cent, I think, in an ideal circumstance where the state of the Formula 1 brand is right now. I believe that to be a very important aspect of the media rights deals we do in marketplaces today. As the great philosopher Mike Tyson once said, everyone's got a plan until they start getting hit, so you know, at this point in time, that is our strategy and I think we've done an appropriate job executing on that.”

He adds that the sport will try to secure shorter media deals to give it the flexibility to exploit its growing fanbase and react more swiftly to the state of flux in the media industry. “We want to be able to be lucid and pivot to opportunities as they present themselves that best serve the Formula 1 fan,” he says.

Esports

The need to reach new audiences is also the guiding principle behind the sport's decision to launch an esports competition based on the popular Codemasters Formula 1 video game. To help organise the competition it has enlisted the support of experienced esports event company Gfinity, which will host the semi-finals for the event at its London Arena in October.

Bratches admits that the competition is far from the finished article, and that next year's product will be better. For this to be the case, you begin to appreciate why the new owners want all of the Formula 1 teams to pull in the same direction.

“Next year we'll have a much more robust Formula 1 esports experience and process,” he says. “Ultimately our objective is to integrate that into a similar structure with the team brands leading and having teams actually managing their teams, recruiting these athletes and participating in the esports championship.”

As an example of the virtuous circle created by this type of partnership, Bratches says sales of the Formula 1-licensed Codemasters game have increased 30 per cent since the esports competition was launched. Returning to the

fan-centric theme, he adds that the competition will also furnish the sport with more data about existing and potential followers.

“There is a huge monetisation opportunity for us here and there is also, in everything we do going forward, the pursuit of creating a database that we can exploit to better provision content and experiences to the Formula 1 fan.”

Walking around the fan village at the Singapore Grand Prix, it's clear that the sport's sponsors have responded to the new focus on youth-friendly experiences. It is also apparent that the sport is providing them with the IP to activate their partnerships. In local sponsor Singapore Airlines' tent, for example, teenagers could be seen clustered around a simulator playing the Formula 1 game – other activities included a similarly youth-oriented drone-racing challenge.

Event hosting and promotion

These aren't the only respects in which the experience of the first night race on the Formula 1 calendar chimes with the ambitions of the new owners. When the organisers of the Singapore Grand Prix signed a four-year extension to their hosting rights immediately before the first practice session of the race, CEO Chase Carey was quick to praise the race promoters for providing a “week-long spectacular” and providing “an energy in terms of food and entertainment and things that transcend and make it more than just a race”.

Bratches says he was misquoted in stories that emerged after the Monza Grand Prix in which he appeared to criticise the majority of race promoters and claim that only four to five were doing an effective job. Exchanging frustrated glances with his communications

aide, he says the purpose of the comments was to highlight Formula 1's ambitions to create a more consistent experience.

“I think that we have a combination of promoters, car enthusiasts and governments that manage these [races] and some do a better job than others in terms of engaging the fan,” he says. “I think the ones that are, by default, and by business, natural promoters tend to understand that business better.”

“What we're trying to do is create a best-in-breed and create an overlay to support the overall experience. Because, ultimately, when a fan has a good experience it accrues back favourably to Formula 1; when they have a poor experience, unfortunately, it accrues back to Formula 1. It is not put on a promoter or anyone else, it comes to the brand.”

A further clue that Singapore is not one of the races on the naughty step is the new owner's well-publicised desire to host more street races along similar lines to the one held in the city state.

“I think from a directional standpoint we have an extraordinary complement of Grand Prix today,” says Bratches. “My instinct for the next tranche is to do street races as opposed to heritage or purpose-built tracks.”

In keeping with the more disciplined approach from the new owners, there's little chance Bratches will utter an indiscretion or give any clues about where these street races will be. And when Colajanni calls time on the interview just as Chase Carey appears at the door, it merely adds to the sense of a precisely calibrated machine.

The body language says there are plenty of other untapped opportunities to be had and the new owners are in a hurry to make the most of them. ○

CURRICULUM VITAE

Sean Bratches, managing director of commercial operations, Formula 1
Before joining Formula 1 in January this year, Bratches spent 27 years as executive vice president of sales and marketing at ESPN. There he oversaw ESPN's two primary revenue streams – advertising and sponsors sales, and content licensing. He also led the company's research and analytics, marketing, consumer products and events marketing divisions.

During his time with the media company, Bratches is largely credited with the record-setting growth of emerging networks and platforms such as WatchESPN, ESPN3 and the SEC Network. His achievements were recognised when he was inducted into the Broadcasting and Cable 2014 Hall of Fame Class. He has also received two Vanguard Awards, the cable industry's most prestigious award.

Bratches is a graduate of the Rochester Institute of Technology (RIT) where he earned a reputation as a hard-nosed lacrosse midfielder who helped lead the college's Tigers team to their first-ever NCAA appearance in 1983. He was inducted into the college's hall of fame in 2008. ○

Event bidding

1. NORTH AMERICAN WORLD CUP BID INVITES CITIES TO REGISTER INTEREST

A total of 49 stadia across 44 cities in North America were named on a list of proposed host venues for football's 2026 Fifa World Cup. The list comprised 34 cities in the US, seven in Canada and three in Mexico as part of the joint bid. The United Bid Committee said that it had reached out to the cities on the list, asking them to confirm their interest in staging matches.

Three Los Angeles venues were included on the list, as well as two in Dallas, Montreal and Toronto. All 32 NFL American football league stadia were on the list, apart from Buffalo Bills' New Era Field.

Final bid documents are due to be submitted to Fifa by March 16, 2018, with between 20 and 25 venues set to be included. About 12 venues will then be lined up for the tournament itself.

As part of the plan, the US would host three-quarters of the 80 games, with Mexico and Canada holding 10 each.

2. TYCOON BACKS NEW INDO-PACIFIC RUGBY TOURNAMENT

Billionaire mining tycoon Andrew Forrest has announced plans to establish a rebel rugby union competition, after Australia's Western Force failed in a court appeal to remain in the Super Rugby tournament.

Forrest, who had supported the Force's legal battle to stay in Super Rugby, said that the new Indo-Pacific competition would feature six teams from "key countries" across the region. He added that the competition would begin with an international game, although he urged Force players to "stay strong" to give him time to be fully briefed.

"This is the beginning of the new Western Force and the new Indo-Pacific rugby competition based on a fast-moving game, highly spectator and player-friendly, in full formal competition, as well as a new seven-a-side competition," Forrest said.

3. VICTORIA DROPS BID FOR 2022 COMMONWEALTH GAMES

The Canadian city of Victoria's bid to host the 2022 Commonwealth Games has been dropped due to a lack of support from the provincial government.

The news comes after the committee behind the bid unveiled a budget of C\$955m (€647m/\$763m) under a plan that would have included events throughout the wider British Columbia province.

The bid committee had been seeking



Andrew Forrest addresses the Force players and crowd after a Super Rugby match with the Waratahs (Getty Images)

C\$400m from the federal government and a further C\$400m from the British Columbia government.

In a statement British Columbia Finance Minister Carole James said: "While we appreciate the energy and passion of the bid committee, we cannot make a commitment to support the bid through direct funding, nor can we provide a financial shortfall guarantee."

4. CHINA TO FORM MEN'S ICE HOCKEY LEAGUE AHEAD OF 2022

China is set to launch a men's ice hockey league next year to aid preparations for the 2022 winter Olympic and Paralympic Games in Beijing.

The Xinhua state news agency reported that Fang Xuefeng, general secretary of the Chinese Ice Hockey Association (CIHA), said the league will be launched with six Chinese clubs in August or September 2018. The CIHA is considering regulations to allow foreign players in the league due to the current lack of Chinese athletes.

Xinhua said every club will have to partner with a university team to develop young players for the league. The CIHA is also said to be considering establishing a youth

ice hockey league to promote the sport's development in China.


5. SAMOA REPLACES TONGA AS HOST OF 2019 PACIFIC GAMES

Samoa has been awarded hosting rights for the 2019 edition of the Pacific Games multi-sport event.

Samoa will replace Tonga as host of the event, with the latter country having withdrawn its bid earlier this year due to financial concerns.

Samoa, Guam and Tahiti had stepped forward with bids to replace Tonga. Tahiti withdrew its bid in August amid a lack of government support, so the Pacific Games Council has now awarded the event to Samoa, after doubts emerged over funding for the Guam bid.

The Games will take place in Samoa from July 8-20, 2019. Samoa last hosted the event in 2007.

In a statement the Pacific Games Council said: "An agreement between the governor and the Guam Legislature for a budget appropriation to enable Pacific Games preparations to begin in the upcoming fiscal year could not be reached in the short timeframe available." 



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At just 37 years old, Brazilian Andre Zanotta has risen quickly to the upper echelons of club football management in Brazil since his graduation from the “FIFA Master” in 2010. Currently the Sporting Director of Gremio FBPA, one of the country’s powerhouses, Andre has become a reference for young sports administrators dreaming of a high-profile role in football (in Brazil and elsewhere).

Andre started his professional career as a lawyer at an important firm in Sao Paulo, where the majority of his clients were football clubs. In 2009, he decided to apply for the “FIFA Master”. Soon after graduation, Andre moved to Cancún, Mexico, where he joined Atlante FC as Commercial Director. He tells us how that opportunity came to be: “The people we meet during the Master have been a huge help in the development of my career. One of them, Miguel Couchonnal, a classmate, was the General Director of Atlante FC, and after the Master he invited me and another friend to work with him at the club”.

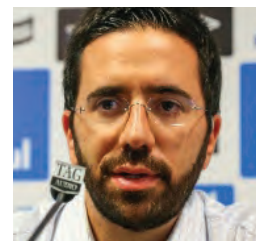
After one year at Atlante FC, Andre decided to return to Brazil and joined Traffic Sports - at that time, the most prominent sports marketing agency in the country - as manager for the football department, working directly with the clubs owned by the company (Estoril Praia and Desportivo Brasil). In May 2012, he was offered a job as Assistant to the Sporting Director at Santos FC - one of Brazil’s most acclaimed clubs. Within a year, at just 33 years old, he became the club’s youngest ever sporting director.

After three years working at Santos, Andre had built a reputation that caught the attention of several other clubs, and offered him the opportunity to take on different challenges in other regions of the country. “In 2015, I decided to seek other opportunities, so I went to be the Sporting Director at Sport Club do Recife, in the northeast region, and now, since the beginning of this year, I have the same position at Gremio, in the most southern state”.

In this interview, Andre Zanotta shares his views about the current situation of Brazilian and South American football, as well as the importance of the “FIFA Master” for his career.

How do you see the future of Brazilian and South American football?

I think South American football in general is progressing for a better future. We see now a lot more professionalism in the clubs. Chairmen and other key persons are looking for best practices in different areas, following examples mainly found in the European market and applying them in their clubs. Also, the new board of CONMEBOL is trying to increase transparency in their decisions and contracts they sign. As from 2019, for example, there will be a significant increase in the amount paid to the clubs playing in the Copa Libertadores and Copa Sudamericana. There is still significant improvement to be made to close the organisational gap to the top European clubs, however, I am very optimistic about how things are progressing in recent years.



What would you say were your most impressive professional achievements?

Becoming the youngest Sporting Director in the history of a club like Santos FC was something that I am very proud of. I was only 33 years old when appointed in such an important position.

How important was the “FIFA Master” for your career?

The “FIFA Master” represented the change I wanted to make in my career. It was definitely the first push I had in order to reach the position I am now.

How important is alumni network for you?

This network has been very important for my role as Sporting Director. I remember when I was in Santos and I brought a Brazilian player on loan from a club in Saudi Arabia and I was having difficulties in making connection with the FA there, in order to release the player. One of my classmates with links in Saudi Arabia helped me to solve that. Once I also negotiated a player transfer with a former classmate of mine. Small world!

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DOUBLE VISION | THE WINNERS AND LOSERS IN THE DUAL AWARD OF THE SUMMER OLYMPICS

Paris and Los Angeles were officially awarded the 2024 and 2028 Olympic Games at September's IOC Congress in Lima. After the first ever dual award of hosting rights was confirmed by IOC president Thomas Bach in the Peruvian capital, **Ben Cronin** assesses the winners and losers in an unprecedented bidding process



Anne Hidalgo, Mayor of Paris, IOC president Thomas Bach and Los Angeles Mayor Eric Garcetti pose for pictures at the IOC Congress in Lima (Buda Mendes/Getty Images)

1. THE CITIES

- Paris local sponsorship programme predicted to generate \$1bn (€850m)
- US one of the few markets that could drive an uplift in the IOC TOP programme
- Regions rather than cities could host in the future

Winning and losing, or at least the perception of who has won and lost, is clearly important to Thomas Bach. Having once said the procedure to host the Olympic Games produced “too many losers”, the IOC president struck a much more optimistic tone in July as he described the agreement of an outline host city contract for Los Angeles to stage the 2028 Olympics as a ‘win-win-win situation’ for the three parties affected by the deal.

In announcing its candidature for the 2028 Games, Los Angeles had effectively conceded the race to host the 2024 Games to the only other candidate city, Paris, and the IOC could finally start to congratulate itself on securing two excellent future hosts for the summer Games.

When the dual award was finally confirmed at the IOC Congress in September, the wider sports industry could start to examine the implications.

“The Olympic Games is the No.1, so when something happens at the top level it will send signals to the market,” says Lars Haue-Pederson, managing director of LA bid advisor TSE Consulting. “The big question for the market, meaning the rights-holders, the supply side and all the host cities, the demand side, is really: is this a good decision?”

So who are the real winners and losers in this unprecedented race and what does the heavily flagged outcome mean for sports event hosting as we know it?

A) PARIS

In the rush to examine the inducements that LA has secured for accepting the 2028 Olympics, Paris’ success in securing the Games that it wanted has almost been overlooked. Beaten by Beijing and London for the rights to host the 2008 and 2012 Olympic and Paralympic Games respectively, the French capital has finally managed to land the big prize.

The city learnt from the failure of previous campaigns – which were criticised for featuring a high proportion of politicians

at the expense of sportspeople – by putting athletes at the heart of the 2024 bid. The personification of this strategy was three-time Olympic canoeing champion Tony Estanguet who ran a disciplined campaign that refused to take anything for granted and was closely aligned with Olympic values of inclusivity and sport for all.

The campaign’s steadfast insistence that it could only secure the land for the proposed site of its Olympic Village up to 2024 made it the more likely recipient of the earlier summer Games in any deal with the IOC. Equally, the repetition of the message that 2024 would mark the centennial of the city’s last hosting of the Olympics improved the rationale for awarding the city the first edition of the Games in any carve-up. But perhaps the greatest factor in its success was one beyond its control.

“Paris will be the same as London. The markets are very similar so they’re forecasting around about \$1bn in revenue”

TIM CROW, CEO, SYNERGY

“LA was thrown by the unstable political climate in the US, which spooked the IOC and the possibility that Trump could win a second term and be president in 2024,” says Rob Prazmark, president, 21 Sports & Entertainment Marketing Group. “From the US election in November it was clear – they would have had a shorter putt to make if Clinton had got in.”

The Paris bid played on LA’s misfortune by dialling up the inclusivity messages at the time of Trump’s travel ban – not to be underestimated given the fact that several IOC voting members are Muslim and any Games in LA would be expected to welcome visitors from the countries blacklisted by Trump.

The French bid also stated its support for the conveniently-named Paris Climate

Accord after the US President withdrew his country from the international deal.

When the city decided to deploy its political assets, it did so in a much more effective way than in previous campaigns. Where president Jacques Chirac had hindered Paris’ bid for the 2012 Olympics by appearing aloof in comparison to Tony Blair in the build-up to the IOC vote in Singapore in 2005, Emmanuel Macron proved a much more useful addition to the Paris 2024 campaign. Macron was the charismatic counterpoint to Trump, offering himself up for photo opportunities modelling the bid’s culturally inclusive ‘made for sharing’ hand gesture and rolling up his sleeves for the benefit of the bid. At one stage he was even pictured attempting to play wheelchair tennis during the campaign.

Now that the city has secured the Games, it is under pressure to deliver the build component of its bid on budget so that it validates Agenda 2020. While much has been made of the long-term cash inducements and incentives revealed in LA’s draft host-city agreement with the IOC, Paris will have a much more conventional timeframe and host city contract to prepare for the event.

The IOC has predicted it will contribute \$1.7bn of its broadcast and sponsorship revenues to Paris, but unlike LA, there would be less opportunity for this figure to increase.

“There would be less upside potential for Paris because there are certain TV deals and others that are already locked in, so there’s no room for upside,” says former IOC marketing director and LA bid adviser Michael Payne.

However, Tim Crow, CEO of Synergy, which advises Olympic sponsors, thinks Paris’ local programme will perform well. “Paris will be the same as London. I’d imagine that they’d generate the same kind of revenue as London,” he says. “The markets are very similar, so they’re forecasting around about \$1bn in revenue and I’d expect them to do that.” In floating the idea that esports could feature at the Paris Olympics, the future host has also

Continued from previous page...

showed its determination to prove that Los Angeles doesn't own the patent on re-imagining the Games for future generations.

B) LOS ANGELES

"I can look people in the eye and say this is a much better deal financially," Los Angeles mayor Eric Garcetti told the assembled press as he presented the series of concessions from the IOC that persuaded the city to accept the 2028 Games.

When the IOC took the commendable decision to publish the yet-to-be-signed 2028 host city contract in July, observers were able to judge for themselves whether the deal was as good as Garcetti was claiming.

While parts of the press have focused on the IOC's headline commitment to contribute \$1.8bn to the Los Angeles organising committee, this figure is not that much higher than the sum Paris will receive for hosting the 2024 Games. The principle benefit of the deal appears to be that it will provide LA with advanced cash flow of \$180m to put towards its operating costs for the next five years and that there is also a potential uplift in the city's cut of IOC revenues if, as expected, its commercial programme thrives in the 11-year interregnum. According to the wording of the contract, the IOC estimates its international programme will jump by £200m owing to "potential renegotiations or renewals of current agreements" and some suspect this will be driven by having a Games on US soil.

"I think with LA it's going to be very interesting because what Tokyo has done is it's helped bring eastern brands into the TOP [programme]: Toyota, Bridgestone, Alibaba," says Crow. "Now, will LA bring American brands into TOP and into new categories generally? That clearly is going to be one of the key dynamics. Of course, it doesn't really matter where they come in, because everybody benefits."

Meanwhile, Los Angeles has earmarked \$160m of the advanced cash flow from the IOC to invest in the development of youth and sport-orientated activities, which allows the city to deliver impact and legacy upfront and build audiences for the 2028 Games.

"We will have two luxuries no LOCOG has ever had and that's time and money," Casey Wasserman, chair of the LA bid, tells *SportBusiness International*. "We can begin to deliver the impact of the Games right away to the Los Angeles community which we think is a tremendous benefit to the kids

of Los Angeles. It's likely there's a future Olympian in that group and that Olympian could be competing in 2028."

Another favourable term of LA's contract with the IOC is that it includes the right to keep any surplus derived from the Games, 20 per cent of which will go to the US Olympic Committee (USOC) and 80 per cent to the local organising committee. This could prove to be a significant benefit given that all of the Los Angeles 2028 venues are already built and the bid estimate includes a \$487.6m contingency.

"I think the potential for surplus in 2028, bearing in mind that they already have a \$500m contingency in the bank, will be game-changing for the future health of the Olympic Movement"

MICHAEL PAYNE,
LA BID CONSULTANT

"I think the potential for surplus in 2028, bearing in mind that they already have a \$500m contingency in the bank, will be game-changing for the future health of the Olympic Movement in showing how fiscal discipline can deliver a great Games in the same way LA 1984 [was]," says Payne.

Although, LA didn't get the Games it originally bid for, it is widely thought to have fought the more innovative campaign and earns points for once again riding to the rescue of the IOC and for being amenable to the idea of a compromise.

"The LA [bid was] more about re-imagining the Games and turning the Games on for a new generation, which is kind of interesting," says Crow. "I predicted that it was going to be Paris 24 and LA 28, but I thought the one thing that might sway it in LA's favour was if the IOC thought we need LA first because we need to ignite the passion of a new generation for the games and re-imagine it."

Because the US advertising market is eight times bigger than the one in France, Crow expects the LA's local sponsorship programme to perform better than Paris'.

"I would expect them to do \$2bn as an absolute certainty," he says. "I would not be

surprised at all if it did over \$3bn, because they have such a long run at it."

C) SMALLER HOST CITIES

In taking the summer Games to Paris and Los Angeles, the IOC has shored up its position until 2028 and minimised its liabilities with two cities that are known quantities and which have hosted the Games before. But where does the more prescriptive selection process leave smaller cities or first-time bidders and their chances for a future tilt at the Olympics? Haue-Pederson retains the hope that they will continue to come forward for the big events, even if the IOC and other major rights-holders are likely to review their host selection models.

"We know from research that the cities that benefit most from hosting major events, whether it is an Olympic Games or other events, are the cities that are known but not that well-known," he says.

The IOC will be heartened to hear that Budapest, the last of the European cities to pull out of the race for the 2024 Games, has confirmed that many of the venues and facilities that formed part of its Games plan will still be built, positioning the city for a more Agenda-2020-friendly bid when conditions are more favourable.

But former IOC marketing director and LA bid consultant Michael Payne argues that things still need to change to encourage more left-field cities to come forward.

"Do you think Lillehammer could have taken place under the current environment? In my view, Lillehammer is still the greatest winter Olympic Games ever, but there's no way they would even have got past first post," he says.

He recommends that the IOC assist prospective hosts by educating politicians and local press that a tilt at the Olympic Games does not have to cost the \$50bn spent by Vladimir Putin on the Sochi winter Games. Haue-Pederson proposes a more radical solution that could still bring smaller cities into the equation.

"Why couldn't – and I'm just giving an example – Wales bid for the Olympic Games? Why couldn't an emirate like Abu Dhabi host the Olympic Games? Why couldn't a province like Alberta in Canada host?" he asks.

Neither Payne, nor Haue-Pederson, subscribes to the view that the IOC deprived other cities of the chance to bid for the 2028 Games, because none had come forward at the time the deal for LA was agreed. [O](#)

2. EUROSPORT

- Broadcaster still has to finalise sub-licensing deal in France
- Deal with German public broadcaster brings it closer to earning profit on its investment
- Broadcaster has strong relationship with LA, in spite of support for Paris bid



Peter Hutton, CEO of Eurosport, says: “It’s clear when you look at what we still have to sell that having the Games in prime-time Europe and the noise that having the Games in a city like Paris will create, is clearly good news for our economics.”

The Paris-based broadcaster and parent company Discovery Communications struck a deal in June 2015 with the International Olympic Committee (IOC) for rights to the four Games between 2018 and 2024 for €1.3bn (\$1.5bn) in 50 European territories and came out in support of the Paris bid during the campaign.

The broadcaster now finds itself in a strong position to conclude sub-licensing deals, most significantly in France, Spain, Italy and Portugal.

“All of those things are clearly helped by

having a Games in prime time. And it also helps our ratings; the ratings for something in prime time are clearly going to be higher and therefore it helps our advertising,” says Hutton.

Hutton was speaking shortly before Discovery agreed a deal to sub-license its Olympics rights to German public service broadcasters ARD and ZDF after the pair initially walked away from discussions having failed to match the asking price.

Safe pair of hands

The German deal and the increased competition around a Games in Paris make it more likely that Discovery will earn a profit on its pan-European Olympic deal. The broadcaster aims to recover 70 per cent of investment in Olympic rights from free-to-air coverage, a figure that is made up of

They [the IOC] have to choose us, right? We’re certainly interested in continuing that Olympic relationship beyond 2024”

PETER HUTTON,
CEO, EUROSPORT


sub-licensing deals and advertising revenues from its own free-to-air channels. Equally importantly, the apparent success of the sub-licensing programme will persuade the IOC that Eurosport is a safe pair of hands for its Olympic rights and can be trusted to honour its commitment to put a minimum amount of coverage on free-to-air television.

“I think Eurosport and Discovery have done an excellent job with their sub-licensing and what was initially maybe seen as a bit of a risk,” says former IOC marketing director and LA adviser Michael Payne. “Look at how much of the risk they’ve offloaded into what is proving, I think, to be a very solid deal. I think at the end of the day the accountants will look back at the eight-year deal in 2024 and say this was an absolute winner; we should fight hard to hang on to it.”

Although the decision is a long way off, Hutton tends to agree, although he insists that it won’t fall to Discovery alone.

“They [the IOC] have to choose us, right? We’re certainly interested in continuing that Olympic relationship beyond 2024,” Hutton says. “It’s been a really positive experience so far.”

Contrary to some accusations, Hutton does not think Eurosport broke Olympic protocol in backing the Paris bid and thinking more long term he argues that the broadcaster has a strong relationship with the 2028 host city.

“Nothing we have done has gone down badly with the people that matter. We have a really good relationship with Casey Wasserman and the 28 group, as it is now,” he says. 

Continued from previous page...



Urban sports like skateboarding are popular in Los Angeles (Getty Images)

3. SPORTS FEDERATIONS

- MMA targets inclusion at Los Angeles Olympics
- Paris bid leader to talk to esports organisations
- Cricket unlikely to be included in 2024 or 2028

Paris 2024 and Los Angeles 2028 might be some distance in the future, but that hasn't stopped the International Mixed Martial Arts Federation (IMMAF) from celebrating the dual award of the Summer Olympics as good news for the sport of MMA.

Although Mixed Martial Arts is outlawed in France, the federation's president, Densign White, thinks the sport would have a good chance of featuring as a demonstration sport at the Los Angeles Games in 2028, especially now that the IOC allows the host country to propose additional sports for inclusion.

"Los Angeles seems more realistic, because in America MMA is such a big sport," he tells *SportBusiness International*. "It's recognised by the majority of the states there and the Nevada State Athletic Commissions. You could argue MMA is now a traditional American sport, because that's where it has grown and taken off, and there's been the growth of the popularity of UFC."

Strong media presence

IMMAF has been supported and sponsored by UFC since its inception in 2012, and White thinks the strong media presence and political clout of the property has been bolstered by IMG's \$4bn (€3.4bn) takeover of the promotion in 2016.

"IMG is probably one of the biggest media marketing companies in the world with huge influence at all levels in sport and the world of entertainment generally, so we're using all of those opportunities for our cause."

It is also rumoured that Ziyavudin Magomedov, the Dagestani oligarch who owns a majority shareholding in Russian mixed martial arts promotion Fight Nights Global, is eager to back a push for Olympic inclusion, although White is yet to have a conversation with the organisation.

"I haven't had discussions with them yet, but their name was mentioned to me recently," he says. "It was mentioned to me that the owner [is] very interested in trying to promote MMA as an Olympic sport and that he might want to support what we're doing." *SportBusiness International* attempted to

contact Fight Nights Global, but at the time of publication, nobody had come forward for comment.

Even though professional MMA fighters would not be able to fight at an Olympic Games, White points to the popularity of fighters like Conor McGregor with younger audiences as the trump card in its fight for Olympic inclusion. At the moment, he suspects that the IOC thinks the sport is too blood-thirsty, but argues that the heavier gloves used in the amateur version of the sport make for fewer cuts and knockouts.

"The IOC needs to look at ways to attract youth," he says. "It could well be they are looking at MMA already, even for 2024."

"The IOC needs to look at ways to attract youth. It could well be they are looking at MMA already, even for 2024"

DENSIGN WHITE,

PRESIDENT,
IMMAF

The need to re-imagine the Games for younger audiences could also increase the chances of the inclusion of esports in the Olympics. Tony Estanguet, co-president of the Paris Olympic bid committee, recently said he would hold talks with esports representatives about the possibility of gaming appearing on the Paris 2024 programme.

"We have to look at it, because we can't say it's not us, it's not about the Olympics, it's not about what interests youth," he told the Associated Press. "Let's meet them and try and see if we can find some bridges or not. I don't want to say no from the beginning."

Any argument about the inclusion of esports would be fiercely contested and would inevitably provoke the usual arguments about whether a pursuit without aerobic or physical demands should be included on the Olympic programme. One

consultant, who did not wish to be named, argued that esports competitions with a traditional sports dimension might be more likely to be considered.

Strong support

Of those sports already included in the Olympic programme for Tokyo 2020, a large number enjoy strong support in Japan and the US, but have a less passionate following in France. Baseball/softball and golf, for instance, will be looking forward to an Olympics in Tokyo and Los Angeles, but could conceivably be less excited about a Games in Paris. The same might be said for urban sports like skateboarding, for whom a Los Angeles Games will represent a return to their South Californian heartlands.

California is also the spiritual home of surfing, although it should be noted that the International Surfing Association (ISA) recently hosted its World Surfing Games in Biarritz on France's South Atlantic coast, perhaps pointing to how the sport could be incorporated into the Paris 2024 programme.

One sport for whom the stars seem to be aligned is rugby, which enjoys strong support in Japan and France, and is gaining traction in the US.

The biggest loser is conceivably the sport of cricket, which was last included in the Games in Paris in 1900 and is reportedly close to announcing an application for inclusion in 2024. The sport is not played much in France or the USA and suffers from the fact that it is not perceived to be global or youth-oriented. Although cricket's inclusion would help the IOC target audiences in India, things are complicated by the fact that the powerful Indian Cricket Board (BCCI) is refusing to back the International Cricket Council's (ICC) bid for inclusion.

"They need to be looking at 2032 for cricket, which would help the IOC in their mission to get an Indian bid [to host the Olympics]," says a consultant who does not wish to be named. "But India [the BCCI] seems to be the one federation that is actually blocking the ICC. I don't think cricket has much chance of getting on 2024 or 2028." ○

Continued from previous page...

4. THOMAS BACH AND THE IOC

- Paris success important in returning the Games to European 'heartlands'
- IOC fared better than Fifa in making dual award
- Bach credited with firm leadership and successful selling of idea

Thomas Bach and the IOC might not have planned it this way, but they can congratulate themselves on securing a stellar roster of host cities for the next three instalments of the summer Games. Tokyo, Paris and Los Angeles does not make for a bad line-up, especially considering the withdrawals of Hamburg, Rome and, finally, Budapest during the 2024 race.

Given that all of these withdrawals were by European cities, Tim Crow, CEO of the Synergy marketing agency, thinks the French capital's victory represents the best news for Bach.

"Paris succeeding is really important to the IOC because the IOC's biggest client is cities and it has definitively struggled to attract cities generally to bid," he says. "Above all, it needs European cities to bid because it's such a strong heartland."

Spotting the opportunity

Ironically, the IOC has fared far better than Fifa, which actually set out to select two host cities at the same time.

"You can say that the IOC has definitely done much better out of this situation – which is not something that they planned from the beginning – than Fifa came out of their situation, which was something they planned," says Lars Haue-Pederson, managing director of LA bid advisor TSE Consulting. "It's true that it should have been the other way round."

Bach deserves credit for spotting the opportunity for a dual award when Budapest withdrew from the race and for the way he first floated the idea and gave members time to get used to the idea before he put it to the vote. "I remember late last year an awful lot of members were saying to me 'what the hell is this all about?'" says former IOC marketing director and consultant Michael Payne. "And time was allowed for it to be thought through, debated, and the members at the end of it said 'well, under the circumstances you know we think this is probably what is best for the Olympic Movement.'"

"There's no question that if they had



IOC president Thomas Bach speaks during the 131th IOC Session in Lima, Peru, in September (Buda Mendes/Getty Images)

lost, the US was going to be out of here for a generation and that would have been very damaging to the Olympic Movement."

Backroom deals

On the latter point, if there is a criticism of the IOC president, it resides in the fact that the series of backroom deals that led to the dual award could hardly be described as democratic. But Payne gives this short shrift.


"Bach was very much an apprentice of [former IOC president Juan Antonio] Samaranch and frankly that's what it takes to keep 200 countries going in the same line," he says. "You've got to lead clearly and Bach is showing leadership in the way that Samaranch did. [Jacques] Rogge came forward with good ideas and good intentions, but stumbled in selling them."

Most experts agree that a hosting order of Paris and then LA will satisfy the IOC's broadcast partners, and leaves the organisation in a stronger position to renegotiate contracts when they come up

for renewal. If, as appears likely, the winter Olympics returns to Europe in 2026, it will create a competitive environment when the IOC takes the European TV rights to market, but Crow thinks the greatest opportunity lies in the US and what happens beyond the IOC's \$12bn deal with NBC, which runs to 2032. "It really buys the IOC time," he says.

Selection process

Bach has also bought plenty of time to reconsider the host selection process before it becomes time to select the 2032 host city. The toughest question is whether the IOC should take an equally prescriptive approach in the future.

Haue-Pederson says: "If you think that it's actually a better situation [that] we have today, then the whole bidding system should change. If we say that we would have preferred to have five cities ready, then we should say that the solution found today with 24/28 is a good solution, but it's an exception based on some specific circumstances." 

5. BID CONSULTANCIES

- Lack of bidding race until 2032 and Thomas Bach's streamlining campaign threatens consultancy firms
- Smaller one-man-band lobbyists predicted to struggle
- JTA doesn't secure win bonus, but aims to advise Los Angeles for next 11 years

Support finds it difficult to accept the idea of a win-win scenario, never mind the notion of a 'win-win-win' outcome for three different competitors. Like Newtonian physics, the expectation in the sporting universe is that every action will be met with an equal and opposite reaction.

If there is some consensus that the IOC and the cities of Paris and Los Angeles have fared well in the decision to award the 2024 and 2028 editions of the Games at the same time, another popular theory is that this is offset by the bad fortune of the bid consultancies that thrive on open, competitive and regular host-city election races.

"The biggest losers in this are all the bid consultants, because they're out of business," says LA bid consultant and former IOC marketing director Michael Payne. He excludes himself from his prognosis by saying that bid consultancy work makes up a just small proportion of his 'day job'.

Streamline the process

Aside from the absence of another summer Games bidding race until the competition for the 2032 Olympics begins, the greatest threat to these consultancies lies in Thomas Bach's avowed intention to streamline the Olympic bidding process and do away with the need for expensive advisers altogether. The leader of the Olympic Movement wants the IOC to take a more consultative role and work in partnership with prospective bidders to help them prepare successful campaigns.

However, one consultant, who spoke on the condition of anonymity, predicted that, with stakes so high, cities would continue to try to gain any advantage they could in future bidding races. The consultant also questioned whether a city would see as much value in consulting with an IOC central office that would also be advising its competitors.

Whatever happens, Vero Communications and Jon Tibbs Associates (JTA), the two consultancies most readily associated with the successful Paris and Los Angeles bids, are

unlikely to go short of work. For a start, both are diversified businesses who also advise sports federations and whose work with cities extends beyond the Olympics to other event-bidding campaigns and the successful hosting of events. There is also the matter of the 2026 winter Olympics to award and campaigns for the 2032 Olympics could start to seek advice as early as nine to 10 years out from the Games.

"There are probably a few one-man-band lobbyists who are going to have to reinvent themselves"

MICHAEL PAYNE,
LA BID CONSULTANT

Payne clarifies his comments when he says it is the smaller operations rather than the large consultancies that might struggle. "There are probably a few one-man-band lobbyists who are going to have to reinvent themselves," he says.

Predicting the long-term prospects of any business is difficult, but in the here and now, all of the consultants associated with the Paris and Los Angeles campaigns can claim to be winners.

Although the Paris advisers helped the city to secure the edition of the Games it wanted, Steve Martin, chief executive, M&C Saatchi Sport & Entertainment, thinks Los Angeles ran the better campaign.

"I really liked the LA campaign, because it showed terrific humility and didn't try to go the over-the-top Hollywood route," he says. "I liked the tone of it; it was pretty straight, honest and to the point."

Rob Prazmark, president, 21 Sports & Entertainment Marketing Group, also credits the advisers behind the Los Angeles bid for having the good sense to strike a deal for the 2028 Games when the political conditions made 2024 a difficulty.

"The LA bid consultants, Terence Burns,

Michael Payne and Jonathan Tibbs gave good counsel. They said we're not going to win 2024," he says. "When [Donald] Trump won [the US presidential election], the gap got too big. Payne, Burns and Tibbs knew the IOC, and although Casey Wasserman considers himself a maverick and is his own person, he's been in the business long enough to listen to the three elder statesmen. Larry Probst [United States Olympic Committee chairman and IOC member] was also influential."

Federal tax documents released in June, showed how some of the consultants behind the LA bid had been remunerated for their efforts, even before the city was awarded the 2028 Games. The documents revealed that the bid committee paid nearly \$700,000 to Teneo Strategies, the company of which LA bid adviser Terence Burns is the co-president. The committee also paid \$160,000 in consulting fees to former Olympic swimmer Janet Evans and \$60,000 to a company owned by LA chief strategy officer Angela Ruggiero.

The assumption is that the consultancies associated with the Paris bid will have earned a win bonus for securing the 2024 Games, which begs the question as to whether the award of the 2028 Games was sufficient to trigger a similar bonus for those who advised the Los Angeles bid.

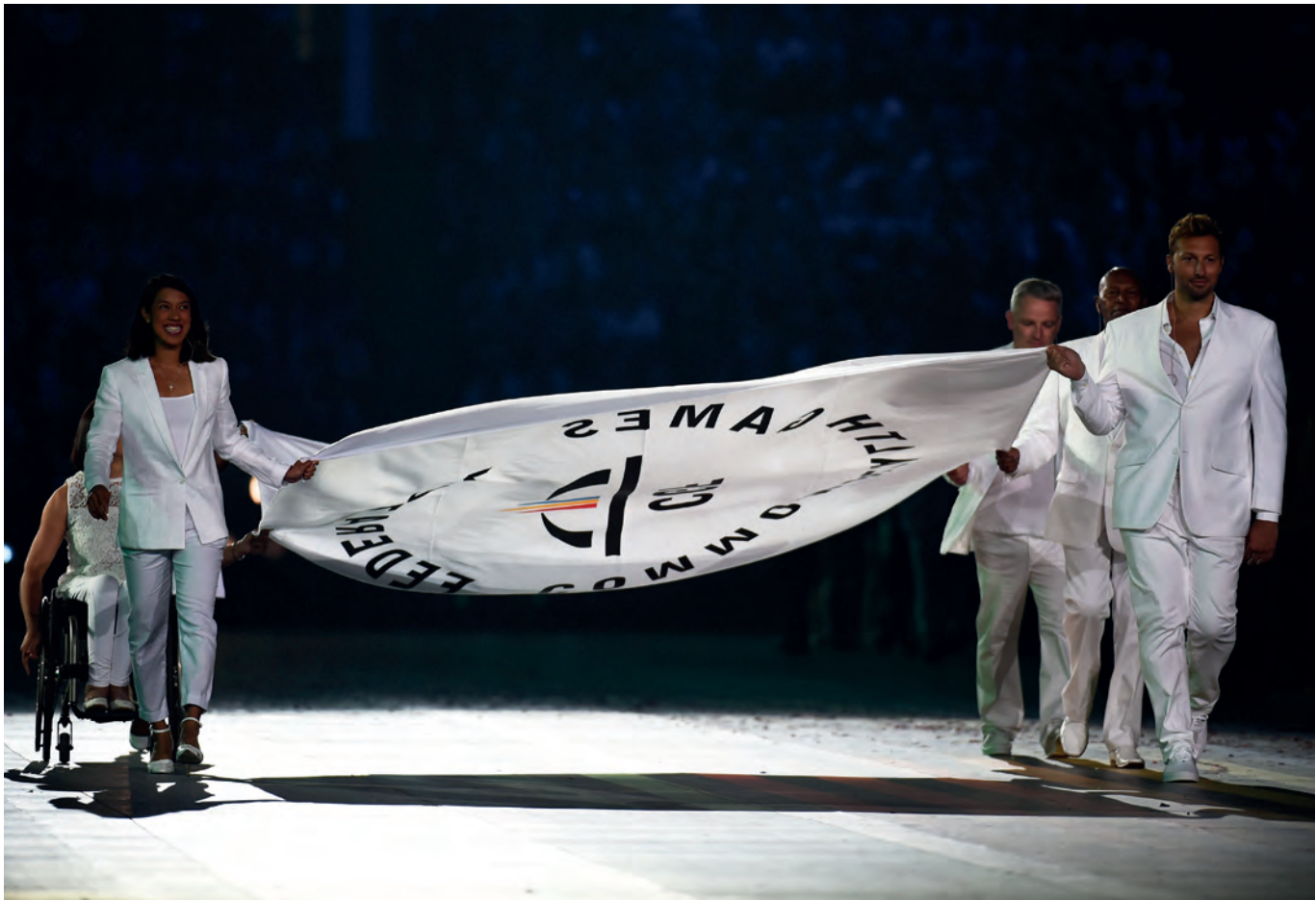
JTA chairman Jon Tibbs answers in the negative, but argues that the consultancy has secured a bigger prize.

"JTA very much view this as a win. Los Angeles originally went for the 2024 Games, but when it became clear that 2028 was a viable option, they decided to go for that instead and won, with a significantly favourable deal for the people of LA," he says.

"For JTA, there is no question about a win bonus. We will not be getting a win bonus for 2028 and nor will we be asking for one. However, our sole ambition is to have an 11-year relationship with the city of LA, with the USOC and the organising committee. That is a far greater prize than any modest bonus." ○

MODEL PARTNERS | CGF DEVELOPS ITS VALUE PROPOSITION WITH LAGARDÈRE SPORTS

- ▶ CGF Partnerships will improve support for Commonwealth Games host nations and cities
- ▶ Technology arm will centralise and create continuity in infrastructure or Games management systems
- ▶ Biggest change is multi-Games approach to sponsorship, broadcast and digital rights sales



CGF Partnerships has initially been contracted to support the delivery of the next three major Commonwealth Games cycles (Jeff J Mitchell/Getty Images)

BY ROBERT RIDLEY

At a time when bidding for, and hosting, major sports events has never been under more scrutiny, the Commonwealth Games Federation is setting forth on a venture that aims to be fundamentally transformative, not only for the Commonwealth Sports Movement, but also for the industry as a whole. First unveiled in July, CGF Partnerships is the result of a new

engagement with the Lagardère Sports agency.

The new entity has a core vision of improving the support for host nations and cities to enhance the overall value of staging the Commonwealth Games.

“It is focused on two goals,” CGF chief executive David Grevenberg tells *SportBusiness International*.

“One, making our events more sustainable as a commercial proposition, but probably much more importantly, getting the delivery

model right, ensuring we’re valued-added partners in our events.”

Lagardère Sports’ chief executive, Andrew Georgiou, adds: “You look at what are the big challenges, and in some ways the big opportunities, in the sports world at the moment and the host city issue, even crisis in some ways, is a massive challenge. CGF Partnerships is about the CGF showing host cities how it is actively contributing to deliver value through either improved commercial programmes or ensuring there

“If we need to enable an LOC to get off the ground faster by minimising the setup and resourcing costs, we can provide specific expertise and talent to address certain issues, supporting local people in making the right decisions from the start”

DAVID GREVENBERG, CHIEF EXECUTIVE, COMMONWEALTH GAMES FEDERATION (CGF)

is a genuine transfer of knowledge from one Games to the next.

“It’s how we can use our expertise to bring local organising committees up that curve of knowledge quicker and more efficiently, so you don’t repeat the same mistakes of the past, but learn from them and apply these findings in a way that reduces costs.

“This is a unique opportunity to demonstrate to the sporting world and industry how we can change the delivery model to ensure a wider variety of host cities can afford and get value from hosting major events.”

Majority-controlled by the CGF, the new venture will be chaired by Lord Smith of Kelvin, who served as LOC chairman of the most recent edition of the Commonwealth Games, held in Glasgow, Scotland, in 2014.

Support the delivery

CGF Partnerships has initially been contracted to support the delivery of the next three major Commonwealth Games cycles up to 2030, but with a view to the new model being the foundation behind all the CGF’s future major events.

The formation of CGF Partnerships has come with the CGF in the midst of its own major event challenge, that of finding a new host for the 2022 Commonwealth Games.

In September 2015 the CGF confirmed the award of its showpiece event to an African nation for the first time in its history, with Durban gaining the hosting rights. The South African city had been the sole bidder since the Canadian city of Edmonton withdrew its bid in February 2015, citing financial concerns.

However, the CGF stripped the hosting rights from Durban in March following long-running concern over the financing of the event.

Grevemberg denies the formation of CGF Partnerships has been driven by the issues surrounding the 2022 Games, instead pointing to the federation’s strategic plan for 2015 to 2022.

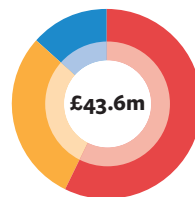
He says: “If you look at our strategic plan, which was ultimately approved by our general assembly in September 2015,



GLASGOW 2014 BY NUMBERS

£114m

of revenue was generated from ticket sales, sponsorship and other private sources at Glasgow 2014



- Official Games Partners - £25m
- Official Supporters - £12.8m
- Official Providers - £5.8m

£43.6m

was generated in sponsorship income, £400,000 more than estimated, from six official Games Partners, 13 Official Supporters and 27 Official Providers

98%

of the 1.2 million tickets available to the public were sold

Transformation 2022 outlined a new delivery model.

“The membership recognised we needed to change the system to ensure we ran more innovative, efficient, impactful and affordable Games.

“The 2022 challenge has allowed us to accelerate some of these plans we envisioned would be put in place for 2026.”

Grevemberg also notes the overall vision for the Commonwealth Sports Movement, which was also outlined in 2015.

“The vision specifically references building peaceful, sustainable and prosperous communities globally,” he says.

“How do we use our Games and Movement to reduce crime, to ensure we are dealing with issues of reconciliation, human rights, environmental, social and economic sustainability initiatives?

“The last piece is prosperity. How do we ensure we make a host city or nation feel more fulfilled and ambitious in their approach?

“If you look at the track record of Commonwealth Games in Manchester (2002), Melbourne (2006), even Delhi (2010) to some extent, and certainly in Glasgow, and what you’re seeing coming out of Gold Coast 2018 now, in some cases this has come out by accident.

“What we’re doing is structuring this and having an agency that actually drives the impact a Games can have to deliver an event that brings peace, prosperity and opportunity to your community, if you choose to invest in it.”

Policy changes

The formation of CGF Partnerships comes with claims of the Commonwealth’s renewed relevance and value in the post-Brexit era, as well as inward-facing regime and policy changes around the world.

The Commonwealth has 52 member countries and statistics from thecommonwealth.org state its 2.4 billion population, a third of the world’s total, is comprised of more than 60 per cent aged under 30. The Commonwealth is said to generate \$100 trillion in GDP, 14 per cent

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of the world's total, and has half of the top 20 global emerging cities - New Delhi, Mumbai, Nairobi, Kuala Lumpur, Bangalore, Johannesburg, Kolkata, Cape Town, Chennai and Dhaka.

These stats offer opportunities for the CGF, with CGF Partnerships seeking to reduce the cost and maximise the value of the Games for hosts.

This will be achieved through a new Games delivery model that will see dedicated delivery teams fully integrated with host city counterparts, providing enhanced support, knowledge and expertise on the delivery of the event.

Legacy will be key, with knowhow, intelligence and experience carried forward from Games to Games, while CGF Partnerships will seek to further strengthen engagement between potential host cities and their communities to help expand the number and variety of bids across the Commonwealth.

Grevemberg explains: "The auditor general and strictly contract management role we've had as the CGF is turning into much more of a stakeholder that has a real devoted interest in the local community, and offers contextual support and resources.

"For example, if we need to enable an LOC to get off the ground faster by minimising the setup and resourcing costs, we can provide specific expertise and talent to address certain issues, supporting local people in making the right decisions from the start.

"CGF Partnerships will tap into Lagardère's network of talent and resources, which previously we've not had access to.

"In terms of technology, we've allowed each Games to recreate the wheel. By centralising and creating continuity with a technology arm, whether that's infrastructure or Games management systems, we're not redeveloping every single Games.

"There's obviously an emphasis on more refurbishment and reuse of venues - the whole notion of world-class but community-relevant facilities.

"We must ensure any public investment is not just for the Games, but can be accelerated by it. It needs to be for the long-term prosperity of the city.

"Through knowledge transfer, by positioning ourselves as thought leaders, we'll ultimately have these cities host more events as a driver of prosperity, tourism and industry.

"CGF Partnerships will take responsibility for producing the coverage, which allows it to ensure the narrative and way the Commonwealth Games and the Movement is delivered is consistent with what we're trying to achieve"

ANDREW GEORGIU,
CHIEF EXECUTIVE, LAGARDÈRE SPORTS

"Producing a network of strong host cities that transfer knowledge between each other, the legacy will be multi-generational."

The second key goal of CGF Partnerships is to develop new and long-term commercial revenue streams for host cities, Commonwealth Games Associations and the CGF through sponsorship, broadcast and digital rights opportunities.

This will result in a sea change by which the CGF markets its commercial rights.

Grevemberg says: "From a historical perspective, the CGF has always handed over its commercial rights to the LOCs and has not taken advantage of creating benefit through multi-Games deals.

"One of the big changes that CGF Partnerships brings to the table is a multi-Games approach to commercial sponsorship, as well as broadcast and digital rights sales."

Commercial advisor

Lagardère Sports is the commercial advisor for next year's Games on the Gold Coast in Australia.

Georgiou says that the agency is already working on some multi-Games deals that could incorporate Gold Coast 2018, but added that the strategy switch will "really kick off" for the 2022, 2026 and 2030 Games.

"The other element that is particularly important is TV production of the Games itself, which has previously been devolved into the LOC, who've usually passed it on to the host broadcaster," Georgiou says.

"CGF Partnerships will take responsibility for producing the coverage, which allows it to ensure the narrative and way the Commonwealth Games and the Movement is delivered is consistent with what we're trying to achieve.

"The multi-Games deals are fundamentally important, but also knowing as an organisation, whether that's the CGF or CGF Partnerships with the help of Lagardère Sports, that if you have the ability to sell media rights on a multi-year basis, you can invest in the support network to allow broadcasters to better exploit those rights."

He adds: "You're going to put more effort into promoting the Commonwealth Games if you know you've got it for more than one cycle, rather than what might become someone else's property in the next cycle."

In terms of the new destination for the 2022 Games, Grevemberg says CGF Partnerships is already supporting the federation in its deliberations and evaluations by conducting a series of reviews and consultations with prospective host cities.

Three nations are currently in contention in the form of Australia (Sydney, Melbourne, Adelaide or Perth), England (Birmingham or Liverpool) and Malaysia (Kuala Lumpur). The Canadian city of Victoria's bid was recently dropped due to a lack of support from the provincial British Columbia government.

The ultimate bid submission date is September 30, with final guarantees being put forward for consideration by the CGF in October ahead of a final decision in November.

Grevemberg says: "We were delighted to see so many cities embrace the narratives we put out when starting the consultation process, whether that be for 2022, 2026 or 2030, because a lot of cities have wanted to have the conversation.

"We're probably in a better position than we've ever been to have that level of engagement and through CGF Partnerships we're ready to respond wholeheartedly."

Looking to the future, the CGF has set an initial target of 2030 for its new venture to significantly transform the Commonwealth Movement.

"The sheer diversity of the Commonwealth has enormous potential that is yet to be harnessed and I think a 2030 trajectory is realistic and relevant," Grevemberg adds.

"This partnership is shifting the balance, making the Commonwealth Games an event with global appeal.

"We've been successful in building with each edition of the Games, but now have a great chance to gain more consistency, which will ultimately result in a tremendous return on investment." ○



HOT TO TROT | WHY DRESSAGE IS YIELDING SUCH INTEREST FROM FANS AND SPONSORS

Equestrian dressage is one of the few sports to attract a fan base that is both predominantly female and in the higher income bracket. Add to this its increasing global popularity, and you understand why sponsors are taking such a keen interest





If you've ever witnessed Isabell Werth competing on one of her fine horses, you'll know that dressage is as much an art form as it is a sport.

The elegance, grace and skill with which she and her horse perform their movements – the various balletic figures required in dressage competition – are breathtaking.

This German rider has been the poster girl for dressage for the last 20 years. Astride some of the most skilled horses on the planet – Gigolo, Satchmo, Weihegold OLD and Bella Rose – she has graced equestrian arenas at multiple Olympic Games and FEI World Equestrian Games™, trotting and cantering her way to 10 Olympic medals and seven world championship titles. She is now the most decorated equestrian in Olympic history.

"I had the luck to make my hobby and my passion into my profession," says this 48-year-old who first started riding on the family farm in Rheinberg, in western Germany.

One of equestrian sport's most conspicuous disciplines, dressage stages individual and team competitions in a rectangular sand-filled arena. Standard dressage sees riders and horses perform prescribed movements: the piaffe, for example, a calm, elevated trot on the spot; the passage, a slow, prancing trot with a pause between each stride; or the pirouette, usually a 360-degree turn on the spot, done at a canter.

In freestyle dressage, meanwhile, riders and horses are free to perform their own choreographed movements.

The latter is particularly popular amongst fans since riders have the opportunity to express their personality and show off more dramatic movements to a musical soundtrack of their choice, rather like in figure skating competitions.

In recent years spectators have been treated to displays backed by film soundtracks, famous pop songs, even hip hop. Freestyle dressage is credited with bringing the sport to a much wider global audience.

Dressage demographics

Unusually for sport, the vast majority of that audience is female. The governing body for the sport is the Fédération Equestre Internationale (FEI), based in the Swiss city of Lausanne.

Its research shows that, of the world's 393 million dressage fans in 15 different countries around the world, three-quarters are women. Of those, half are aged between 35 and 54, and nearly 70 per cent are in the "middle-to-high income" bracket, with a "higher interest in luxury goods". Another key demographic is that 64 per cent of fans travel to dressage events in family groups.

The FEI explains how this makes its sport so attractive to commercial partners. "The FEI is



542

dressage events (121% increase since 2007)

3,851

registered riders (48% increase since 2009)

4,928

registered horses (55% increase since 2007)

9%

of the 37 million active riders participate in dressage

21%

of all equestrian fans follow dressage

uniquely positioned as a sports federation with a highly engaged high net worth fan base, many of whom live an equestrian lifestyle which makes them attractive consumers," says Ralph Straus, Commercial Director at the FEI.

"The demographics for equestrian sport in all key markets are consistent and desirable for a wide range of prestigious businesses and brands."

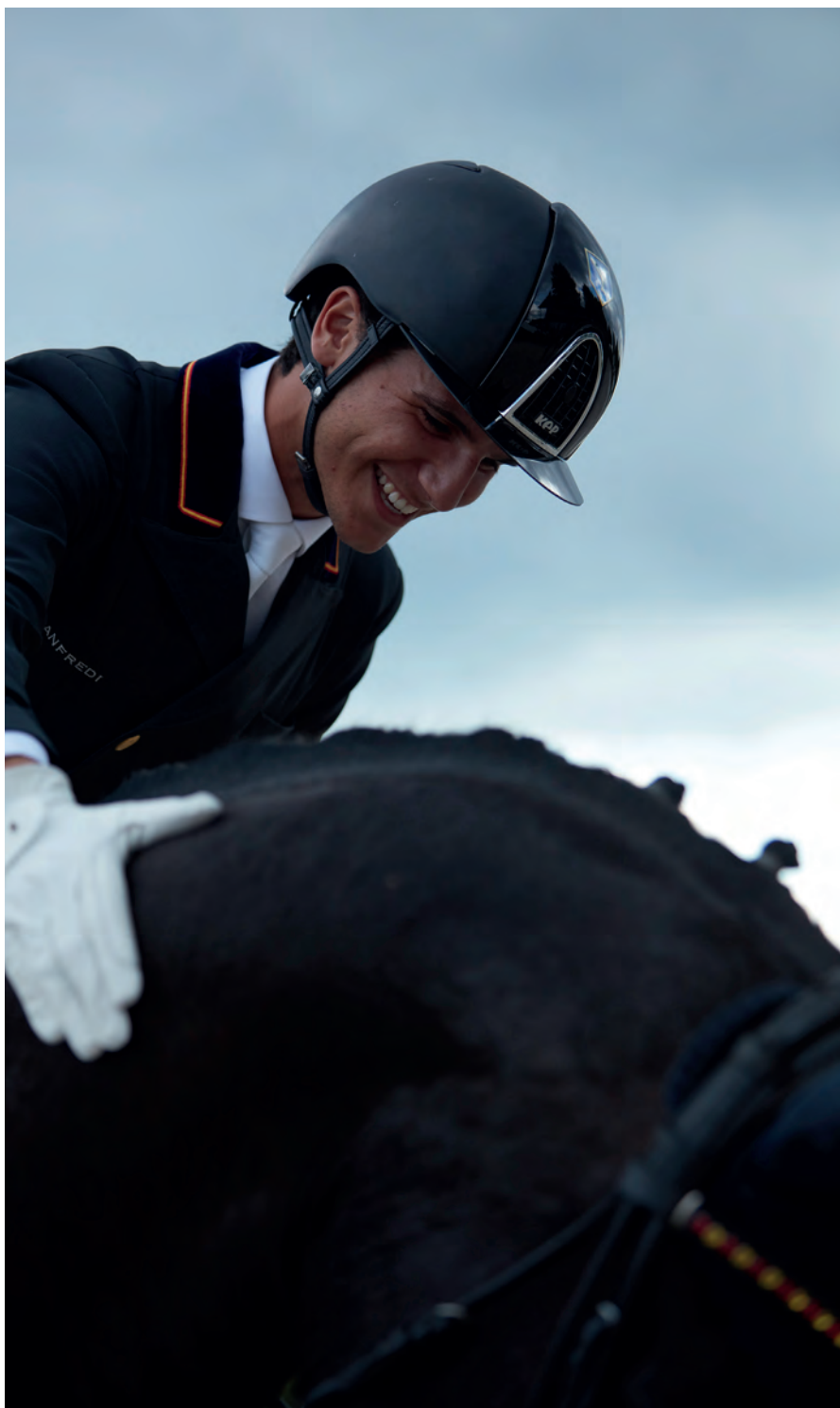
Dressage's upmarket and clean-cut image is another reason it attracts sponsorship. Both human and equine athletes are always superbly turned out during competitions.

Horses tend to have braided manes, trimmed coats, clipped or pulled bridle paths, and polished hooves. You'll often see riders in impeccable tailcoat jackets, breeches, ties, gloves, helmets or top hats.

There's surely no other activity where human and animal collaborate in such perfect harmony. "Dressage is often compared to ballet," says Straus. "The intense connection between human and equine athletes is a thing of beauty to behold."

Just as the number of spectators is growing, so is the number of riders. Arguably the most famous dressage training centre of all is the Spanish Riding School in the Austrian capital city, Vienna.

The sport is popular all across Europe and North America, and recently there has been significant growth in Brazil, Russia and China. According to FEI figures (see box), worldwide there are currently just



‘Of the world’s 393 million dressage fans, three-quarters are women. Of those, half are aged between 35 and 54, and nearly 70 per cent are in the “middle to high income” bracket, with a “higher interest in luxury goods”’

under 4,000 registered dressage riders, just under 5,000 registered horses, and 542 international competitive events. As in the other equestrian disciplines of jumping and eventing, dressage traditionally sees men and women competing alongside each other as equals.

As well as dressage at the Olympics and the FEI World Equestrian Games™ (in alternating four-year cycles), the other major series is the FEI World Cup™ Dressage. Rather like the PGA Tour in golf, or the ATP and WTA tours in tennis, this sees the world’s best riders and horses compete at a selection of qualifiers throughout the year for one of the coveted spots in the annual FEI World Cup™ Dressage Final.

Globalisation of the sport

It was first established in 1985 and was a trailblazer at the time as it effectively introduced freestyle dressage to a fairly purist community.

Today, the series comprises four leagues – Western European, Central European, North American and Pacific – and has over 30 qualifiers leading to the annual showdown which demonstrates just how effective freestyle dressage has been in the democratisation and globalisation of the sport.

There is also an international team event called the FEI Nations Cup™ Dressage. The Paralympic version of the sport, para



dressage, is growing in popularity, too. FEI figures from last year bear this out.

Globally there were 20 para dressage events in 2016, a rise of 122 per cent since 2007. These events featured over 300 para athletes and 423 horses, a rise of 164 per cent and 274 per cent respectively since 2009. The apogee of the sport is at the Paralympic Games.

Dressage traces its origins back to Ancient Greece, and in particular to a military general, and a student of Socrates from the fourth century BC called Xenophon. A treatise he wrote called On Horsemanship includes training exercises still used in the sport. One of his famous lines encapsulates the aesthetics of dressage: "Anything forced or misunderstood can never be beautiful".

Dressage horses really are the gymnasts of equestrian sport. Normally starting at the age of four, they train for five years or so, concentrating on exercises designed to make them stronger and more supple.

This prepares them for the various movements they will eventually have to perform competitively in the arena. Given the years of training, it's not surprising

that skilled horses can cost hundreds of thousands of dollars to buy.

While Isabell Werth may be the poster girl for the sport, there are plenty of talented young riders working their way up through the ranks. Right now experts have their eyes on 22-year-old German Sönke Rothenberger (already a gold medallist in team dressage at the Rio Olympics), and a 20-year-old Spaniard called Juan Matute Guimon.

Another of the sport's established stars who has contributed enormously to the popularity of the sport is the British rider Charlotte Dujardin.

She enjoyed a wonderful and very close relationship with her horse Valegro, now retired, and has held all the individual elite titles in the sport. Such is her skill that many fans expect her to continue to play a leading role in the sport for many years to come.

"I want to create," she told The New Yorker magazine, explaining her dedication to dressage.

"It is probably like an artist. They see in their head what they want to draw, and they draw it. It is like I have a feeling inside me that I want to create on a horse." ○

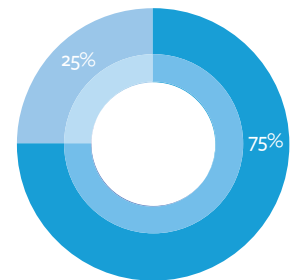
FAN DEMOGRAPHICS

393m

million fans in 15 different nations

69%

are in the middle-to-high income bracket



Male Female

75%

of fans are female

50%

are aged between 35 and 54

72%

travel to events in groups of four or more

64%

travel to events in family groups

34%

above the national average have an interest in luxury goods

Esports



Liam Thompson, gaming and influencer executive with brand agency Cake, picks out the most interesting recent stories from the esports sector

EA SPORTS ADDS ESPORTS JERSEYS INTO FIFA 18

Fifa, the world's most popular football video game series, is back, with the latest addition of Fifa 18 released in late September.

For the very first time a few of the biggest esports teams now have their official jerseys feature in the game.

This is the first time EA Sports has placed the jersey for an esports team within their game for fans to use and represent as they play.

Team Liquid, Team Vitality, AS Roma and Hashtag United are the first to have their jerseys replicated digitally into the game. AS Roma's jersey displays the FNATIC team logo, the esports organisation who are managing the Serie A club's esports team.

Not only does this give fans the chance to wear the jersey of their favourite teams, but it also opens up the opportunity for the teams to reach new fans who discover their kits in-game.

So far only these four esports teams have announced their presence within Fifa 18, but this is likely to be the start of more to come and a way to show that EA Sports is engaging with the esports community to make things like this happen.

ESPORTS COMING TO THE NINTENDO SWITCH?

A hybrid handheld console from Nintendo has been flying off the shelves since it launched earlier this year.

Designed for play at home or on the go, the Nintendo Switch sold 4.7 million units between its release on March 3 and the end of June. It was the best-selling console in August and Nintendo has its target set on selling 10 million units in its first year.

The game library for the Switch is still fairly limited but at its most recent Nintendo Direct event the company announced a new game title was coming to the console, which could open up the Switch to esports.

Nintendo has announced that Arena of Valor, the mobile MOBA created by Tencent Games, will be heading to the Nintendo Switch console as a beta this winter. Arena of Valor launched across Europe earlier this year as the Chinese tech company looks to



Some esports teams will have their official jerseys feature in EA Sports' new football game Fifa 18 (EA Sports)

replicate the gaming success it has seen across countries in the Far East.

With the mobile version encouraging competitive 5 vs 5 gaming, one can only assume that the Nintendo Switch version will follow this set-up. As Tencent builds the player base and esports scene across Europe it could look to include both mobile and Switch players within this.

CHARITY FUNDING BY LEAGUE OF LEGENDS

A special Championship hero skin has been created for fans during this year's League of Legends Worlds 2017 tournament.

Worlds 2017 began on September 23, with 24 of the best teams hoping to be crowned as champions on November 4.

With every purchase of the 'Championship Ashe' skin, 25 per cent of the earnings will be added to the prize pool for Worlds 2017. Since the skin's release Riot Games has announced that not only will 25 per cent of the earnings be added to the prize pool but it will match the contribution and donate the same amount to charity. Last year the prize

pool reached over \$5m, with around \$3m of this coming from Championship skin sales. With sales likely to be even higher this year Riot Games could end up donating over \$3m to charity.

GFINITY'S ELITE SERIES RETURNING FOR MORE

Following a successful first run, the Gfinity Elite Series (see p76) will be back for more esports action starting in October.

The Elite Series brought amateur gamers to the big leagues as they played alongside professionals. The Elite Series returns on October 6 and will again feature competitive gaming across Street Fighter, Rocket League and CS:GO. The series will be broadcast on Friday night and Saturday morning and evening.

For the first series Gfinity secured broadcast partnerships with BT Sport, BBC Three and Eleven Sport, to push its esports content to mainstream media channels. According to Gfinity the first series received over three million views through broadcasted content, and reached more than 220 million impressions across social media. [O](#)

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The Secret Fan

CINEMA STARS | GFINITY ELITE SERIES, LONDON

Richard Clarke takes in a live esports event for the first time as he attends Gfinity Elite Series in London

- ▶ Gfinity invested a seven-figure sum on the set and accompanying infrastructure for live television broadcast
- ▶ On-stage set was a “hybrid of a game show... and a general sports programme”
- ▶ It currently appears that TV broadcasting takes priority over spectators at regular-season esports events



Esports event Gfinity Elite Series took place at Fulham Broadway Retail Centre in London (Joe Brady)

When was the last time you experienced a new sporting genre? For all the furore over the Olympics letting in the likes of BMX or synchro, they are derivatives of cycling and swimming respectively. Likewise, Twenty20 cricket and MMA and traditional martial arts.

Yes, you could argue that the world championship of Pong, one of the earliest video games, began in the 1970s. But, in reality, the possibility of attending a fully-fledged esports event in the UK has only existed for a decade or so.

And I made my debut a few weeks ago.

This was that rare blank canvas. Given my specialism is digital and social media, I like

to think I have more of a handle on esports than most middle-aged men. But that is saying very, very little.

Gfinity has emerged as a leader in the burgeoning esports space. The five-year-old company has sealed a deal with Microsoft to become the official tournament partner for the racing game, Forza, on Xbox. A few weeks ago, it was announced Gfinity would deliver Formula One's esports venture.

Mainstream cut-through

I chose to attend its Elite Series, a competition that has provided tangible signs of mainstream cut-through, most notably via television deals with BBC Three, BT Sport and Eleven Sport.

The venue was screen six of the Vue Cinema at Fulham Broadway Retail Centre. It is billed as the UK's only dedicated esports arena.

Gfinity has invested seven figures on the set and accompanying infrastructure for live television broadcast. The auditorium can hold around 200 spectators. Right now, it appears TV takes priority over spectators at regular-season esports events. Those raucous nights in packed sports stadiums holding 50-60,000 screaming fans do exist, but they are the tent-pole events you might get in European hotbeds such as Katowice or Cologne.

The bread-and-butter of league play has a cadence in a lower key.

The Gfinity Series has three stages – Challenger, Draft and Elite – across its three

games: StreetFighter, Counter-Strike: Global Offensive (CS:GO) and Rocket League.

The first stage was an online tournament for the general public. Gfinity worked with the games developers to open up a specific portal in the back end so anyone could enter.

The best undiscovered players earned top prizes of a few hundred pounds and 'Gpoints' for the in-house competition. After three months, the top 30 in each game were eligible for the draft.

This was organised in the traditional US manner, but teams had to take a minimum of two players for each game.

The restriction was almost unnecessary in the end, as the Challenger stage revealed a deep pool of talent.

Team Epsilon traded future options to ensure it kept together three friends who had emerged in the Rocket League section. It also signed Broski on Street Fighter before the Challenger stage was complete, because it did not want to risk losing him in the draft.

The Elite Series was the culmination. Seven weeks of round-robin league play in each game, Street Fighter on Fridays, CS:GO on Saturdays and Rocket League on Sundays, before the top four teams in each entered the playoffs. I was there on the final Friday of Street Fighter's regular season.

The prize money is £125,000 across the three titles, modest by modern esports standards. However, 50% of TV rights and sponsorship revenue, minus reasonable costs, is earmarked as prize money. Therefore, everyone is incentivised to promote the event.

Spectator experience

On my night, BBC Three showed live coverage of the final bout. The event was recorded for BT Sport, while Eleven Sports produced a digest show for 11 territories overseas.

In truth, the accommodation of the TV production hampered the spectator experience. There were peaks of intense action and deep troughs of not-a-lot. However, a sizable proportion of the venue appeared to be occupied by friends and family of the participants. Often teams left via the back of the stage and walked around to the seats to meet their loved ones.

While this may clash against the narrative of esports possessing a fanatical following, one needs to remember that this is an area that is just moving beyond infancy and towards tottering steps on its own two feet. Right now, the online audience is king.

"As a novice, it was hard to get excited initially. But the presenters explained the significance and it became easier to be swept along"

As yet, there is no widespread agreement on the shape of the end result, let alone a roadmap to get there.

Those major events in jam-packed stadia have the opposite issue to Gfinity's version, with its ground-breaking TV deals. They sometimes struggle to attract significant broadcast revenue, partly because there is little build-up.

Narrative coherence and context are everything in creating a buzz. The casual esports viewer needs a series like Gfinity to build backstory and its consequent loyalty.

Ratings

Value: The pricing is £5-15 for a four-hour TV-based event. The discount in the shopping centre is a nice perk, but you will be paying cinema prices for your food and beverages.

Recommendations: Given the general lack of organisation and structure in the esports space at present, it seemed eminently sensible for Gfinity to have a heavy concentration on developing their product via their USP – live TV exposure and its offshoots. Right now, the focus is not on the in-arena product. It will be interesting to see if and how that changes in the near future.

Overview: The Gfinity Elite Series is the UK's first professional esports league concentrating on StreetFighter, CS:GO and Rocket League. In January, an open event, the Challenger Series, allowed anyone to play for ranking points. The best 30 competitors qualified for a draft from which the eight competing teams had to select at least two players. They would then battle for the blue-riband prize – the Gfinity Elite Series. This is comprised of seven weeks of regular-season competition, culminating in a playoff and the final on the first weekend of September. Televised by BBC Three, BT Sport and Eleven Sport.

Transport: The exit of Fulham Broadway tube station is situated on the ground floor of a shopping centre. Gfinity's arena is one floor up. ●

One of the leading storylines on my night was that of Undercova, or Steven Allen, who rose through the Challenger series before being selected by Team Reason. However, at 44, Allen was twice the age of his teammates. He quit his job after being drafted to pursue his dream, but this personal gamble was not rewarded with success.

However, Allen's underdog story has resonated with the esports crowd and it was no surprise when his post-elimination interview was interrupted by an audience member blurting out "we love you, Undercova". It was the closest moment in which this esports crowd mirrored that of mainstream sport.

Gfinity intends to enter around 20 territories in the next three years, but right now, the London event spearheads its regular offering.

Develop a backstory

The cinema environment means plush seats with drinks-holders plus as many concessions as any teenager can possibly consume. The other screens were showing regular movies, but the presence of a major gaming event was obvious. Huge billboards were plastered all over the entrance and it was well signposted once you were inside.

The main partner activation was located at a bistro over the road. It was straightforward enough, a little game play for the punters ahead of the main event. The on-stage set was a hybrid of a game show, where participants competed in a studio, and a general sports programme, in which presenters and pundits would assess the action.

Giant monitors in the foreground showed the action to the spectators, while the teams themselves were at the back beavering away.

In addition to the breaks for television, there was also a technical reset between matches, something akin to sprinters setting their blocks for the 100m.

Given the desire to develop a backstory for the players, there was an opportunity missed to play this content in the down period, rather than allow a countdown clock to tick away before the next clash.

There were whoops and wails as one comatose Street Fighter character crashed to the floor and the victor pirouetted their celebration. After all, playoff spots were on the line.

As a novice, it was hard to get excited initially. But the presenters explained the significance and it became easier to be swept along.

But, more importantly, I bet it looked great on the telly. ●

Venues & facilities

1. NIGERIA SET FOR FIRST MOTORSPORT FACILITY

Plans have emerged for a \$100m (€85.9m) project in Nigeria that is set to result in West Africa's first motorsport circuit and leisure park development.

Ogun State Motorsport (OSM) is a project proposed by Baba Epega, chairman and founder of event management company EMC3, and backed by Senator Ibikunle Amosun of Ogun State. The facility will be based on the outskirts of Abeokuta, near Kobape township in Ogun State on a 500-hectare plot of land.

Driven International will be working with EMC3 Nigeria, on behalf of Ogun State, to design the new motorsport development. Work is underway to develop a detailed schematic master plan for a new motorsport hub which is expected to include a variety of automotive training and education facilities.

2. SCOTIABANK SETS NEW BENCHMARK WITH ARENA NAMING-RIGHTS DEAL

Canada-based banking group Scotiabank has acquired naming rights to the Air Canada Centre, home of NBA basketball franchise the Toronto Raptors and NHL ice hockey team the Toronto Maple Leafs, as part of a lucrative 20-year deal.

The deal comes into effect in July 2018 and officially renames the venue as the Scotiabank Arena. The agreement was signed by Scotiabank and Maple Leaf Sports & Entertainment, which operates the arena and its two major tenants.

Financial terms of the agreement were not disclosed, but are widely reported to be worth about C\$800m (€534m/\$639m) over a 20-year period.

3. QATAR UNVEILS LATEST WORLD CUP STADIUM DESIGN

The Supreme Committee for Delivery & Legacy, the organising body of the 2022 Fifa World Cup national team football tournament in Qatar, has revealed the design for its latest venue, the Al Thumama Stadium in Doha.

The 40,000-seat venue has been designed by Qatari architect Ibrahim Jaidah, chief architect of the Arab Engineering Bureau. The stadium model has been inspired by the ghafiya headdress worn by males in the Gulf region. The stadium will be built on land that is currently used for pitches by the Qatar Football Association. The Al Thumama district is located in Doha's



Updated plans for the 40,000-seat Al Thumama Stadium have been released (2022 Supreme Committee for Delivery and Legacy/Getty Images)

southern suburbs, 12km from the city's Hamad International Airport. Following the conclusion of the World Cup, the stadium's capacity will be halved to 20,000 in line with the Supreme Committee's legacy policy.

The Supreme Committee said the excess seats would be donated to a nation in need of sporting infrastructure.

4. INDIA SET FOR NEW 25,000-SEAT CRICKET STADIUM

India is set for a new international-standard cricket stadium, with a 25,000-seat venue having been lined up near the city of Agartala.

The stadium will be built by the Tripura Cricket Association (TCA), with the Board of Control for Cricket in India (BCCI) to provide financial support.

The venue is expected to cost more than Rs 200 crore (€26.5m/\$31.2m) to build.

TCA secretary Tapas Dey said the BCCI would reimburse half of the cost of the stadium, which would be built by a New Delhi-based firm. IANS said that the Tripura has provided the TCA with about 15 acres of land on which to build the stadium. Dey said: "In the under-construction international standard cricket stadium all the latest modern facilities would be available, so that

international cricket matches could be held here (Agartala).

"The seven-storeyed club house, modern lift and electronic scoreboard are the other features of the stadium."

5. SAMARA WORLD CUP ARENA WILL OVERCOME DELAYS - CONTRACTOR

PSO Kazan, the general contractor leading the project to build a new stadium for football's Fifa 2018 World Cup in Samara, Russia, has insisted that it will make up for lost time after confirming that work on the venue is about 30 days behind schedule.

Sergei Ponomaryov, the deputy head of the company, said that major work would be finished by the end of the year – the original deadline for the project.

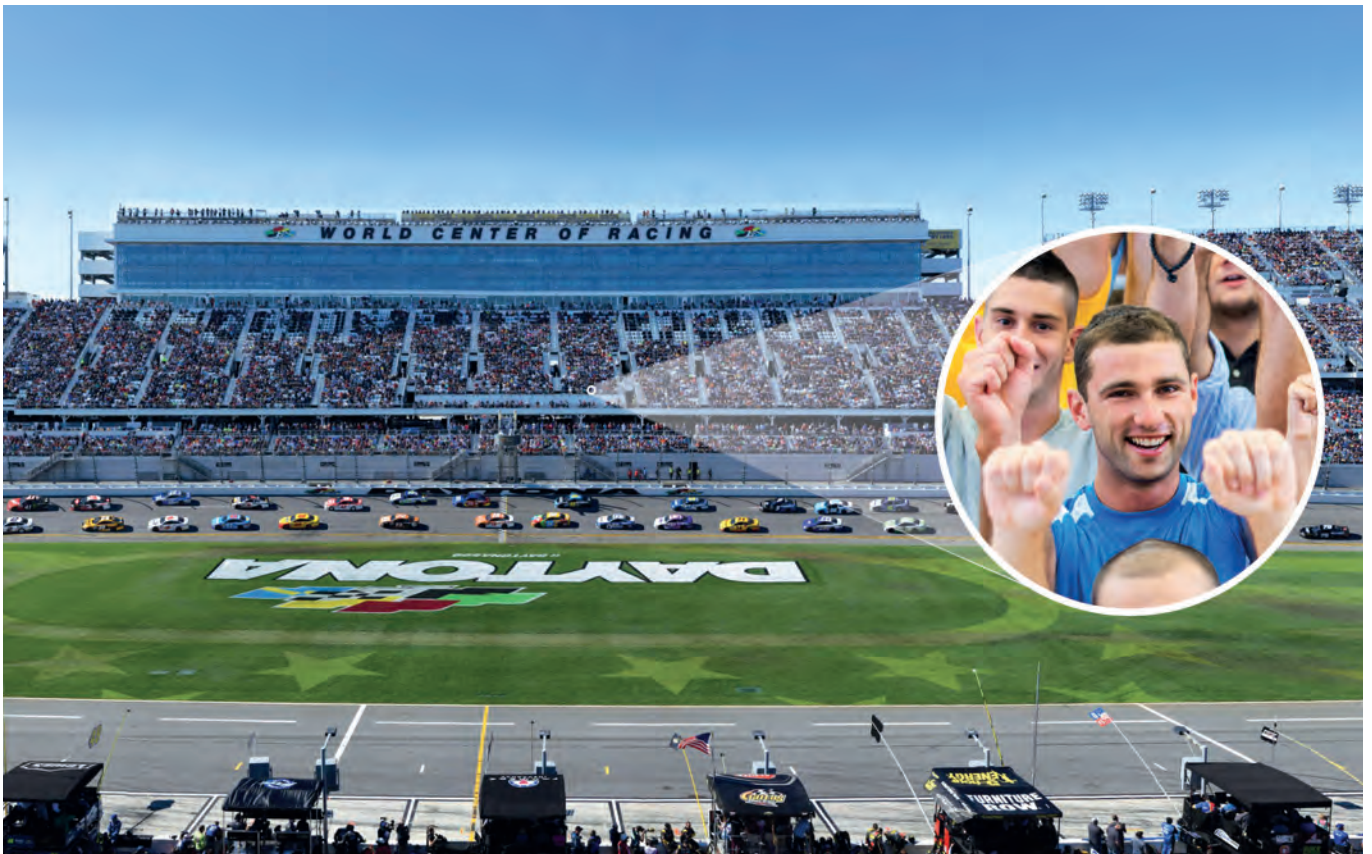
The 45,000-seat stadium will host four group stage matches, a round-of-16 contest and a quarter-final.

"We would have liked a faster construction pace," Ponomaryov said, according to the Reuters news agency. "We have calculated that we are behind by about 30 days."

Nikolai Merkushkin, Governor of the Samara region, has blamed the delays on the weather, but said that the project will be "back on track" in September. ○

PICTURE PERFECT | FANCAM LINKS SPECTATORS AND SPONSORS THROUGH THE ULTIMATE CROWD-SELFIE

- ▶ FanCam takes super high-res images of crowds attending live events at sports stadiums
- ▶ Images are hosted on a custom-built, sponsor-branded website, the link to which is sent to groups of known supporters via email and social media by the rights-holder itself
- ▶ FanCam cuts deals directly with clubs or sponsors, and fans are never charged for images



FanCam turns the camera away from the action and towards the crowd, offering teams and sponsors a new way to engage with audiences

BY GREG PITCHER

Tinus Le Roux has stepped inside from a braai – a traditional Afrikaans barbecue – being held to celebrate the sixth anniversary of his company opening its first office, in Cape Town.

Getting those keys in September 2011 was itself a measure of success beyond the initial ambitions of the FanCam founders. Eleven months earlier, in October 2010, “a bunch of South Africans jumped on a plane to the States” with a bright idea to transform sport

sponsorship they didn’t think would last them beyond Christmas.

“We thought American companies would copy us and move past us within three months,” says Le Roux, chief executive of the company. “Seven years later, and we captured 40-odd baseball games alone last month.”

Focuses on the crowd

The company takes photographs during live events in sport stadiums. But rather than train its cameras on the action, it focuses on the crowd.

“The basic premise is that people like pictures of themselves,” says Le Roux.

It’s a simple idea, and one that anyone with a Facebook or Instagram account would struggle to argue with. Yet, seven years ago FanCam started to make a highly scalable business from it. “We specialised in 360-degree photography,” says Le Roux. “We saw gigapixel photography and thought that would be cool in a sporting environment.

“So we figured out how to capture and produce it quickly, took it to a rugby game and put it online. People streamed to it and from there we realised we had engagement.”

Continued from previous page...

“Using these cameras, and artificial intelligence, we can tell clubs more about their fan base. We don’t identify people, but we identify demographics”

TINUS LE ROUX

CHIEF EXECUTIVE, FANCAM

The next step was to work out how to make money from that groundswell of attention.

“If I have a picture of you at a game, you will have at least a mild interest in whether I caught a good angle,” says Le Roux. “You will have a look. If it’s shareable, then you’ll share it with your friends.

“We realised that sponsors are involved in sport to get access to a community; the right to speak to a fan base. They have limited opportunities to do that in a way that adds value.”

FanCam’s founders realised they had stumbled on something highly sought after – a way to link sponsors with fans’ hearts and minds. If people could get hold of high quality images of themselves with their best mates supporting their team, regardless of whether a sponsors’ logo happened to be on the frame, they would happily promote it.

Le Roux explains: “This product provides something that adds value, where the fan doesn’t mind sharing the branded content.”

Panoramic photographs

The technology behind FanCam has evolved significantly. It started with a photographer standing on the field and although this method is still used at times, the company has now installed remote-controlled rigs in places, including the big screen in the middle of the basketball court at Madison Square Garden, home of the NBA’s New York Knicks.

Taking panoramic photographs of sufficient quality to allow each individual in a huge arena to zoom in is a major technical challenge.

“It’s an advanced camera, with a rig, and you have to be extremely accurate in how you move it around – the computer manages that with a lot of logarithms,” says Le Roux.

Processing the super high-res images requires customised software and even purpose-built hardware.

“You can’t open our images on any computer you’ve ever seen. We have files



FanCam technology is set up at the home of the MLB’s Atlanta Braves baseball team

500GB large. You can’t even open some of them in Photoshop. We have custom-built computers to suit the software, which is also customised to be as efficient as possible.”

It used to take a full 24 hours to get the images online, but with technical advances the company can now publish photos taken at the start of Knicks games before the final buzzer. The images are hosted on a custom-

built, sponsor-branded website, the link to which is sent to groups of known supporters via email and social media by the rights-holder itself – the club – before, in most cases, going viral.

“We have more people coming to a typical FanCam image than went to the game itself,” says Le Roux. “It’s people looking at their mates or seeing which celebrities are in the

front seats at a Lakers game.” If someone tags themselves on the master image and shares it on Facebook, it becomes a sponsor-branded post. “You can’t get people to share a brand’s logo on their own feed like that unless you offer them competition prizes,” he explains.

So there’s clear value for fans and sponsors, but what’s in it for the club, which has to be onside to host the equipment and link all parties together? The answer lies mainly in the question.

“It is a good opportunity for the club to add value for their sponsors, which is their business,” says Le Roux. “Sponsors want something that allows them to engage with fans. It also improves the fan experience. Clubs often think their product is the game – and it just isn’t. It’s the community; having something to talk about over Sunday lunch with your family.”

There is one added bonus for clubs letting FanCam set up their expensive equipment in their arenas.

“Using these cameras, and artificial intelligence, we can tell clubs more about their fan base,” says Le Roux. “We don’t identify people but we identify demographics.”

So FanCam can tell a club that on weekday evenings they have, for example, an 80-per-cent male audience but on Sunday afternoons it’s 40-per-cent female.

“And that’s not a sample done with a clipboard; it’s a scan of 65,000 people. We can deliver information before a game starts so clubs can adjust their gameday content accordingly.”

Sharing process

FanCam cuts deals directly with clubs – covering all Boston Celtics games this season, for example – or with sponsors, such as Bud Light, for whom it covered 20 basketball games across five arenas. The clubs and sponsors then work out their own agreements, but the fans are never charged for access to images, with FanCam recognising the necessity of facilitating the sharing process.

“If I compare the attention I deliver to Bud Light – quantifiable, repeatable business that adds value – to the number of pictures I’d need to sell to individuals then I’d rather sell to sponsors,” says Le Roux.

The repeatable nature of the model is one that the company had not reckoned on when they started out.

“In the early days we did one big event to

Extra:

VIRTUAL TOURS OPEN UP PROSPECT OF UNLIMITED MATCH ATTENDANCE

Panoramic photography of sports stadiums is also being used commercially without fans in the shot.

Virtual tours allow people to preview arenas online before attending or deciding where to sit.

Jay Scott-Nicholls, director of panoramic photography specialists Aardvark 360, says the medium has undergone a major resurgence due to high-speed internet and the appetite for interactive content.

“In the world of sports, this presents a clear opportunity to give fans the chance to preview their seats in a way which faithfully replicates actually being there,” he says. “Increasingly, stadia are commissioning virtual tours where

the visitor can choose to view the field from a selection of seating blocks.

“If the fan has a virtual reality (VR) headset, they can strap it on and get a taster.”

The future possibilities are potentially game-changing.

“As live streaming of 360-degree video achieves higher levels of resolution and VR headsets become a standard piece of kit for the home, there will be no reason to be limited to selling tickets based on the number of seats in the physical stadium,” says Scott-Nicholls.

“The event could be experienced by an unlimited number of people from anywhere in the world.”

another – the Superbowl, Daytona 500. Then we realised it worked every day of the week. I think 90 per cent of the games we will do this year will be part of multi-year deals,” he adds.

The reasons that images from the same venue are shared online week after week are manifold, believes Le Roux. The make-up of the crowd changes significantly at each game; the mood of the contest varies; and, ultimately, as he said at the beginning, people like pictures of themselves.

“No-one says, ‘I posted a selfie before, so I won’t do it again’,” he says.

But does everyone really love their pictures being posted online? Are there any repercussions from those who would rather not be shown stuffing a hot dog in their mouth as their team loses or, perhaps, sitting with someone they shouldn’t be?

“We have captured 20 million fans and had four complaints,” says Le Roux.

“Three were security people who did not want their faces there, and another was a politician that wasn’t supposed to be at the game.

“Meanwhile, we have received thousands of complaints from people who were not in their seats when photos were taken, as they’d gone to buy a beer.”

Le Roux says there is no legal case to answer and fans are already at risk of being shown in newspaper images of the game and on TV coverage.

“There is no legal issue with taking photos in a public place. It is also explicitly stated on the tickets and we often announce when a picture is being taken. But anyone can let us know and if they don’t want their picture

taken, we’ll remove them from the image,” he adds. Whatever reasons you may think of why such a straightforward idea shouldn’t be so effective, it’s hard to argue with the fact, as Le Roux says, that “it just works”.

FanCam has grown from three founders and a developer working out of a home office at the start of this decade to a total of 33 people working across the world and covering some of the biggest events on the planet.

It doesn’t even rely on the big events.


“We will do MLS games with 10,000 people in the crowd that will do better in engagement than some NFL games, as it’s reaching a tight-knit community,” Le Roux says.

“An empty big stadium will often do worse than a packed club game in a small town.”

While the US remains its main focus, FanCam is looking at doing more work in Europe, where it captured fans at the 2016 Uefa Champions League final in the San Siro stadium in Milan in conjunction with sponsor Unicredit.

“We mainly focus on the US due to the sheer scale of the industry there, but I’d like to be more active in Europe,” says Le Roux, before heading back to his braai.

“We are not actively running after European sites, but by the end of the year I think we will be.”

Will the lucrative English football market be a target? “We would be open to work in the Premier League,” he replies. “We can do business in quite a few places, but you go where you get the best return on your investment.” 



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Mark Dreyer, editor of *China Sports Insider*, takes a look at the most significant stories from the Chinese sports sector

LA LIGA COULD PLAY LEAGUE GAMES IN CHINA FROM 2018

La Liga is making plans to stage regular season games in China and the US from as early as next year.

Reports suggest La Liga president Javier Tebas has said that the league supports the idea of playing some official league fixtures outside of Spain in order to grow its international appeal. Tebas said “discussions are still in early stages”, but the FT cites two other sources as saying next year is a possibility.

The NBA has long held pre-season games in China, something the NHL will do for the first time later this month, while four Italian Super Cups have also been staged in China over the past decade. However, this would be the first time a major professional sports league has held a regular-season game in China.

The English Premier League considered the idea of an overseas ‘39th game’, but the idea was scrapped in 2008 after facing tremendous opposition.

Meanwhile, Real Madrid and Chinese conglomerate Lai Sun Group have announced plans to build an indoor interactive football experience centre in the southern city of Zhuhai. Real legend Emilio Butragueno was present at the announcement of the project, which will cover around 12,000 square metres and is scheduled to open in 2021.

BUSINESS AS USUAL FOR FOSUN AND WANDA

Several massive Chinese companies have been attracting an increased amount of scrutiny over their overseas acquisitions, with two – Fosun and Wanda – having obvious ties to the world of sport. However, both companies have been keen to prove that things are not as bad as they might appear.

English second-tier Championship football club Wolverhampton Wanderers owner Fosun says “its plans for growth don’t clash with the authorities’ agenda”, with Fosun Group co-president Xu Xiaoliang saying the government has even endorsed Fosun’s two most recent purchases.

Meanwhile, Bloomberg reports that the Hong Kong Monetary Authority has been



Real Madrid star Cristiano Ronaldo could soon be playing regular league games in China (Getty Images)

checking banks’ loans to both Wanda and HNA, likely with a view to checking their exposure in certain sectors. While HNA has not yet entered the sports sector, Wanda has made a string of sports acquisitions over the past two years, with football and endurance sports featuring prominently. With only tech and manufacturing deals appearing to get the green light at the moment, the worry is that existing concern over Wanda may spread to affect the company as a whole.

Wanda recently took legal action over “malicious rumours” that boss Wang Jianlin was prevented from leaving the country – a story that hammered the firm’s stock price – while Wanda released pictures of Wang in Hong Kong in a clear show that he is in fact free to travel.

CHAT GROUPS COULD FACE CENSURE AHEAD OF PARTY CONGRESS

With the 19th Party Congress approaching in mid-October, China has made moves to tighten regulations on chat groups, which are especially popular with locals because they are private groups and, in theory, less prone to censorship. Groups can, of course, discuss any topic, but sports teams and fan groups are among those who spend much of their time online discussing the issues of the day.

The Cyberspace Administration of China has now made group owners responsible for the content in their group, adding to online restrictions which affected top social media sites earlier this year.

PEAK REPLACES NIKE AS BRAZILIAN OLYMPIC KIT SUPPLIER

With China and Brazil signing agreements on football, among other things, in recent months, Chinese sportswear firm Peak has replaced Nike as the official kit supplier of the Brazilian Olympic Committee. The deal covers the next three Olympic Games, up to and including Beijing 2022, and Peak will provide kit for Brazilian athletes and officials at the three events.

BRYANT FOUNDS CHINA’S FIRST NBA SCHOOL

Former NBA star Kobe Bryant has partnered with the Mission Hills Group and NBA China to announce a multi-year partnership to design, develop and operate China’s first NBA Basketball School.

The development will be based in the city of Haikou on the island province of Hainan and will also include an NBA interactive experience and store. The school is due to be completed in 2019. ○

DIGITALLY NATIVE | RIGHTS-HOLDERS LOOK TO REPLICATE NBA'S SUCCESS IN CHINA

- NBA seen as go-to template for breaking into China
- Important to embrace expat Chinese communities in home country first
- Only a handful of Premier League teams have Tmall stores



The NBA's Los Angeles Clippers take on the Charlotte Hornets in Shenzhen, China (Zhong Zhi/Getty Images)

BY **JOHN REYNOLDS**

China's sports industry is booming and western rights-holders want a piece of the action.

The NBA is a high-profile pioneer of conquering China, but the Premier League, the Women's Tennis Association (WTA), Formula One and Euroleague Basketball

are amongst those rights-holders following in its wake, weighing in with heavyweight digital offensives as they make a land grab for eyeballs in a sports-mad nation.

Forward-thinking major sports properties share the views of Luca Scafati, head of business development at Euroleague Basketball, who says: "We all know China is a big market. We all want to be there."

The appeal of China is obvious: a population of 1.4 billion, 685 million of whom live in urban areas in a country that boasts the world's second-largest economy. Throw in a sport-adoring leader, President Xi Jinping, who plans to build an \$800m (€680m) sports industry by 2025, and you can understand why rights-holders are clocking up air miles to Beijing and Shanghai.

However, for those who wish to replicate the NBA's blueprint in China, the path is a tricky one. Mercedes-Benz, Nike and Groupon are among those to have reportedly faced challenges in understanding the country's etiquette and customs.

In spite of government-imposed restrictions on access to Facebook, Twitter and Google, China pulses with digital innovation. About 70 per cent of the population own a smartphone, while there are 670 million internet users. Therefore, an ill-thought-out digital strategy or rogue social media post can prove disastrous; witness the fallout from a recent derogatory social media post by Chelsea's Brazilian star, Kenedy.

Zhe Ji, director at Red Lantern Digital Media, which helps brands engage with audiences in China, says: "In terms of content, the biggest challenge sports rights-holders face is to stand out in an increasingly competitive and saturated market.

"This not only means creating content that resonates with the Chinese audience culturally, but also using local digital platforms and influencers properly to promote their content."

Digital activity

For many rights-holders, the NBA is seen as the go-to template if you want success in China. Aided by an inherent love of basketball in China, the NBA orchestrated a long-standing, well-thought-out strategy to conquer the country, helped by digital activity aimed at ingratiating itself with Chinese citizens around the world.

"The NBA has always been very careful to be seen as supportive, collaborative, making a contribution to the development of Chinese basketball," says Simon Chadwick, professor of sports enterprise at Salford University.

Pre-season games, exhibition contests, match-ups streamed on mobile and NBA offices in Beijing and Shanghai, as well as Taipei, have all provided a foundation for selling the league. However, it has been a carefully plotted social media strategy that has rocketed the NBA's brand to another level of popularity. The league has more than 100 million followers on social media outlets such as Sina Weibo, Tencent Weibo, Tencent Qzone and WeChat, more than any other western brand or company in China.

Key to its success in China has been to embrace its Chinese fans in other countries, particularly the US. The Golden State Warriors and Toronto Raptors, for instance, have large local Chinese communities.

32.8m

Chinese sports fans follow the NBA's official Weibo account



70 per cent of China's 1.4bn population owns a smartphone

13m

comments were generated by Manchester United's special birthday message on platform Weibo for Chinese star Lu Han



China's e-commerce market was worth \$440bn in 2014 and is expected to hit \$1.1trn by 2019, according to Forrester Research

Those teams regularly post smart social media content during the Chinese New Year, helping the NBA score hundreds of millions of impressions with a New Year-tailored hashtag.

Andrew Collins, the chief executive of sports marketing agency Mailman, which advises clients on the Chinese market, says: "Recognition of Chinese festivals and holidays demonstrates a brand's commitment to the Chinese audience, and is a great point to launch online campaigns, e-commerce sales and other activation."

Brand presence

Euroleague Basketball is one rights-holder that has learned from the NBA's experience as it looks to upweight its brand presence in China.

"You need investment to build a strategy," Scafati adds. "When you are in China, only Chinese people can manage the rights." The league made its first steps into the Chinese market 10 years ago, hosting exhibition games featuring Russia's CSKA Moscow, Italy's Benetton Treviso and Team China, with legend Yao Ming in its ranks. More games followed and the Euroleague's presence in China was boosted in 2015, when it signed a €30m rights deal with Chinese media group HBN.

Scafati says that choosing the right mix of social channels – in Euroleague Basketball's case, Sina Weibo, China's Instagram-like app Nice and WeChat – has helped it to spread its varying content, including pictures, stories and video, to different demographics. However, one stumbling block to cut through with Chinese audiences, says Scafati, is that they crave star players, which is at odds with the Euroleague's team-based mentality.

"People in China don't know European basketball," he says. "They are not used to the way we communicate. We are team-based. They want stars, but in Europe we are about the team." To overcome this barrier, the Euroleague is fine-tuning its content to better reflect the tastes of the Chinese.

The women's tennis game is flourishing in China, helped by the recent success of Li Na and growing participation levels.

For WTA president Micky Lawler, the best advice she can give other rights-holders is to devolve responsibility to a Chinese partner. This year the WTA inked a 10-year partnership with Chinese digital platform iQiyi, significantly upping its digital capabilities. The deal means that tennis fans can watch matches across iQiyi's online,

“For the Premier League, the challenge is to ensure it promotes all 20 clubs in China, thereby instilling fandom not only in individual Premier League clubs, but also in the competition and the league as a whole”

ZHE JI, DIRECTOR, RED LANTERN DIGITAL MEDIA

mobile and OTT video services in English, Cantonese and Mandarin.

She says that a Chinese partner is best placed to build content “around the nucleus” of the live matches, be it archive, video or behind-the-scenes content, as they have an understanding of the audience that western rights-holders don’t have.

“They understand the way the younger generation are consuming media and consuming sports, and they are not just going to look at the live game,” Lawler adds. “It is about the back story of the athletes and that is how you incentivise the younger generation to become a true fan of the sport.”

Hardcore fans

Manchester United is the most-followed club in the world on Chinese social media with 8.7 million fans, while English Premier League rivals Tottenham Hotspur, Liverpool and Arsenal have Alibaba-run Tmall stores to sell merchandise.

Tapping into the Chinese love of celebrities, Manchester United made a special video on Weibo for the Chinese singer and actor, Lu Han, wishing him a happy birthday – a post that attracted 13 million comments.

The Premier League itself shares content for casual and hardcore fans on social media and live blogs content on Chinese social media, but it faces a challenge.

“In an extremely star-centric market, aside from exploiting its star assets fully, the rights-holder will also be challenged to generate interest in all their teams, players and activities,” says Ji. “For example, for the Premier League, the challenge is to ensure it promotes all 20 clubs in China, thereby instilling fandom not only in individual Premier League clubs, but also in the competition and the league as a whole.”

Another sport wanting to raise its profile in China is Formula One, which recently appointed Lagardère Sports to help it forge digital partnerships in the country. According to Andrew Georgiou, chief executive, Lagardère Sports and Entertainment, the Chinese fans are “craving, premium local and live sports and entertainment”.

E-commerce is booming in China, so it is perhaps surprising that so few rights-holders – and western sports brands in general – are harvesting such channels to monetise their operations in China.

China’s e-commerce market was worth \$440bn in 2014 and is expected to hit \$1.1trn by 2019, according to Forrester Research, with the majority of social media users buying online more than three times per month. Only a handful of Premier League teams have Tmall stores, though, while rights-holders, such as the Euroleague, are not yet ready to monetise their wares through such channels.

In the past, clubs may have been reluctant to develop online stores due to the large grey market in China, in which goods are traded through distribution channels that are legal, but are unauthorised by the manufacturers. However, Chinese football fans are increasingly demanding authentic goods to buy direct from the clubs, which presents an opportunity.

“Ten years ago, you would see all kinds of fake jerseys on the streets here, but the increased purchasing power of Chinese football fans and the ease with which it is now possible to buy online have made a huge market for authentic merchandise,” says John Yan, founder of China-based social media agency Score.

However, according to Ji, the conversion of fans into buyers is one of the “biggest challenges rights-holders face”. He says: “It is not merely enough to ensure payment methods like WeChat pay and Alipay are integrated into one’s marketing mix. Promotional strategy, product and timing are also crucial.”

It seems likely that as rights-holders build their brands in China, they will mine e-commerce channels.

For now, though, most are minded to establish a toehold in the market and while they might take a few wrong turns on the way, they will continue to plough money into conquering China, as the bounty on offer is too rich to ignore.

While rights-holders have no prescribed rulebook to crack China, there does seem a

broad consensus that it can’t be approached half-heartedly or done on the cheap, and that it requires time and investment.

Kelly Williams, managing director of Sports Revolution, which manages English Premier League football club West Bromwich Albion’s digital content in China, says that western companies think they can send out a “couple of reps to China” and crack it.

“You have to be prepared to do it differently. Translation doesn’t work because there are so many cultural and etiquette differences,” she says.

Be authentic

Simon Chadwick, professor of sports enterprise at Salford University, adds: “I don’t think that most western rights-holders are creating especially engaging content. They think you can create one type of content and it will translate to several different territories.”

He says that even Cristiano Ronaldo, who has a presence on Sina Weibo and Tencent Weibo, has failed to replicate his European popularity with the Chinese.

“He doesn’t have empathy with the Chinese, as it looks like he just wants to make money,” Chadwick says.

Experts say that rights-holders posting on social should be authentic – sometimes posting in English can add authenticity – and should include lots of video, incentivise fans with competitions and be aware that the Chinese government screens posts.

Ji says that choosing a Chinese partner that understands a rights-holder’s values and tone is crucial. He says: “Some agencies simply offer a translation model, which will not work. It is important to choose an agency that understands a brand’s values and tone, so that it can be adapted properly in China.”

A big mistake that rights-holders can make, according to Mason Ku, head of marketing, ChoZan, which offers training courses in Chinese social media etiquette, is a misunderstanding of what makes Chinese audiences tick. He says: “Sports teams should generate content related to the hot topics on Chinese social media, news in China or Chinese culture, in order to capture the attention of the Chinese audiences.” 

Sportel Briefing

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Dear Sporttel Delegate,

Welcome to the *TV Sports Markets* Sporttel Briefing for Sporttel Monaco 2017.

The Sporttel Briefing is designed to provide delegates with a recap of the big stories since the last Sporttel convention, and a snapshot of the coverage available to *TV Sports Markets* subscribers.

As usual, we've dug into our Rights Tracker service to highlight the 10 biggest media-rights deals signed since Sporttel Miami 2017 – find our Top 10 on page 90.

We host two panels at this year's convention. First, on Monday 23 October at 2pm, Frank Dunne will talk to Uefa's Guy-Laurent Epstein and Altice's Nicolas Rotkoff about the changing commercial structure of Uefa and its events, and the pay-TV revenue funding it. Then, on Tuesday 24 October at 2pm, I'll be speaking with DAZN's John Gleasure and Sportsfix founder Marcus Luer about the rise of OTT sports broadcasting in Asia and its implications for the industry. Turn to pages 93 and 94 for our previews of these respective discussions.

Our *TV Sports Markets* coverage and Rights Tracker portrayal of Uefa's Champions League and Europa League deal in the Middle East and North Africa with beIN Media Group is available on pages 96 and 97. The renewal was a triumph for Uefa, which timed its tender well to secure a huge increase in rights fee.

Turn to the following page and you'll find our August analysis of the cross-border rugby union competition now known as the Pro14 following the addition of two South African clubs: the Cheetahs and the Southern Kings.

With the publication of the *TV Sports Markets Global Report* imminent, we delve into some of the sporting trends from 2017 on page 102.

And on page 105 you'll find an abridged version of our Q&A with IMG's head of global sales Adam Kelly about the sale of media rights to the Floyd Mayweather Jr. vs. Conor McGregor fight.

Our staff will be present as usual in Monaco – please get in touch using the contact details below or drop by at our stand. For enquiries about accessing *TV Sports Markets* content, or advertising in the next edition of the *Sporttel Briefing*, contact Paul Santos, our head of business development.

We wish you a productive and enjoyable Sporttel!

Robin Jellis

Editor

TV Sports Markets

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TOP 10 DEALS

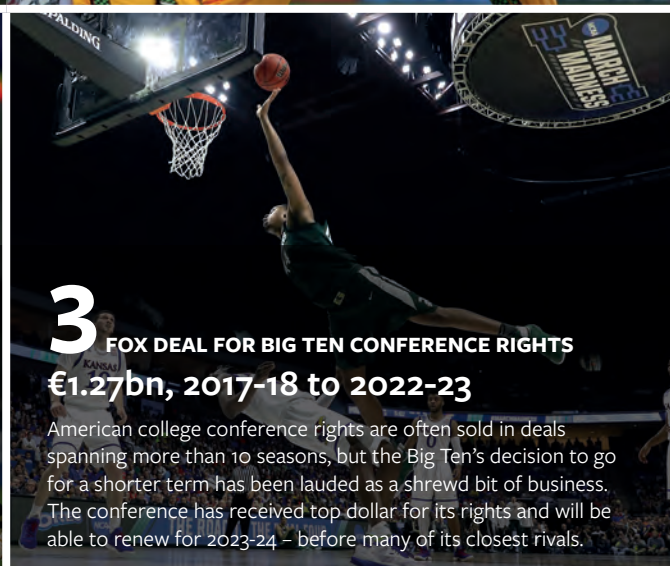
1 STAR DEAL FOR INDIAN PREMIER LEAGUE €2.14bn, 2018 to 2022

It was a very happy 10th birthday for the IPL. Star India's knockout bid for global rights made the T20 league the most lucrative property in world cricket, surpassing the value of Test cricket rights in India for the first time.



2 BT DEAL FOR UEFA CHAMPIONS LEAGUE AND EUROPA LEAGUE €1.37bn, 2018-19 to 2020-21

BT's blockbuster deal marks the first of many appearances for the Uefa Champions League and Europa League on this list. The UK telco paid just over 27 per cent more to retain its crown jewels until the end of 2020-21, as rival Sky bid to win back the rights.



3 FOX DEAL FOR BIG TEN CONFERENCE RIGHTS €1.27bn, 2017-18 to 2022-23

American college conference rights are often sold in deals spanning more than 10 seasons, but the Big Ten's decision to go for a shorter term has been lauded as a shrewd bit of business. The conference has received top dollar for its rights and will be able to renew for 2023-24 – before many of its closest rivals.

4 SKY DEAL FOR ECB RIGHTS €1.12bn, 2020 to 2024

The ECB and Sky struck the biggest-ever deal for English cricket rights back in July. The deal carved out 21 international and domestic games per year to be shown by UK public-service broadcaster the BBC, and increased the ECB's per-season media-rights income by 180 per cent. Not bad!



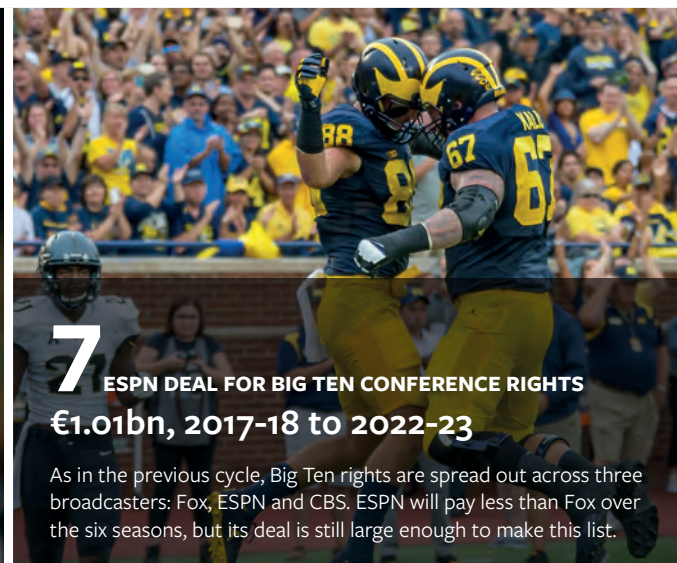
5 MEDIAPRO/BEIN DEAL FOR UEFA CHAMPIONS LEAGUE AND EUROPA LEAGUE €1.05bn, 2018-19 to 2020-21

Spain has been a problematic market for some rights-holders in recent years, but not for Uefa this time around. Football's European governing body smashed it out of the park by renewing its deal with the joint-venture between Mediapro and beIN. The increase? A casual 77 per cent.



6 **ALTICE DEAL FOR UEFA CHAMPIONS LEAGUE AND EUROPA LEAGUE**
€1.05bn, 2018-19 to 2020-21

French telco Altice and its pay-television broadcaster SFR Sport have injected fresh competition into a market dominated by Canal Plus and beIN Sports. The telco's enormous deal for Champions League and Europa League rights is 103 per cent more than that paid in the current cycle by Canal Plus and beIN.



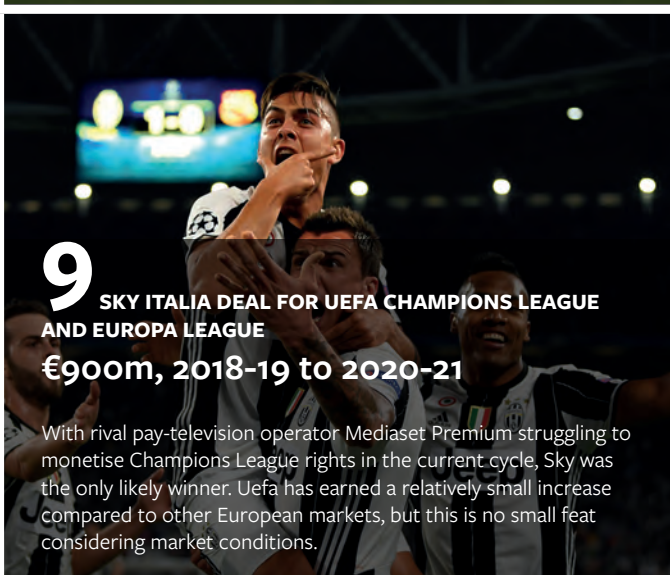
7 **ESPN DEAL FOR BIG TEN CONFERENCE RIGHTS**
€1.01bn, 2017-18 to 2022-23

As in the previous cycle, Big Ten rights are spread out across three broadcasters: Fox, ESPN and CBS. ESPN will pay less than Fox over the six seasons, but its deal is still large enough to make this list.



8 **FOX/TURNER DEAL FOR ARGENTINIAN FOOTBALL ASSOCIATION RIGHTS**
€978m, 2017-18 to 2021-22

The collapse of the Argentine government's Fútbol Para Todos scheme, whereby it funded the purchase of domestic football rights for free-to-air broadcasters, allowed media giants Fox and Turner to swoop in. The deal comes with an option to extend for a further five seasons to the end of 2026-27.



9 **SKY ITALIA DEAL FOR UEFA CHAMPIONS LEAGUE AND EUROPA LEAGUE**
€900m, 2018-19 to 2020-21

With rival pay-television operator Mediaset Premium struggling to monetise Champions League rights in the current cycle, Sky was the only likely winner. Uefa has earned a relatively small increase compared to other European markets, but this is no small feat considering market conditions.



10 **SKY DEAL FOR ENGLISH FOOTBALL LEAGUE RIGHTS**
€652m, 2019-20 to 2023-24

Sky's retention of English Football League rights in the face of competition from BT has come at more than just a financial cost. EFL clubs will have the right to stream their own matches via OTT service iFollow, piquing the interest of clubs in the Premier League and further afield.



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PAY-TV MONEY HAS BEEN CRITICAL TO UEFA'S STRATEGY. BUT WILL IT CONTINUE TO GROW?

BY FRANK DUNNE

What a difference a decade makes. In 2007, Uefa was marketing the commercial rights for the Champions League and a 16-team European Championship. These days European football's governing body is in the market with rights to the Champions League, the Europa League, Euro 2020, the European Qualifiers and the Nations League. Women's and youth tournaments are also developing a commercial profile they didn't have just a few years ago. Across all competitions, this amounts to 600 matches per season for which Uefa sells media rights and sponsorship.

In men's football, this rolling strategy of centralisation, expansion and rebranding has taken in:

- the creation in the 2009-10 season of the Europa League from the ashes of the Uefa Cup, with the sale of rights passing from the clubs to Uefa
- the creation from the 2014-15 season of the European Qualifiers, centralising a sales process previously conducted on an ad-hoc basis by individual national federations
- expanding the finals of the European Championship from 16 to 24 teams, starting from Euro 2016
- the creation from the 2018-19 season of the Nations League, centralising friendly matches previously sold by federations
- a revamp of the Champions League from the 2018-19 season to guarantee the qualification to the group stages of four teams from the top four European countries (based on their Uefa coefficient).

Seen from the perspective of power politics, that looks like one hell of a land grab. The sports marketing agencies which previously sold Uefa Cup and national team qualifier rights certainly saw it that way.

In the 2007-08 season, Uefa's total revenues were €1.925bn. By 2015-16 – a comparable season because it also contained a European Championship – they had risen to €4.58bn. Of this, broadcasting income was €3.185bn and sponsorship €928.3m.

However, this greater commercial control is also an enormous responsibility. To centralise rights to national team qualifier

matches, Uefa had to promise its 55 federations it could more than double their revenues. And it is under constant pressure from the continent's top clubs to deliver ever greater revenues from the sale of Champions League or risk a breakaway.

Increasing revenues from pay-television operators has been critical to ensuring Uefa has been able to meet these targets. One of the key factors in doubling revenue from qualifier matches, for example, was Uefa's ability to create an entirely new pay-TV product bundling third-party matches – those not involving the relevant national team – in its new Week of Football.

The Champions League has long been considered a 'must-have' property by pay-television operators. From next season, with the guaranteed participation of more of Europe's best teams, this will be even more the case. Deals struck so far for the next cycle bear this out. Competition for the rights has been fierce, with some unexpectedly big increases, even in difficult markets like Spain.

Two trends appear to be emerging. First, Uefa is agreeing more deals in which fully exclusive rights are being sold to pay-television operators, with free-to-air coverage limited only to the final. For the 2018-19 to 2020-21 cycle, this will be the case each of the big five European markets. Second, the pay-television companies competing aggressively for the rights are increasingly owned by telcos, such as BT in the UK, Telefónica in Spain and Altice in France.

The latter trend is hardly surprising. As the price of the rights increases cycle-on-cycle,

the ability of telcos which offer triple- or quadruple-play services to refinance their investments across multiple revenue streams is an important weapon.

Altice is a good example. The Netherlands-based company, founded by Patrick Drahi, has an ambitious M&A strategy covering – so far – France, Portugal and the US. In France and Portugal, this has been followed by an aggressive sports-rights strategy, centred mainly around football, to build market share rapidly for its pay-television operations.

In France, the company won rights to the English Premier League in the current cycle, from 2016-17 to 2018-19, almost doubling the value of the rights. It has also won exclusive rights to the Champions League and Europa League for the 2018-2021 cycle, paying more than double the previous value.

Uefa will almost certainly surpass its target of a 28-per-cent increase in commercial revenues for the Champions League and Europa League in the next cycle. It also looks set to increase revenues for its major national team competitions in the coming cycle. But beyond that, will the pay-television market continue to be able to deliver the same kind of increases?

Uefa's best hope of future organic growth, without the creation of a European Super League featuring only elite teams, appears to lie in the possibility of platform wars between legacy pay-TV operators, telcos, independent OTT operators like DAZN, and internet giants such as Facebook and Amazon.

All the signs point to another decade of commercial success for the governing body. ■

TV Sports Markets Panel at Sporttel Monaco 2017

The evolution of Uefa competitions and the implications for pay-TV

Monday, October 23 @ 2pm in the Conference Room



Frank Dunne | Guy-Laurent Epstein (Uefa) | Nicolas Rotkoff (Altice)

WILL OTT SERVICES IN ASIA BE COMPLEMENTARY OR COMPETITIVE TO TRADITIONAL PLAYERS?

BY ROBIN JELLIS

OTT is set to be the future of sports broadcasting in Asia, but it remains to be seen who will win the battle: independent media companies launching OTT services, internet and technology companies studying an entrance into the sports market, or legacy broadcasters responding to these threats.

Most sports rights across Asia have historically been held by powerful free-to-air and traditional pay-TV broadcasters. But changes in technology, and the launch of multiple OTT services across the continent, are changing the way live sport is consumed.

DAZN, owned by digital media company Perform, is one such OTT platform which has blazed a trail in the industry. Perform launched the DAZN service in Germany, Austria and Switzerland on August 10 last year, and in Japan on August 23. Its plan was to offer a low-cost sports broadcasting alternative in these countries. It picked these territories for four key reasons.

First, pay-TV penetration was much lower than in other markets. Second, there was a strong base of sports fans who did not have pay-TV subscriptions. Third, connection speeds and broadband infrastructure in these countries were good. Fourth, there had been little competition for sports rights, meaning they were more affordable.

Fourteen months after the launch of DAZN, and following another roll out in Canada, the company's strategy is clearer. DAZN pays guarantees for its marquee content, but for less valuable content it offers a 'rights-holder pot' mechanism, whereby it shares revenue dependent on viewership.

In Japan, DAZN's headline deal was a 10-year agreement for domestic J-League football rights, from 2017 to 2026, worth an average of ¥21bn (€185m/\$205m) per year. But DAZN also has rights to: Germany's Bundesliga; Italy's Serie A; France's Ligue 1; the four major US leagues; and from 2018-19 it will have Uefa Champions League and Europa League rights in the country.

Shortly after launching in Japan, in an exclusive interview with *TV Sports Markets*, DAZN's chief commercial officer John Gleasure said: "One of the reasons we went into this was that pay-television penetration was much lower than otherwise in these markets. There is a strong base who are not pay-TV subscribers.

"But at the same time we see our service as being very complementary. Because



it's priced reasonably it's not a significant additional payment on top of a subscription to [leading pay-television broadcasters] Sky Deutschland in Germany or Sky PerfecTV in Japan."

While DAZN is operating at one end of the scale, new OTT service Sportsfix in Malaysia is at the other – picking up rights to niche sports content which has previously been ignored by broadcasters.

The platform was launched on July 14 by Marcus Luer, founder and chief executive of the TSA agency, which has a history of brokering media-rights deals across Asia.

While DAZN is coy about its future launch territories, Sportsfix is candid. It plans to roll out its service in Indonesia and Thailand in the coming months, with further launches set to follow in the Philippines, Singapore,

Thailand and Vietnam.

Luer told *TV Sports Markets* in August: "I'm tired of being just a broker. In my view, the agency business is getting harder and harder and the bigger agencies are getting bigger, which makes it harder for the mid-sized agencies like us to compete with them.

"We are cannibalising our own business model to some degree, by cutting out broadcasters and going straight to the consumer. To me, that is evolution. I see that as the future of the industry."

At the time of writing, Sportsfix held rights to: the Chinese Super League; the Indonesian Liga 1; Thai League 1; South Korea's K League Classic; the Philippine Basketball Association; Bangladeshi international and domestic cricket; and several MMA promotions.

"We are going after everything that is under the radar, and in some cases, not of interest to traditional broadcasters," Luer said. "There is a tonne of that content out there. We know the niches, we know how to buy these rights and that is part of the strategy. We are not going to start competing with premier broadcasters that are buying the Premier League."

Herein lies the big question regarding OTT players globally: will they be complementary to existing pay-television broadcasters, or will they steal market share from them and compete for subscribers?

The answer is not black or white. But legacy media and telcos are looking over their shoulders nervously at independents like DAZN and Sportsfix, as well as internet companies and technology giants. ■

TV Sports Markets Panel at Sportel Monaco 2017

OTT in Asia: complementary or competitive to traditional players?

Tuesday, October 24 @ 2pm in the Conference Room



Robin Jellis | John Gleasure (DAZN) | Marcus Luer (Sportsfix)



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POLITICAL SITUATION HELPS UEFA SECURE MONSTER INCREASE IN MENA



Uefa has almost trebled the value of its Champions League and Europa League media rights in the Middle East and North Africa, following a renewal with Qatar-based beIN Media Group.

The new three-season deal, from 2018-19 to 2020-21, is understood to be worth more than \$250m (€211.6m) per season. Sources close to beIN, however, say the fee is lower than this.

Regardless, the new deal is substantially more valuable than the current deal, in which beIN pays just over \$90m per season over three seasons, from 2015-16 to 2017-18.

A tender was issued by European football's governing body Uefa on June 30, with bids due by July 17. The sales process was handled by Team Marketing, Uefa's sales agent for its club competition rights.

Uefa chose to tender its rights at this time to take advantage of the political situation in Mena. As part of the economic blockade of Qatar, which began on June 5, access to beIN Sports channels has been restricted on some platforms in the region. Renewing Uefa rights will act as a strong bargaining chip to secure continued distribution in Mena.

BeIN was also threatened by a potential

new competitor, with reports suggesting the Saudi Arabian government planned to roll out a sports broadcasting operation, PBS Sports, with a view to supplanting beIN in the region. No such roll-out has occurred, and no bid was made to Uefa for its rights.

The only rival offer beIN faced was a joint bid from Abu Dhabi Media – owner of pay-television broadcaster Abu Dhabi Sports – and pay-television broadcaster OSN. The Abu Dhabi Sports channels have been carried on OSN's platform since 2014.

The two are understood to have offered slightly less than double the current value of the rights in a new cycle. ADM is thought to have been financing the offer.

Uefa awarded the rights to beIN after one round of bidding as the broadcaster's bid was far larger.

The scale of the increase is significantly bigger than the six-per-cent uplift Uefa achieved when it last sold its rights in the region. Then, beIN paid about \$85m per season in the 2012-13 to 2014-15 cycle.

Timing of tender process

The launch of Uefa's tender was an opportunistic move to take advantage of the

uncertainty in Mena and secure the biggest possible rights fee.

TV Sports Markets understands ADM and OSN approached Uefa directly and encouraged the body to launch an early tender process in the region, as they felt they could take advantage of a distracted and potentially weakened beIN.

Uefa is understood to have initially planned to sell its club competition rights in Mena early in the global sales process, but its focus switched to the big five European markets where there was strong competition. In the 2015-2018 cycle, the first deal Uefa struck was in Mena.

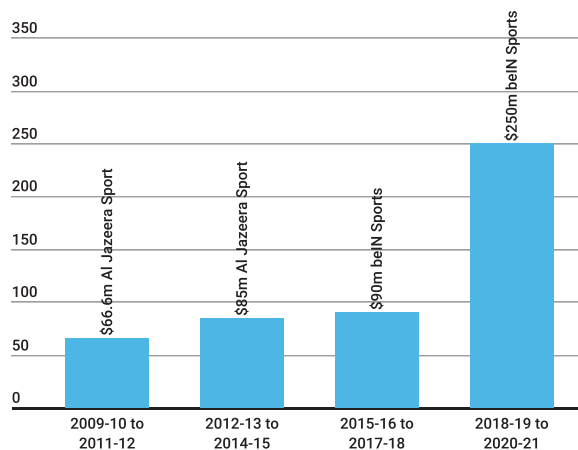
Following the launch of the blockade on Qatar, and the approach from ADM/OSN, Uefa chose to launch its tender in the region.

A source close to the governing body said: "We thought it could be a perfect storm. We thought we probably wouldn't get an opportunity like that again."

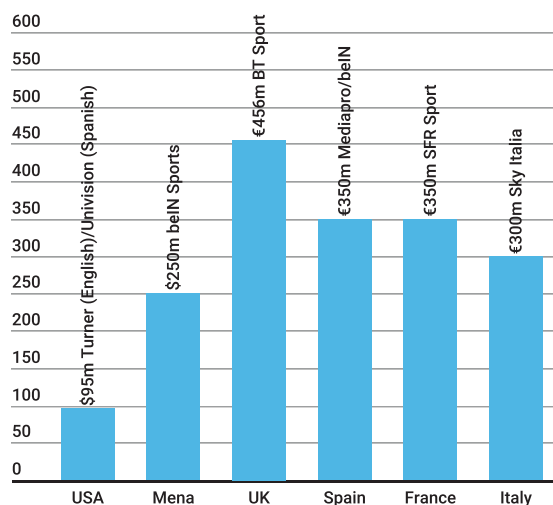
BeIN bidding rationale

BeIN is understood to have been prepared to pay such a big increase for three main reasons. First, due to competition in the market, both perceived (PBS Sports) and

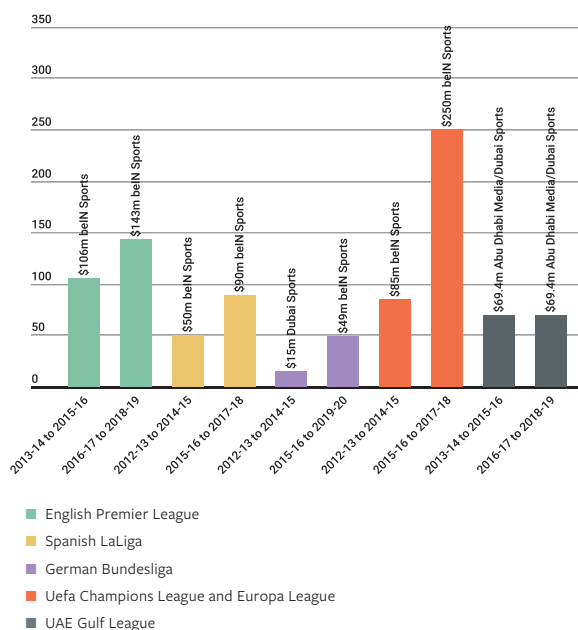
PER-SEASON UEFA CHAMPIONS LEAGUE AND EUROPA LEAGUE VALUES IN MENA



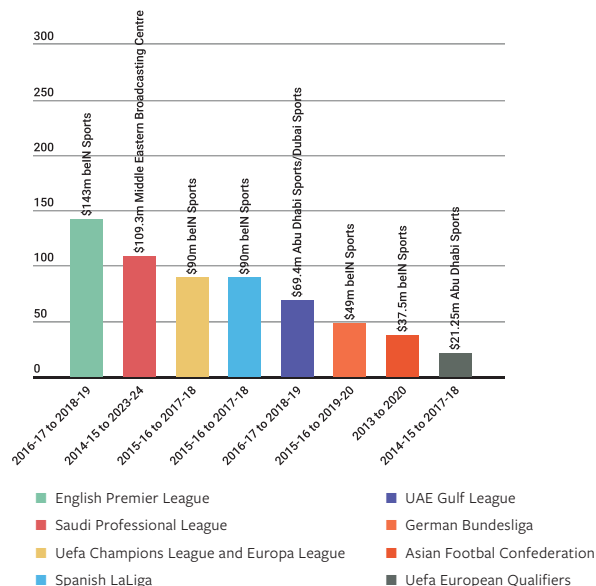
PER-SEASON UEFA CHAMPIONS LEAGUE AND EUROPA LEAGUE VALUES (2018-19 to 2020-21)



PER-SEASON VALUE OF FOOTBALL RIGHTS IN MENA



PER-SEASON VALUE OF SELECTED PROPERTIES IN MENA



real (ADM and OSN). Second, it strongly values premium football content which drives subscribers. The Champions League and Europa League, along with the English Premier League, are the most prestigious properties in its portfolio.

Third, it was determined to send a message to the market that its relationships with significant rights-holders had not been negatively affected by the economic blockade. One rights expert said the increase

was predominantly driven by the political situation. He said: “BeIN would never have made that offer if there was not serious political pressure.”

Diplomatic situation in Mena

The sports media-rights industry has been closely monitoring the situation in Mena following the launch of the blockade. BeIN has invested billions of dollars into the industry via its broadcast operations in Mena,

France, Spain, Turkey, the US, Canada and across Asia. The short-term impact on access to the beIN Sports channels in the region is understood to have been limited, with Saudi Arabia only able to restrict access on certain IPTV platforms.

A source close to beIN said: “Long term, this deal absolutely cements beIN’s position as the home of sport in the Middle East. And it demonstrates the commitment of Qatar, which hasn’t wavered.” ■

PRO14 BANKING ON EXPANSION LEADING TO GREATER TV REVENUE



Published on August 4th 2017

The expansion of cross-border rugby union competition the Pro12 has been driven by three main factors: a desire to improve the competitiveness of the league; the need to bring media-rights revenues closer into line with its rivals; and the availability of two South African clubs

The league, which will be known as the Pro14 from the 2017-18 season, has added former Super Rugby clubs the Cheetahs and the Southern Kings. The rest of the league is comprised of four Welsh, four Irish, two Scottish and two Italian clubs.

In 2016-17, the Pro12 earned about £11m (€12.3m/\$14.3m) from its global media rights. Half of that came from a four-season deal with pay-television broadcaster Sky covering the UK and Ireland, from 2014-15 to 2017-18. Sky holds rights to 30 live matches per

season, plus the semi-finals and the final.

The league's media-rights revenue will grow substantially following the imminent agreement of a broadcast deal covering sub-Saharan Africa.

The deal is being brokered by the Pro14 together with the South African Rugby Union (Saru). It will run for six seasons, from 2017-18 to 2022-23, and will be worth close to \$70m, or an average of slightly less than \$11.7m per season.

Each of the clubs in the league is set to benefit immediately from the deal in sub-Saharan Africa, earning an additional £500,000 per season from the coming season.

Further growth is hoped for, with UK and Ireland rights currently on the market. Bids are due on September 4. The new cycle will cover five seasons, from 2018-19 to 2022-23. Rights in the UK and Ireland are currently worth about £10m per season in deals with Sky and other broadcasters in countries with

competing teams.

It is hoped that greater media-rights revenue will help Pro14 clubs hold out against Premiership and Top 14 clubs offering greater salaries to their players.

Plans for further expansion

The move to expand the cross-border competition was expected. The league, together with its adviser the IMG agency, has been trying to expand the competition into the US for several months.

TV Sports Markets understands the league wanted to add two US teams from 2018-19, and rename the league the Atlantic Rugby Championship.

However, the league was presented with an earlier opportunity for expansion. On July 7, it was announced the Cheetahs and the Southern Kings were to be cut from the Super Rugby competition following the end of the 2017 season.



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Continued from page 98

It is understood the Cheetahs and the Kings, together with Saru, approached the Pro12 about joining the competition.

The Pro14 is still planning further expansion, albeit from 2019-20 rather than 2018-19 to ensure its initial expansion goes smoothly.

A Washington DC-based team is highly likely to join from 2019-20. There are understood to be five other options as to the other team that will be added. One of these is understood to be from Vancouver in Canada; another is a German team.

UK and Ireland tender

The Pro14 is seeking significant growth in the value of its media rights in the UK and Ireland. The league has begun talks with interested broadcasters over rights in a new cycle, with bids due in September.

TV Sports Markets understands the league is seeking to double the revenue it earns from its current UK and Ireland deals, to at least £20m per season.

The league is understood to have two broad options available. First, an exclusive deal with a pay-television broadcaster. This broadcaster would act as a gatekeeper as the league would require certain rights to be sublicensed to free-to-air broadcasters. Second, to continue with its existing patchwork of broadcast deals.

The possibility of an exclusive pay-television deal has been discussed with Sky, Eurosport and BT. BT would likely team up with telco Eir in Ireland. Eir has an agreement with BT to distribute the latter's sports channels in Ireland.

There is interest in free-to-air rights from multiple broadcasters: public-service broadcaster the BBC, in its various guises (BBC Alba, BBC Northern Ireland, BBC Scotland, BBC Wales); Welsh public-service channel S4C; UK commercial broadcasters ITV and Channel 5; Gaelic-language channel TG4; Irish public-service broadcaster RTÉ; and Irish commercial broadcaster TV3.

Several sources this week told *TV Sports Markets* Sky has submitted an offer for exclusive rights worth about £18m per season.

One rugby rights expert said the league's best chance of earning £20m per season was from an exclusive pay-television deal. He added there was not much room for growth with the current patchwork deals, as most of the incumbent rights-holders are free-to-air broadcasters with relatively small sports-rights budgets.

One expert said the addition of the South African teams would help the league earn

a higher fee from broadcasters in the UK and Ireland due to the large South African expatriate community. About 230,000 South Africans are thought to live in the UK.

Of Sky's 6.5m subscribers to its sports channels, the league is thought to help the broadcaster attract just under 100,000.

Current UK and Ireland deals

As well as the deal with Sky, the league has several deals with free-to-air broadcasters over the same four seasons, from 2014-15 to 2017-18.

BBC Northern Ireland is understood to pay close to €650,000 per season for rights to show Ulster home and away matches which are not shown live by Sky. Ulster matches that Sky select are aired live on BBC Radio Ulster.

TG4 is understood to pay about €800,000 per season for rights to show all four Irish clubs: Connacht, Leinster, Munster and Ulster. TG4 can show two live matches per week plus a weekly highlights show in Gaelic.

Rights in Wales are held by BBC Wales and S4C in a joint deal worth about £3.2m per season. BBC Wales pays a greater share – the split is roughly £2m per season from BBC Wales and £1.2m per season from S4C. Both broadcasters show one live match per round: BBC Wales shows Friday-night matches; S4C shows Sunday-afternoon matches. If Welsh teams qualify for the semi-final and final, rights to those matches are shared between the two broadcasters.

Rights in Scotland are held by BBC Scotland and Gaelic-language channel BBC Alba in a joint deal worth about £140,000 per season. The value of the rights in Scotland is significantly lower than the other competing nations as there is less interest in rugby union in the country. There are also only two Scottish teams in the league.

IMG relationship

TV Sports Markets understands the league has agreed a five-season advisory deal, from 2018-19 to 2022-23, with IMG. Although the deal doesn't officially begin until September next year, IMG has been heavily involved in helping the league with its format change.

IMG will advise the league on the sale of media and sponsorship rights, and will seek to improve production standards. All commercial deals will still need to be signed off by the league. It is thought IMG will trigger a large commission payment if it reaches certain revenue targets.

The agency has a similar agreement to advise World Rugby, rugby union's global governing body, on the sale of its Rugby

World Cup media rights.

The league's media rights in the current cycle were sold by former chief executive John Feehan, who was advised on the sale of the rights by Laurence St John's Bridge Television agency. Under the new model, all negotiations – domestic and international – will be handled by IMG with the league.

In October 2015, Feehan was replaced by Anayi. The latter joined from IMG where he had previously sold World Rallycross Championship media rights.

Italian struggle

The league previously struggled to agree a deal in Italy. An agreement with sports broadcaster Eurosport was struck several months into the season, in November last year. The deal covered the remainder of the 2016-17 season. Eurosport did not pay a fee.

There is thought to be limited interest in the rights in Italy for 2017-18. Eurosport is only likely to be keen to acquire Pro14 rights if it holds on to Six Nations rights in the country. These are yet to be sold for 2018 onward, and are being offered to the market directly by the Six Nations.

Six Nations rights in Italy from 2014 to 2017 were held by media company Discovery Communications, which owns Eurosport, in a deal worth about €2.5m per year.

International rights

In the current four-season cycle, from 2014-15 to 2017-18, league rights outside the competing nations are distributed by the Pitch International agency. Pitch is thought to have paid the league a minimum guarantee of close to £1m per season for the rights, with a share of revenues above this.

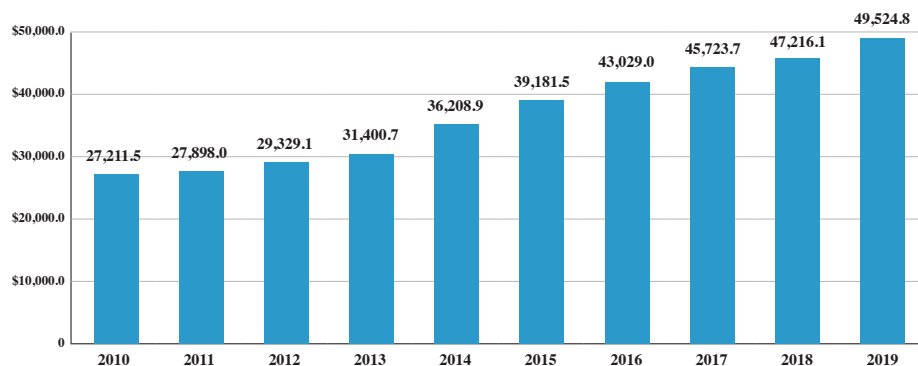
Pitch has a multi-territory deal with pay-television broadcaster beIN Sports covering France, the Middle East and North Africa, Australia and North America – some of the more valuable territories for rugby union rights.

The agency also has deals in: the Balkans with pay-television broadcaster Arena Sport; the Czech Republic and Slovakia with pay-television broadcaster Nova Sport; Germany, Austria and Switzerland with OTT platform DAZN; Asia with pay-television broadcaster Setanta Sports and OTT platform Rugby Pass, both owned by Discovery; New Zealand with pay-television broadcaster Sky; the US with Rugby Channel; and the Caribbean with telco Cable & Wireless Communications.

From 2018-19 onward, IMG is expected to take on the distribution of Pro14 international rights as part of the wider collaboration between the two parties. ■

A YEAR IN DATA

A selection of the most interesting and significant sports media-related charts we found or produced in 2016-17

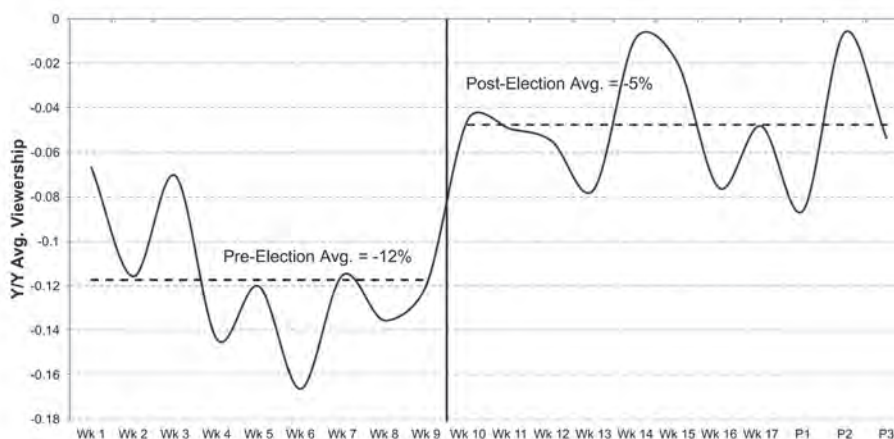


May 2016

Global value of sports media rights hits \$43bn

TV Sports Markets' annual assessment of the value of the global sports media rights market passes \$43bn in 2016, and predicts growth to reach nearly \$50bn in 2019.

Source: TV Sports Markets

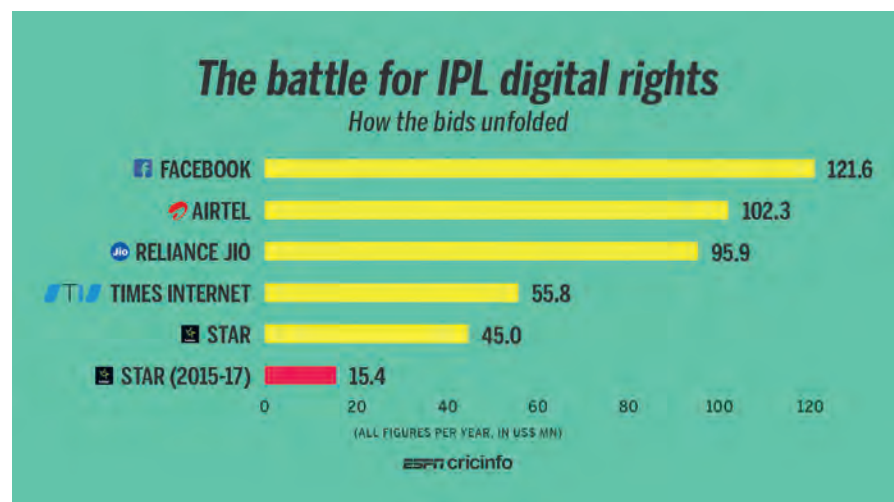


February 2017

NFL ratings down across 2016 season

Domestic television audiences for the world's most valuable sports media-rights property, American football's NFL, were down year-on-year in 2016. Coverage of the dramatic US presidential election was considered to have had an impact but, as the chart shows, even post-election audiences were down five per cent.

Source: MoffatNathansen



August 2017

Facebook goes in hard for IPL

Although it ultimately failed, Facebook's bid for Indian Premier League T20 cricket digital rights in India only is hugely significant. In terms of money put on the table (more than \$600m over five years), and the significance of the property (the IPL is very much a premium property in India), it is the biggest reported move in sports media rights to date by one of the tech giants. News Corp's Star India won the digital rights, plus all other rights globally, in a \$2.55bn deal from 2018 to 2022.

Source: ESPNCricinfo Ltd.



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THE BIG INTERVIEW: ADAM KELLY

Adam Kelly, head of global sales at IMG, speaks exclusively to *TV Sports Markets* about sales of Floyd Mayweather Jr. vs. Conor McGregor

Have you ever experienced demand like this for a one-off event from broadcasters and pay-per-view companies around the world?

In terms of a one-off event, absolutely not. I think, in terms of the particular set up, this fight was one-of-a-kind; completely unique. This smashed through every one of even our higher-end forecasts. The demand in the build-up to the fight and as we were closing the deals was unlike anything we've ever seen.

How did you co-ordinate such a huge sales operation in such a short space of time?

We had an overall lead person, which was myself, plugging into IMG's global network of sales executives. There are 200 people involved in media sales and distribution, and we blasted everyone! We had three-and-a-half weeks to sell the fight – not very long at all – and we agreed 63 deals and arrangements, distributing across every single market on the planet.

How would you compare demand for this event with Anthony Joshua vs. Wladimir Klitschko, or Floyd Mayweather Jr. vs. Manny Pacquiao?

We always felt we were tracking at the very top end of demand and certainly expected to exceed Joshua vs. Klitschko. The difference between that fight and Mayweather vs. Pacquiao is very significant, and we expected to exceed Mayweather vs. Pacquiao. In almost every single territory we have done so.

Did it make any difference to you whether an outlet was seeking a pay-per-view deal or linear deal? Did you prefer the idea of revenue shares on PPV in major markets, or would you have taken a linear deal should the rights fee have been enough?

I think in the ideal world, if we could have had a pay-per-view option in every single territory, with wide-reaching platforms, we would have done so. Not every market is capable, but we created a number of innovative partnerships. But the pay-per-view value? It was many, many times the value a traditional operator would have been able to pay as a licence fee.

There was also a third way, where broadcasters or platforms which had never experimented with pay-per-view came up with creative new business models to deliver



either an exact pay-per-view or a quasi pay-per-view model. Via that third way we'd be paid a bonus against the number of sign-ups, subscriptions or viewers. Broadcasters went above and beyond to be creative so they could be a part of it.

The commercial success of this event is expected to be unparalleled. Will this influence or impact the commercial activity around the UFC, and do you think this will have an impact on the UFC's rights negotiations going forward?

We are very confident this will have a very significant positive impact on the overall commercial activity surrounding the UFC. Look at some of the social media reports: traffic for Conor, who has been in the game a handful of years, was significantly higher than the traffic for Floyd.

There's going to be a huge amount of interest in Conor after he competed with Mayweather in the fight, and to see him competing in the discipline he specialises

in is going to be very interesting for a huge number of people around the world.

Has this event inspired anyone at IMG or at the UFC to consider other crossover events or marquee events within the UFC structure? Has the demand and commercial upside of this event changed the way you think about how the UFC should be managed?

The simple answer is that the UFC will look at every option and will continue to do so. I don't think this particularly changes anything in terms of the overall plan and structure.

In terms of crossover events, I think people have probably had enough of that for now. I don't think the world is crying out for more crossover events. I think the world is crying out for more UFC, and I think there's going to be a huge interest in big, headline UFC events. There are a lot of additional people who have just been educated about the UFC brand, and about the talent of one of its stars. ■

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Conferences

LEADERS WEEK

When: 2-6 October

Where: Various London venues, including Stamford Bridge, BT Tower and the Natural History Museum.

What: A B2B conference bringing together leading figures from the world of sport, technology and entertainment.

Who: This year's event features five new specialist forums and four after-hours events built around the main Sport Business Summit. Speakers include Sebastian Coe, president, IAAF; Stephanie McMahon, chief brand officer, WWE; Josep Maria Bartomeu, president, FC Barcelona; and Dan Reed, head of Global Sports Partnerships, Facebook.

Tickets & more info: <https://leadersinsport.com/leaders-week/>



SMART CITIES & SPORT SUMMIT

When: 2-4 October

Where: Montreal, Canada

What: Event focused on 'smart strategies that effectively connect sport and cities'. The event is an initiative of the World Union of Olympic Cities, an association of former and future Olympic host cities supported by the IOC.

Who: Speakers include Richard Kerrigan, financial adviser and vice-president of Project Finance Advisory Limited; Pat Christensen, president of Las Vegas Events; and Francisco Lima, senior legal counsel at FEI.

Tickets & more info: www.smartcitiesandsport.org/smart-cities-sport-summit-2017

INDIA SPORTS ANALYTICS CONFERENCE

When: 12-13 October

Where: Mumbai, India

What: Forum for industry professionals and executives interested in the role of data and analytics in the Indian and global sports industry.

Who: Speakers include Venugopal Rajagopalan, Catapult Sports; Gaurav Sundararaman, ESPN; Simon Baker, CricHQ; Unmish Parthasarathi, International Cricket Council; and Vaidehi Vaidya from Women in Sport.

Tickets & more info: www.analyticsinsport.com/india

SPORTSTECH NYC

When: 17-18 October

Where: Javits Center, New York

What: Event focusing on the use of new technology in sport.

Who: The speaker line-up includes Ben Alamar, director of sports analytics, ESPN; Giada Carminati, data scientist, StubHub; Erin Blecha, director of fan experience & events, Atlanta Hawks; and Nathan Lindberg, director of esports sponsorships, Twitch.

Tickets & more info:
<http://sportstechnyc.com>



SPORTEL MONACO

When: 23-26 October

Where: Monaco

What: World sports marketing and media convention.

Who: The event will include a presentation by La Liga president Javier Tebas, in addition to the Sportel Law Conference. Other speakers had not been announced at the time of going to press, but the event will include panel discussions organised by Chinese media firm Tencent and a technology panel curated by Sports Video Group.

Tickets & more info:
www.sportelmonaco.com

CALENDAR OCTOBER-NOVEMBER 2017

Date	Event	Location	Website
2-4 October	Smart Cities & Sport Summit	Montreal	www.smartcitiesandsport.org/smart-cities-sport-summit-2017
2-6 October	Leaders Week	London	https://leadersinsport.com/leaders-week/
12-13 October	India Sports Analytics Conference	Mumbai	www.analyticsinsport.com/india
17-18 October	SportsTech NYC	New York	http://sportstechnyc.com/
23-26 October	Sportel Monaco	Monaco	www.sportelmonaco.com



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Executive hacks

Ravi Krishnan is a former managing director and senior vice president for IMG South Asia and co-founder and CEO of Stepathlon, India. He talks to Ben Cronin about the opportunities in the Indian sports market

I was part of the set-up team with IMG [in India]. I went out in 1995. I was one of the youngest members of the set-up team and ended up staying with IMG for 16 years. I have nothing but good things to say about IMG. If you look at India, it's the one global agency that got in early and stayed. Several other agencies came and left, but IMG came in on the back of its relationship with the BCCI and TWI, which is IMG Media now, ATP Tennis and their relationship with the All India Football Federation. I was having coffee with Brett McCormack in January and I was saying that I think we got there early, and that allowed us to do some pioneering stuff and raise the bar in many ways.

Now I'm on my own trying to launch an IP-driven sports business. I've created a business called Stepathlon, which sits at the junction of mass participation and wellness. It's a B2B product where business employees compete on a virtual race course – the race course is virtual, but the activity is real. It's all about completing 10,000 steps of activity and that moves your ranking on the virtual race course. That's a B2B product, but we will be launching Stepathlon Kids next year and that will be B2C. We've set up a different company to do that and our partner in that is cricketer Virat Kohli.

We say we bring a sports marketing approach to wellness. In the same way that sponsorship must be activated, wellness must be activated. Shoes don't make you fit, gym membership doesn't make you fit. We provide multi-business versions with annual rates, customised versions for corporates and communities, and then we've got the kids' version.

As far as the BRIC economies are concerned, it's really now China, India and the rest. Global stakeholders need to look at India as 'the' rather than 'an' alternative to China. India's an interesting market; there's a lot of appetite now and there's more disposable income, but it still has its challenges. The reason the IPL is commercially successful is that it was underpinned by what was then a \$1bn television deal, but it's now a \$2.5bn media deal. At the end of the day, you still need broadcast income to make a sport



commercially viable. You look at the Indian Super League (ISL), where Star Sports actually own it, as opposed to broadcast it, and you don't have the same commercial market for the television rights because it's not a competitive market. Most of the other leagues are not getting significant sums of media income, if any. Therefore, there's not that pool of money to distribute to franchises, so it's a much longer play for them.

You've got to have real quality on the pitch or the court or the field. It's all good and well having film stars associate with a property, but people don't go to watch the LA Lakers to see Jack Nicholson. They go to see players, and sport has got to be competitive and compelling.

That's why people like Kabaddi. It's an indigenous sport, you've got the best players playing it and they have contemporised it and taken those entertainment aspects, but juxtaposed them with the sport. The sport is still good in that context.

I think there's a big chance for badminton in India. Indian players are performing well on the international stage – especially the girls. The Badminton League should get a lot more commercial support because you've got world-

class athletes in the sport. Football will take a lot longer because the quality of the football is not world-class and Indians are exposed to world-class football via the broadcasters every day, from the EPL, LaLiga and Bundesliga. I think bringing in retired stars or stars on the cusp of retirement is a way to get it going, but ultimately if the sport is not compelling, it's challenging. The good thing about the ISL is they are getting decent crowds and there is a bigger and growing football audience. I think they're playing the long game but I think that's a 10- to 15-year position, not an overnight success. It's backed by IMG, Reliance and Star – they've got the patience and endurance to make it work over the long term.

Since the IPL started, there are probably 70-plus franchises that have been launched. There's a Futsal competition starting in September, there's a poker league, you've got football and table tennis, and there's a growing desire for corporates to find a seat at the table. Only eight of them can have an IPL team and so they are looking at other opportunities, and some of these come at a much lower cost. Most of the leagues have been able to find people to buy franchises, but the question is how long are they going to wait for a return? In some cases, the focus is on profit and loss; in some cases it is more on value creation and that can happen over a longer time. But certain leagues have had challenges initially because some of the owners realise some of the economics don't work.

I think there are opportunities to sell shovels in a gold rush. When I say that, I mean the whole ecosystem is developing. It's a bit like logistics and e-commerce: e-commerce companies are bringing cash all over the world but there's an entire ecosystem that has developed around that to support it. If all these sports in India have to professionalise and contemporise, and become world-class, then that ecosystem needs to become world-class, whether it's in signage or data or fan engagement or production.


India is living four decades at once. In some ways, it's moving incrementally and in other areas it's leapfrogging. I think we desperately need infrastructure – stadiums and all of the infrastructure that goes with them. ○



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07	03-08 Jul.	Master WCH	GER
08	30 Jul. -07 Aug.	Junior WCH	CZE
09	01-09 Sep.	Senior WCH	MEX
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11	25-28 Oct.	Bia/Tria WCH	EGY

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