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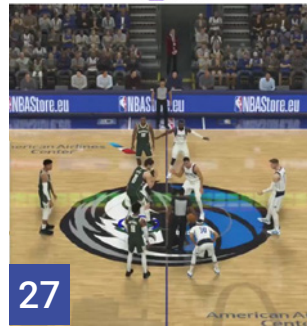
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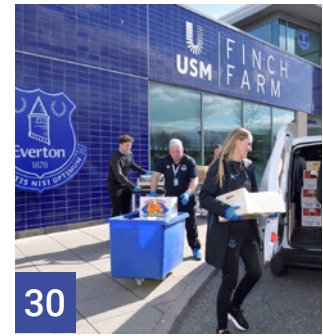
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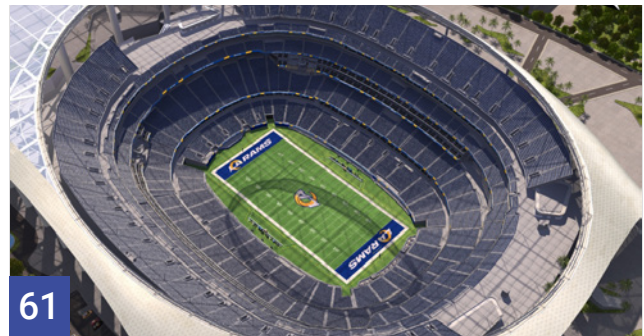
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Sports are still trying to figure out what the 'new normal' looks like



(Hannibal Hanschke/Pool via Getty Images)

It looks as though this period in history will come to be defined by the term 'new normal', just as previous eras have been by 'Cold War' or 'Austerity'.

But while those two words may be a convenient label for a changed world, they come up short as a definition. The fact is that we all face a different new normal and sport, like more or less every other area of human life and endeavour, is trying to discover exactly what its new normal will look like.

What we do know is that, after months when the news was dominated by cancellations, sport is taking tentative steps towards resumption. Top football has returned with Germany's Bundesliga, some of golf's big names have also been back on the course – albeit in a charity event – while pro bull riding and the UFC

have both delivered live events to feed their TV audiences.

With plans for the Premier League and LaLiga to get their respective shows back on the road and Formula 1 also looking to a return, there appears reason to be optimistic about the future.

But we must be realistic. In a recent report, Gareth Balch, chief executive of Two Circles, cited research showing that, as more and more events fell casualty to Covid-19, global sports revenues would likely fall to less-than-half the expected level. And he warned us not to expect that, as the sporting machine cranks back into action, it will be like pressing a reset button.

Sport may be coming back but it is coming back behind closed doors, without the fans who provide its visual

backdrop and soundtrack and whose spend on tickets, F&B, hospitality and merchandising is such an important part of overall revenues.

Other research suggests Covid-19 is likely to cost top European football clubs a combined figure in the region of £3.5bn (€3.9bn/\$4.2bn) even if they can complete the current season and get the 2020-21 programme under way. If anything prevents a restart, the picture looks even bleaker.

According to Charlie Marshall, chief executive of the European Club Association, absence of matchday revenue is "the big scare at the moment". That's hardly surprising as empty stadiums will cost millions, with the proportional impact felt by those with the biggest grounds: Manchester United

stand to lose £140m and Arsenal £122m.

It's not just football of course – every sport will suffer. Major League Baseball stands to lose up to \$600,000 for every game played behind closed doors and, when you consider clubs play 81 home games in the regular season, that is one hell of a hit.

But at least clubs in the major football leagues and top US sports do have significant media revenues which, one assumes, will continue to roll-in so long as games continue to be played.

That's not true of many second- or third-tier sports that rely almost entirely on their event-day revenues and associated sponsorships. They face a genuine existential crisis and the sad fact is that not all are likely to survive.

These are the factors contributing to a major cash crisis in sport. Media companies won't pay for rights that can't be delivered, and lack of matchday revenue is hitting everybody. Add uncertainty over the appeal of television coverage of sports behind closed doors and the potential impact on rights fees and the scale of the problem becomes even more apparent.

The long and the short of it is that the sports economy looks to be at its most vulnerable right now. Clubs are naturally geared towards anticipated revenues, which have simply dried up, while the cost of keeping their businesses ticking over remain crippling high even when players have agreed to take pay cuts.

In many cases there is a desperate need for an influx of cash, and we have already seen what appears to be an upturn in private equity interest in new areas. While CVC, for example, has a track record in sport with its interests in F1

and rugby, they have been eyeing up the potential of Italian football's Serie A for a long-term rights deal.

And they are not alone. Blackstone is also reportedly interested in Serie A, with the potential carrot of a cash injection for clubs – many of which have already borrowed against projected TV revenues – as part of the package.

There are others who may step up to invest in sport and, in doing so, help clubs and others to ride out the current crisis. But logic suggests they will only be interested in properties where future contracted revenues are likely to be significant and that they would, in any case, drive a hard bargain. This is now a buyers' market.

For those unlikely to ever be on the radar of potential investors, the situation is made even worse by the near-certain devaluation of other assets – in particular, players. The football transfer market is likely to look very different going forward and those for whom transfer fees are factored into the P&L as a significant revenue stream are likely to be left floundering.

These are some of the key factors shaping the new normal, but the truth is that most of them are outside the control of the people who run the business of sport. The return of sport will be decided not in the boardrooms of pro sports leagues but by politicians with broader concerns and imperatives.

And in truth, it is only when the teams of scientists working night and day deliver a vaccine that the uncertainty threatening to cripple sport will truly come to an end.

We wish them every success in their work. ○



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(Boris Streubel/Getty Images)



Human needs drive the desire to attend games again

In a deeply insightful essay in *The Atlantic*, veteran rock star and Foo Fighters frontman Dave Grohl discusses the uncertain future of live music in the face of the ongoing Covid-19 pandemic, and his hunger for what he colourfully called “a big old plate of sweaty, ear-shredding, live rock and roll, ASAP”.

Ever an energetic and irrepressible performer, Grohl remains insistent of a return to the stage following the current hiatus and says the shared experiences of live music are among the most powerful in all human existence and simply cannot be ignored.

“I do know that we will do it again, because we have to,” Grohl writes. “It’s not a choice. We’re human. We need moments that reassure us that we are not alone. That we are understood. That we are imperfect. And, most important, that we need each other.”

Many of the same concepts and core human desires Grohl outlines with regard to music can be applied in precisely the same way to live sports.

But there are questions that come with that innate urge to return to stadiums and arenas and cheer our stars. So many questions. When will it be safe for us to attend games again? In what form will it take? Can the powerful and communal fan experience deeply inherent to sports, just as it is in music, ever be truly produced again? What happens if any sort of progress happening amid the public health crisis backslides and Covid-19 cases spike upward again?

These are brutal queries, ones basically consuming every senior sports industry executive right now as they try to figure out if, when, and how to



(Mike Kireev/Getty Images)

return to action. And the stakes aren’t just economic survival in conditions far beyond what any traditional labour or media-rights deal contemplates. They are literally life and death for involved players, coaches, staff, and for the fans that right now are still mandated to stay away from the venues – and will be for the foreseeable future.

“It’s difficult to imagine a stadium that’s filled until we have immunity, until we have a vaccine,” said California Governor Gavin Newsom. The sports leagues “must have a safety-first, health-first mindset, and there are conditions that persist in this state and this nation that make re-opening very, very challenging”.

In the interim, nearly every major sports property either already has or will soon seek a temporary workaround to resume games by competing without

fans in attendance. And those plans arrive with all the health safeguards and protocols, such as regular testing and medical monitoring of involved personnel, creating safe work practices for broadcast productions and facility management, and even pumping in fake crowd noise to simulate a normal venue atmosphere.

But for all that well-meaning effort, it is still not the same. Just as Grohl characterised the current online-only and isolated state of live music as looking like “doorbell security footage and sound[ing] like Neil Armstrong’s distorted transmissions from the moon”, the idea of games without fans in person just seems like poor reproductions of something else, something better that we not only saw and heard, but collectively felt.

And make no mistake, even in today’s analytics-driven sports industry, it is that fan emotion and passion that truly drive the business, and ultimately make all those multi-billion-dollar deals powering our industry possible. It is also why despite all the various ticket refund offers now available and growing economic pressure on households everywhere, a vast majority of fans are still holding on to their previously purchased seats, waiting for the irreplaceable feeling to return.

“We are still motivated by the long-term potential of global live events,” said Michael Rapino, president and chief executive of Ticketmaster parent, Live Nation. “It’s in the DNA of us to want to gather, socialise, and celebrate. And as we provide assurances on health and safety at the venue, we expect our business to build back.” ○



The Australian business is a contact sport

There was a distinctively Australian headline in the *Sydney Morning Herald's* sports business coverage recently: “Peter V’Landys is becoming as pleasant as a nasal swab for AFL”. The bracing language and source material were characteristic of what is one of the most interesting and intense media environments surrounding a sports industry anywhere in the world.

V’Landys chairs the Australian Rugby League Commission, which oversees the NRL. He has been jousting in the media with figures from the Australian Football League, who have criticised his ambitious restart plan for rugby league. ‘Nasal swab’ was a reference to the unpleasant method of testing for Covid-19.

Eddie McGuire, president of AFL team the Collingwood Magpies had said: “The AFL wants to show social leadership, they don’t want to be out like the NRL spruiking [an Australianism, meaning promoting or publicising] different ideas, we’re going to be model citizens.”

Led by V’Landys, the NRL has been champing at the bit to get back into action. Even before the UFC’s Dana White had a similar idea, the rugby league competition was reported to be considering relocating *en masse* to a tropical island in an attempt to restart. V’Landys invited opprobrium earlier in the Covid-19 outbreak for suggesting, as the virus was taking hold, that the NRL deserved a government bail-out.

The outspoken ARLC chair was having none of McGuire’s criticism. “Those people (within the AFL) should really have been concentrating on their own business and their own activities without making ill-informed comments about something they know nothing about,” he told the *Herald Sun*.



(Matt King/Getty Images)

There is more than an echo today of the abrasive, aggressive approach of legendary mogul Kerry Packer as he leveraged sport to build his Australian media empire from the 1970s through to the 1990s. Representatives of major players in the sports and media industries aren’t averse to tearing strips off one another in on-the-record interviews.

Elsewhere, sports media-rights negotiations are reported blow-by-blow in the national newspapers. Speculation abounds about the commercial fortunes of the major codes and teams. Political manoeuvres in sport’s corridors of power are laid bare.

Another major story in the market was the departure of Peter Wiggs as board director of Rugby Australia, after little more than a month in the role. *The Australian* carried a detailed report of an RA board meeting conducted on Zoom that presaged Wiggs’ departure. His colleagues rejected his demands for a pick of a chief executive and one other board member, in what seems to have

been the fatal blow to his short tenure.

Not all of Australia’s sports organisations or executives engage readily with the media, of course. The Australian Football League’s central commercial organisation is one example, largely shunning publicity.

But, by and large, sports business media coverage and executive conduct in the rest of the world seems staid by comparison, except perhaps in the colourful world of fight sports. And I am sure most executives prefer it that way.

With no regular sport to cover, sports business coverage has ratcheted up recently. As one Australian market observer put it to me this week, “There are 35 NRL journalists in Sydney with nothing else to write about”. The financial and organisational strain being placed on sports organisations and their broadcast partners is creating plenty of boardroom action. And lots of it will be as energetically covered as the on-field stuff usually is. Australian sports industry-watchers could be in for a season of compelling content. ○

Inside track

James Fenn, content and publishing strategist, Hill and Knowlton Strategies



The virtual NFL Draft offers three lessons for the future of post-Covid-19 sports events

James Fenn, content and publishing strategist in the sports and partnership marketing team at Hill and Knowlton Strategies, explains how the NFL made its virtual NFL draft an immediate success.

Even for a big NFL fan, the motivation to tune in to the NFL's virtual Draft included a healthy dose of morbid curiosity. Surely someone would forget to unmute themselves? Surely the Wi-Fi would drop out just as the commissioner was about to announce a key pick? Surely a draft that was transitioning from 600,000 fans on the streets of Nashville in 2019 to essentially one big Zoom call would be best-case, tedious, and worst-case, total disaster?

Far from it. Instead the virtual NFL Draft was a success beyond even the NFL's wildest dreams. In terms of ratings, the draft was the most-watched ever, drawing in a staggering 55 million viewers across the three-day event. The NFL Draft-a-thon fundraising event that ran in parallel on social media raised \$6.6m (€6.1m).

Perhaps most important for the NFL, was the public reaction. Given the current sensitivities about staying at home due to Covid-19, the decision to go ahead with the event with even the limited contact required to deliver it virtually could easily have become a lightning rod for intense criticism.

But instead, fans were delighted to have something to consume. The reaction was overwhelmingly positive, with fans and media members delighted to have sport back in some form and grateful towards the NFL for making it happen.

My newsfeed was certainly glowing with praise for the NFL, but did that

really reflect the whole conversation? The answer, based on research from the H+K Strategies Data and Analytics team, was an emphatic 'yes'.

This year's draft received 25-per-cent more social conversation compared to the previous two years, and 68 per cent of the social conversation was positive, higher than either of the two previous drafts.

An illustration of how successful the event was is how normal it felt. Social conversation overwhelmingly featured commentary around the picks, rather than being distracted by the fact it was a virtual event.

Smooth transition should be a KPI example for the organisers who would have been nervous of a backlash ahead of the draft. Those that did speak about the transition to virtual Draft were almost entirely positive about the situation. Over 400 people spoke in support of the transition versus just 20 against. And the messages of support were much stronger than those against, who mostly didn't feel the same as with the live event.

It was a resounding success for the NFL. So how did they pull it off? And what does it tell us about the roadmap for a successful return for sport over the coming weeks and months?

1. Get the tone right

One of the biggest challenges for any sporting event, looking to return post-Covid-19 shutdown, is going to be the return. How to transition back to reality? How to reference

the horrendous level of death and disruption we've seen? How to give back some sense of normality, but also, given lockdown rules will likely still be in place, encourage fans to continue to stay home? To reference the crisis, without making everything about the crisis.

Striking the right balance and tone was one of the NFL's great challenges. A challenge they most certainly overcame.

The NFL struck exactly the right balance between addressing the Covid-19 pandemic, and also delivering a much-needed escape from it.

Then NFL commissioner Roger Goodell invited scientist Dr Anthony Fauci, the face of the US Covid-19 response, on to the telecast to send a message to NFL fans. It was an incredibly smart way of placing the NFL on the side of the scientists, showing that hosting the NFL Draft during a lockdown wasn't a UFC-esque act of defiance, but was supported by the scientific community. Borrowing Fauci's credibility was a smart move that certainly helped address any question that hosting the event was irresponsible.

From that point on, while there were regular interludes to celebrate frontline healthcare workers and others fighting the coronavirus, it felt like a celebration of sporting talent and a moment of hope for all NFL fans.

The focus was clearly on the players drafted and telling their stories to an audience that may know little-

to-nothing about them. There was a concerted effort to profile the human interest stories of the players to broaden the appeal of the draft.

By addressing Covid-19 in the right way, with the right voices, but then focusing on the distraction fans truly needed, the NFL certainly created a model for how sports may begin to communicate in a post-Covid-19 world.

2. Trust the technology

This was collectively the NFL's biggest fear going into the night. From coaches to general managers to broadcasters, everyone seemed to be most worried about the internet failing at an opportune moment.

The 'practice draft' all teams took part in earlier in the week didn't do much to re-assure teams. It was, according to some reports, a bit of a disaster.

But when the virtual curtain lifted, everything went off without a hitch. The huge amount of time and money invested by the NFL to ensure their IT was on-point worked perfectly.

In retrospect, this was always going to work out. The NFL is a billion-dollar industry which was always going to throw huge resources at the issue – to the point where every team seemingly

had a portable IT department camped out in their front garden. It certainly serves as a lesson to the other major leagues: Solutions are possible with modern technology, if you are willing to pay for them.

Such was the success, that coaches and general managers are already talking about how elements of the process can be repeated in future years.

The NFL has shown that technology can support hosting events like this in remote locations, which potentially sets up big changes in the way sports operate, both in terms of big events and the day-to-day operation. Whether that holds post-Covid-19, remains to be seen.

3. You don't need a big production for a big viral impact

Every year, the NFL Draft is a tentpole moment for the league. The NFL and its teams invest a huge amount in original programming and content, to capitalise on fan interest and keep the focus on the sport year-round.

With much of the US under stay-at-home orders, creating the usual high-quality companion content that the show contains was always going to be tough. Would the draft be able to hold fan interest without it? Would it still be

able to trigger viral fan conversation, when the world is dominated by Covid-19?

Well, luckily for the NFL, the internet remains undefeated. Even in the face of a global pandemic.

With a much more lo-fi approach to production, mostly characterised by Zoom calls and live cameras in homes, the draft still managed to produce a series of moments that got social media talking.

This success definitely speaks to what has been one of the great trends of comms during the pandemic. High-production original content has been impossible to create, but fans are still enthusiastic to consume more raw, lo-fi content. As sport returns it is an important lesson for sports, brands and marketers alike.

In the midst of any significant global event, there is always a rush to say that 'things have changed forever.' Whether that will be the case for sport events like the NFL Draft remains to be seen. It may well be that in a few years it is back to a 600,000-fan live extravaganza just as it was last year. But if nothing else, the 2020 virtual NFL Draft gave us a playbook for how the first stages of the return of sporting events could play out. ○



(NFL via Getty Images)

Football behind closed doors may suit big leagues but no solution for the rest

The German Bundesliga is back on, with matches played behind closed doors

But playing matches without fans will not work for leagues with smaller broadcast revenues

Clubs in the SPFL and Eredivisie, for example, would be crippled by games behind closed doors



Callum McCarthy

Behind-closed-doors football matches have already produced enough well-worn clichés to last a lifetime. Chief among them: “We’re just going to have to get used to it.”

Getting used to it is easier for some than others. For most clubs in Europe’s ‘big five’ leagues, television revenues are such a large part of total income that they would much rather play in empty stadia than not play at all.

For clubs in leagues like the Polish Ekstraklasa, there is no one-

size-fits-all solution. There is great variation between clubs more reliant on matchday income, such as Lech Poznań; those with a balance between television income, sponsorship and matchday revenue, such as Legia Warsaw; and smaller clubs with lower overall revenue, such as Korona Kielce, which overwhelmingly relies on media rights payments from the league.

Then there is Scotland. Of all the large and medium-sized leagues in Europe, clubs in the Scottish Premiership are the most reliant on matchday income – to the extent that, unlike leagues with significant

broadcast deals, it would cost them more to play matches behind closed doors than not all.

On Monday, May 18, the Scottish Professional Football League followed France’s Ligue de Football Professionnel in abandoning the domestic football season and awarding positions based on points-per-game. If the SPFL had decided to finish the Premiership season behind closed doors, most clubs would have gone bankrupt in a matter of weeks.

But even now, Scottish football is particularly vulnerable to the effects of the crisis.

Disproportionately affected

In their eighth annual Football Distress report, corporate insolvency consultants Begbies Traynor said that “without much needed matchday revenues or Government support in the event that isolation measures are extended into the 2020-21 season, it is believed most Scottish clubs could face financial peril.”

The report describes Scottish clubs as being in a “financially-corrosive limbo” with no roadmap for a return.

Aberdeen, one of Scotland’s biggest clubs, will lose up to £6m across the months of March, April, May, June and July, with no matchday, sponsorship or television rights income expected during that period.

Speaking in late March, Aberdeen chairman Dave Cormack said: “Three weeks ago, we were in a healthy financial position; free of external debt with £1.5m in the bank. We had expected income of about £1m from our four home league games and the Scottish Cup semi-final and, potentially, £5m in season ticket sales, seasonal hospitality and new shirt sales coming in through mid-July.”

He continued: “Our monthly running costs are about £1.2m and it’s only prudent to assume that, realistically, there will be no football until July perhaps, at the earliest.”

The prospect of football being played with fans looks unlikely for the remainder of 2020 and with the UK’s government furlough scheme tapering from August to expiration in October, clubs like Aberdeen are now on the brink.

This is not reflective of irresponsibility or poor business practices on the part of Scottish clubs. Last year’s Begbies Traynor report praised Scottish clubs for their prudence and suggested that less reliance on broadcast income and a focus on sustainability provided solid foundations for clubs.

“No club, whatever their size, can withstand a total lack of income over three to six months.”

Dave Cormack | chairman, Aberdeen FC

It is simply that, as Cormack also said earlier this year: “No club, whatever their size, scale or level of investment, can withstand a total lack of income over a period of anything between three to six months.”

The bigger they are, the harder they fall

From the top of Scottish professional football to its bottom, clubs will suffer enormously from the crisis. But due to Scottish football’s unique economic circumstances, its biggest clubs would be the most vulnerable should matches be played behind closed doors.

Celtic, Scotland’s richest club, is largely reliant on income from European participation and matchdays to cover its wage bill, which is several times larger than medium-sized top-tier clubs like Aberdeen. After failing to reach the Uefa Champions League group stages in 2018-19, the club’s matchday income accounted for over half its overall revenue.

In a financial year in which the club fails to qualify, overall revenue stands at around £80m to £85m before player



(Scott Baxter/Getty Images)



(Eddy Lemaistre/Icon Sport via Getty Images)

sales are factored in. The club's player wage bill is understood to be about £60m per year and total operational expenses in 2018-19 reached almost £87m. Without matchday income for even half a season, Celtic would be in serious financial trouble without selling much of its first-team squad.

The situation is even worse for Celtic's crosstown rivals Rangers. In 2018-19, 60 per cent of the club's overall revenue came from matchday income. The club earned £32m in gate receipts and hospitality while its staff costs stood at £34.5m.

2018-19 was a good season for Rangers as it received £6.4m in Uefa prize money and solidarity payments. In 2017-18, when the club did not qualify for the Uefa Europa League group stage, matchday revenue comprised 70 per cent of the club's overall revenue in its accounts for the year ended June 30, 2018.

"I'm afraid some insolvencies are probably inevitable among the hardest-hit clubs."

Ken Pattullo | regional managing partner, Begbies Traynor

Ken Pattullo, the regional managing partner at Begbies Traynor responsible for Scotland, says: "Our Scottish Premiership clubs are the most reliant on ticket sales of all the top-flight European clubs, which also makes them extremely vulnerable to escalating financial problems, especially if it was decreed that the remainder of the season was to be played behind closed doors."

He continues: "While I don't believe we are looking at a doomsday scenario and most Scottish clubs will survive, I'm afraid that some insolvencies are probably inevitable among the hardest-hit clubs."

The big leagues

For the top-tier leagues in England, Spain, Germany and Italy playing behind closed doors is the most astute option.

In the last season for which complete financial statistics are available, 2017-18, roughly 59 per cent of English clubs' overall income derived from broadcast and media rights revenue, while sponsorship and other commercial activities accounted for about 27 per cent.

Servicing these deals is the number-one priority for clubs. Matchday revenue accounted for just 14 per cent of total revenue across all 20 Premier league clubs in 2017-18, and for smaller clubs it accounts for a tiny percentage of overall revenues.

For the 2018 financial year, Watford's matchday income was £8m while its commercial income was roughly £11.5m. The club earned about £109m from media rights.

For English top six clubs, the story



(Scott Baxter/Getty Images)

is slightly different, but the outcome remains the same. Manchester United will be the most-affected by a loss of matchday and other stadium-related revenue, earning £111m from gate receipts and hospitality in the 2019 financial year.

However, the club earned £241.2m from media rights across domestic and European competitions, meaning that whether a Premier League club earns £100m or £5m from matchday, playing games behind closed doors is the best option.

The story across mainland European leagues is slightly different as the media rights distribution is less equitable. In the Premier League, the top club usually receives just over a third more than the bottom club.

In the German Bundesliga, which returned to behind-closed-doors action on May 16, the disparity between Bayern Munich, the top media rights earner from the domestic league in 2017-18, and the lowest-earning club, RB Leipzig, was about 3.5:1.

Overall media rights revenues in the Bundesliga are lower than in the Premier League, but attendances are higher on average. Despite this, overall media rights income makes up roughly 39 per cent of German clubs' overall revenue, while matchday revenues are just 17 per cent due to much lower ticket prices.

The situation is similar in Italy, where 58 per cent of all revenue earned

by clubs in Serie A during the 2018 financial year came from media rights, compared to just 12 per cent from matchday income.

In France, however, overall revenue is much lower. While the proportions mirror their top-tier counterparts – an average 47 per cent of total income is from media rights and just 11 per cent from matchday – clubs in the lower half of the league are likely to earn between €20m to €25m from media rights revenue over the course of a season.

For club like FC Nantes or RC Strasbourg Alsace, which average around 25,000 fans per home match, matchday income is a much greater consideration.

This made it easier for the French government to overrule the Ligue de Football Professionnel and cancel all sporting events until September.

Case by case

From a purely financial standpoint, clubs and leagues should only play behind closed doors if the income received from hosting matches behind closed doors exceeds the cost. There is no one-size-fits-all solution and in leagues like the Polish Ekstraklasa, where clubs' economic circumstances vary significantly, no choice benefits a majority of clubs.

In the Netherlands, playing behind closed doors isn't an option for most clubs. Overall matchday income in 2017-18 stood at €120m, while broadcast rights income stood at about €100m as Ajax failed to reach either the Champions League or Europa League.

Without significant government support, it is unlikely the Eredivisie will return in empty stadia.

Behind closed doors matches are not a panacea for the impact of Covid-19, nor are they always better than not playing at all. Whether they choose to play on in empty stadia or mothball operations, clubs in Scotland, the Netherlands, Portugal, Poland and many other non-big-five leagues will have to seek support – from private equity, venture capital and/or government – to survive. ○



(Mark Runnacles/Getty Images)

How Professional Bull Riders has helped pave the way for the return of US sports

PBR provides important test case after making Covid-19 comeback at event in rural Oklahoma

Around 15 sports organisations have been in contact for advice about their own live-action returns

Adapting preparation plans on an almost daily basis was biggest challenge, says CEO Sean Gleason



(Bull Stock Media)

Bob Williams

Professional Bull Riders' successful return to competition in a small town in rural Oklahoma is poised to play a highly significant role in the resumption of live sports throughout the United States amid the Covid-19 pandemic.

The bull-riding circuit became one of the first professional sports organisations in the US to make a comeback during the ongoing health crisis when it staged an Unleash the Beast event that was originally scheduled for Las Vegas at the Lazy E Arena in Guthrie, Oklahoma, on April 25-26.

With the Ultimate Fighting

Championship – which is part of the Endeavor portfolio of holdings along with PBR – having scheduled a return in Florida on May 9 and Nascar planning its comeback in South Carolina on May 17, many eyes were on the Lazy E Arena to see exactly how a major sports competition without fans in attendance would look and feel during the coronavirus crisis.

It was a resounding success. PBR's first event back after a five-week hiatus was a logistical triumph despite the fact that strict and ever-changing coronavirus-related protocols had to be observed. This involved a 29-page action and safety plan that was given to local and state officials for review. Most importantly, no health issues were reported afterwards.

PBR chief executive Sean Gleason

has subsequently been contacted by approximately 15 sports leagues and organisations, with whom he has willingly shared health and safety information and answered any further questions.

PBR made a relatively speedy return to action for three principal reasons. Firstly, Oklahoma, which happens to be on the PBR schedule, became one of the first states to ease movement restrictions put in place because of the coronavirus pandemic. Secondly, the Lazy E Arena and Ranch is expansive, spanning hundreds of acres, to allow for social-distancing guidelines to be easily met. Finally, the touring PBR requires a comparatively small staff to put on events and so was able to move nimbly and quickly.

For the two-day “Las Vegas Invitational”, all PBR participants had to be medically cleared to enter the Lazy E Arena and Ranch grounds, which included a Centers for Disease Control and Prevention (CDC) questionnaire and temperature check. They were also given daily health assessments.

The participants comprised 41 professional riders, local stock contractors, medical staff, TV crews, and PBR staff, which represented around 140 people in total. Everyone drove to the venue, avoiding air travel and public transportation. The Oklahoman reported that eight bull riders scheduled to take part had to be replaced because they were from states on Oklahoma Governor Kevin Stitt’s travel ban.

The participants were then not allowed to leave until the event concluded. This included sleeping in recreational vehicles on site, while Lazy E staff provided food and basic necessities for everyone in the grounds.

During the weekend, working groups of fewer than 10 people were created and they did not have close contact with the other groups. Members of each group wore color-coded wristbands for identification purposes.

In addition, all surfaces were regularly sanitised, as were all food and other supplies entering the grounds, and all participants were required to wear face masks.

The event was broadcast on CBS Sports Network and streaming service RidePass, with robotic cameras being used in part to allow for a skeleton-crew production.

Even though the grandstands were empty, which inevitably diluted the atmosphere, the event was well received by PBR supporters, with a surge in fan interest on social media and on television.

Total social media impressions were 12.3 million, up 86 per cent over the most recent event held March 7-8 in Little Rock, Arkansas, before mass-gathering restrictions were put in place. Total video views were 2.09 million, up 78 per cent.

On Facebook, PBR generated 6 million total impressions and 929,000 video views during the weekend, increases of 100 per cent and 79 per

cent from the event in Little Rock, respectively. On Instagram, the sport generated 5.6 million impressions compared to Little Rock’s 3.3 million, and 1.1 million video views compared to Little Rock’s 613,000.

TV ratings on CBS Sports Network “were up many double digits over previous broadcasts”, according to Gleason.

PBR now plans to have staged further Unleash the Beast events at the Lazy E Arena on May 9-10 and May 16-17. The schedule beyond that has yet to be revealed, though it is hoped that PBR will be able to put on events outside of Oklahoma and ultimately with fans in attendance.

Gleason spoke to *SportBusiness Review* about the opportunities and challenges of being a first-mover in the live-action return from the coronavirus and what the comeback means for the wider sports industry in the US.

How would you describe the effects of the Covid-19 shutdown on PBR? What has the impact been?

It’s been monumental. As a live-event and television business, we’re very dependent on conducting events in front of our fans and when you don’t have the ability to do that, it effectively takes away

about half of our potential revenues from every event.

What does it mean for PBR to be back, and to be one of the first sports organisations to make a live return amid the pandemic?

Anybody that knows me knows that I’m not somebody that seeks out the spotlight. What I’m very thankful for is the fact that as the leader of the PBR, there is an entire industry that is dependent on our income and our events for their income, and to be able to get my people back to work, that’s what I’m most proud of.

How did the event at the Lazy E Arena go?

It was phenomenal. It was different for sure because of the lack of fans. But by Sunday the bullriders had found their way and it was a great bullring event, a great sporting event. Everyone was in good spirits, we all came in healthy and left healthy and that is what’s important in these times.

What were the biggest challenges in putting the event on?

The biggest challenges were the changes that happened from day to day, literally through the entire process. You would



(Bull Stock Media)



(Bull Stock Media)



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plan for one set of guidance and reality in the morning and by the next morning something had changed in terms of the CDC guidelines or Governor's orders or just common-sense procedures as everyone learned more about the virus and what we're facing.

The biggest challenge was adapting a plan as we moved forward to address every circumstance that came along that required that we changed the plan. So by the time we got there we had a very well-crafted and thought-out strategy for keeping people safe and it was just the daily changes that made it very, very difficult.

Have any other sports organisations been in touch with you about how

you put the event on, and what did they want to know?

I've been contacted by approximately 15 other leagues and organisations that work in the sports business. They wanted just advice and counsel for the challenges. I shared the plan with everyone of them, willingly, and took calls to answer questions about certain aspects of it and certain protocols. I also put people in contact with the medical professionals that we've been in contact with. We definitely want to see all sports return to normal.

I feel fortunate that we were able to be the first one [back]. I feel that we were because we have a very uniquely individual sport in bullriding, we can conduct the events with few people, so

we had many advantages in getting back to work first. The principles of social distancing and functional groups, testing protocols and procedures, sanitation efforts are very consistent, so we shared any information we could with the other leagues who were interested.

Have you specifically been in close contact with UFC, another Endeavor property, which is also planning to come back soon?

I've been in contact with the UFC either daily or every other day for many weeks as we both work to get back to business. We're all part of the same family so we've shared information and resources at every turn.

Is there anything you are planning to change for the next event at the Lazy E Arena?

We learned a few things but they are mostly small details. From a safety and protocol standpoint we are certainly not going to let our guard down even though we'll have results from two independent tests for everyone on the grounds and as you continue to test, the likelihood of somebody being asymptomatic and testing negative but being positive for coronavirus decreases. So every time we do this it becomes a safer environment. Nonetheless, we're going to increase our enforcement of certain protocols that we believe are important for safety.

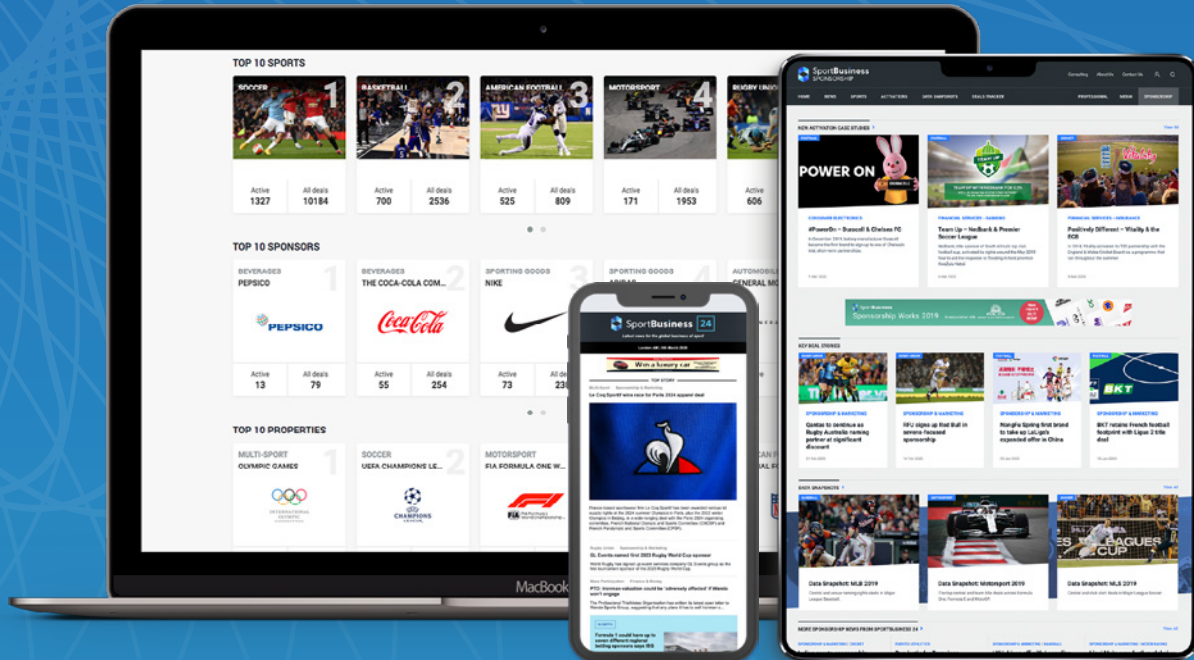
Some of the big things that we have to address are non-safety-related issues and more quality of life issues, like the quality of the food we served people and mealtimes and prep and other logistical things. We were so focused on safety that now we're improving those things as we move forward.

What is your planned schedule going forward?

We're bucking bulls again on the weekend of May 9-10 and then May 16-17. We have several plans in the works for June and July that will keep our people working and employ a similar strategy perhaps in a different location. We're working diligently with hopes that we can get back to events in front of fans much sooner than later and we expect that to potentially happen in July. ○



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Ex-Heineken exec Pincus takes F1 commercial reins with clear remit to add new global partners



Matthew Glendinning

Formula 1 has spent the past few years in existential self-examination. Should its primary goal be entertaining its fans or showcasing the technology of its competitors? What does it stand for in a world slowly turning away from the internal combustion engine?

And – with stakeholders still adjusting to the more liberal style of new owners Liberty Media after years of Bernie Ecclestone’s iron grip – how should it do business?

Entering F1 at this critical juncture – and facing the impact of Covid-19 to boot – is Ben Pincus, formerly

sponsorship director at Heineken.

Pincus takes over the director of sponsorship and commercial partnerships from Murray Barnett, who brought a flexibility in terms of rights package creation to the role in his three years. But just one Global partner could not meet the sales expectations of the owners.

Just one Global Partner – Saudi Aramco, the world’s biggest oil company – has signed up under Liberty’s tenure so far and that, *SportBusiness Review* understands, was the result of F1’s sales agency CAA Sports.

Switching from a brand that has worked with F1 since 2016, Pincus has a brand-side take on the organisation’s

strength and weaknesses. Perhaps as importantly, he believes in the sport absolutely, seeing the move as a “logical transition” and a “huge opportunity”.

“I’ve spent the last 20-odd years in world of the sports marketing, largely on the agency side and more recently on the client side,” Pincus says. “I’ve been involved in Formula 1 at various different stages, with various different brands. I have a huge belief in Formula 1 as a commercial platform for brands and the opportunity to be a part of delivering and developing that was, frankly, too good to turn down.”

At Heineken, Pincus saw first-hand how Liberty opened up the sport and enabled the brand to activate in ways



(Mark Thompson/Getty Images)

they were not able to do in the past.

“The way Bernie ran the business was relatively easy to manage because it was quite controlled: what you were able to do was limited, but you did it very well. Conversely, working with Liberty presented a whole set of opportunities but also different challenges.”

Change of agenda

Pincus takes over with some areas of the business on the right track, particularly digital content and social media. “In terms of digital rights, this is something that’s opened up massively,” he says. “I was talking to Frank Arthofer [F1’s global head,

digital media and licensing] a couple of days ago and reminding him that he’s achieved in three years what most rights-holders have managed to achieve in 10. If you look at F1’s digital offering today versus our competitive set, I think we’ve achieved a huge amount and are on a par, if not better, in most areas than our competitors.”

In other areas he brings an agenda of change. His priorities are to develop the sport’s sustainability credentials and build out its fan data sets.

On the latter point, he says the sport only holds information on a relatively small percentage of fans versus the overall universe.

“One of my priorities with the digital team is to start to build those data relationships from one of a basic understanding and contextualisation to be able to offer brands a better understanding of our fanbase, right the way through to the ability to transact.

“We are doing some work at the moment around what the commercial requirements of brands are likely to be in the next three years, five years and 10 years from a sponsor perspective, from a licensing perspective and from a broadcast perspective, and my anticipation is that proximity to one-click purchase is going to become incredibly important.”

If that indicates that F1 will focus on improving as a proposition for B2C brands, Pincus says he does not expect that group to become more important than the series’ B2B core. The tension between entertainment and technology will remain evenly balanced.

“I don’t think you can just be a pure entertainment proposition; you have to have very solid foundations and you have to have an authenticity, a purpose for your existence. I don’t think it’s one or the other, I think ultimately one feeds the other.

“For me, Formula 1 represents five values. It’s worldly, aspirational and premium, and it’s about innovation and performance. It’s easy to move towards performance and innovation because it’s natural territory in a conversation. It’s a bit harder to explain the worldliness story, the aspirational story, the premium, but these are also key to its value proposition.”



“It’s easy to move toward performance and innovation because it’s natural territory in a conversation. It’s a bit harder to explain the worldliness story, the aspirational story, the premium, but these are also key to F1’s value proposition.”

Ben Pincus | director of sponsorship and commercial partnerships, F1

New business

In practice, Pincus aims to build a systematic approach to generating new sponsorship business. While the sales team gets a fair amount of inbound sales interest – he says the sport receives one or two enquiries a week – outbound connections are key.

“We are looking at what categories we can genuinely build a robust business case against. Then, we’re going into those categories and looking at brands that fit our values – having identified primary values, which brands within those categories can we genuinely do something for? – then looking at what set of rights we can offer against that robust business case.

“It is quite a process, to be honest, and frankly I’ve applied my own experience of being on the receiving end of it [at Heineken] to know the difference between a good inbound conversation versus a clunky, waste-of-time conversation.”

Barnett took a bespoke approach to generating new business, often with

regionally- packaged rights. The global partner tier, which comprises deals with Heineken, Rolex, DHL, Pirelli, Emirates and now Aramco, was augmented by secondary global or regional deals, including ones with Amazon Web Services, Petronas, Liqui Moly and Mercedes AMG.

The AWS deal, over four-and-a-half years from mid-2018 to 2022, carries the ‘Official Cloud and Machine Learning Provider’ designation, leaving room to potentially bring other tech companies in at global partner level.

Under Barnett’s watch, F1 also struck the sport’s first global data and betting sponsorship rights partnership with Interregional Sports Group, which intends to sell on the sponsorship rights to up to seven different regional betting sponsors. Thus far, 188Bet’s deal for the Asia region is the only such deal confirmed.

In comparison, Pincus envisages a portfolio based more strongly on global assets. He wants to add two more global partners – he is targeting brands in the IT services and consumer electronics sectors – and bring in a third new brand

at a lesser inventory level, most likely a payment services or credit card provider.

“We currently have six global partners. We believe we need eight, maximum nine. We believe IT services and consumer electronics are two gaping holes, and I’d like to end up with eight global brands which get our ‘Knightsbridge real estate’, if you want to frame it like that. We envisage a second tier of seven brands with visibility assets but not necessarily on our Knightsbridge real estate level, and then a supplier tier of about five brands.”

Pincus also wants to change the value proposition around these deals, explaining that what F1 can offer sponsors is not just brand visibility assets like on-course signage, but the image and attributes of F1 and the ability for sponsors to engage with the series to generate content.

The Aramco deal fits this brief. “They ultimately want to develop an efficient and clean fuel for the combustion engine. Formula 1 has spent the last 70 years innovating in automotive and beyond, whether it has been seatbelts,

monocoques, hybrid technology through to telemetry that manage utilities in hospitals. We sit in a world of innovation and you couldn’t pick a better partnership.”

Future-gazing

Despite the impact of Covid-19, F1 will introduce new financial regulation for next year. The budget cap of \$175m (€160.5m) – which covers expenditure that relates to car performance – will come into force as planned. Teams will in theory be required to develop their 2022 cars – under the new regulations – within the budget cap framework.

Pincus believes that the regulation changes will be a milestone moment and help transform the sport from a competitive point of view and enhance its position as a marketing platform.

Covid-19 is a major obstacle but one that can bring inspiring innovative solutions in the sport, Pincus concludes: “It’s amazing in the Covid-19 challenge that we were all facing, from a human being perspective as well as business perspective, how it’s forcing us to think differently.” ○



(Francois Nel/Getty Images)

Rugby Australia suffers in comparison to ascendant AFL brand

Matthew Glendinning looks at the recent commercial fortunes of the AFL and Rugby Australia, and how sponsorship revenues and the Covid-19 pandemic have affected the properties.



Matthew Glendinning

Sponsorship revenues attached to two of Australia's four main sporting properties are on divergent paths this season, according to new research by *SportBusiness Review*.

Extensive research into the Australia market this year puts the Australian Football League's total sponsorship revenue at between A\$56.8m (€32.9m/\$35.8m) and A\$61.6m per year in 2020, and Rugby Australia at A\$17.5m per year, highlighting a widening of the gap between the two properties.

Cricket Australia and the National Rugby League generated about A\$49.1m and A\$47.3m respectively, according to the research.

Winners and losers

The AFL has always posted higher sponsorship revenues than Rugby

Australia, however, recent seasons have seen Rugby Australia's total shrink, while the AFL continues to grow.

The AFL's sponsorship rights comprise its men's and women's leagues – the AFL and AFLW.

Rugby Australia is responsible for rights related to the national men's and women's rugby union teams, including sevens rugby, and the Australia territory rights to Super League rugby, as well as the national women's league (Super W) and other national competitions.

SportBusiness Review estimates that Rugby Australia had already lost almost A\$5m in sponsorship revenue last year, before the Covid-19 pandemic struck, based on the exit of banking group HSBC, a decreased fee from Australian airline Qantas and other non-renewals.

HSBC quit its A\$1.5m-per-year Rugby Australia deal as part of a strategic switch to cultural properties like Opera Australia and the Queensland Gallery of

Modern Art, and a club sponsorship with the Sydney Swans AFL team.

Qantas is understood to have agreed a 40-per-cent discount for its team naming rights and main shirt rights to the Wallabies and Wallaroos (excluding the women's sevens team) for the next two seasons.

Less valuable Rugby Australia deals with strong brands like Dove Men+Care and Falken Tyres also lapsed at the end of 2019.

The AFL also lost some sponsors at the end of 2019, notably a A\$2m-per-year deal with confectionary brand Mars and a sub-A\$1m-per-year deal with sports drink Gatorade, but won new business from Australian supermarket Coles, worth about A\$3m per year, and replaced Gatorade with the Coca-Cola-owned rival Powerade.

The extension of its main naming rights deal with Toyota, signed in March 2019 and worth, on average, A\$18.5m

per year over five years, also kicked in this year.

Overall, Rugby Australia announced a loss of A\$9.4m for 2019 at its AGM in March, while the AFL recorded a surplus of \$27.9m in its 2019 annual report.

Executive stress

The Covid-19 pandemic has put unprecedented pressure on the finances of both organisations, but the AFL is again coming out better in terms of public perception.

At chief executive level, the AFL's Gillon McLachlan, in the role since 2014, has been lauded for his response to Covid-19.

Among other measures, he announced that the AFL would stand down around 80 per cent of full-time staff for two months from March 30 to May 31. The executive level would take a pay cut of at least of 20 per cent.

Rugby Australia's Raelene Castle announced similar measures, with three-quarters of the governing body's staff [about 75] standing down for three months from April 1. Castle herself took a 50-per-cent reduction in pay.

While McLachlan was complemented for his statesman-like approach to the crisis, Castle's handling of the short-term lay-offs at a meeting with Rugby Australia staff was widely reported in the Australian media as a "corporate clustef***", quoting a source in the room.

Bad publicity

Castle has since resigned, highlighting the instability at the core of Rugby Australia based not only on its finances, but the failure of the national team relative to other eras, the damaging dispute with former player Israel Folau, and the failure to seal a new broadcast deal.

The Folau dispute dogged the federation during the 2019 Rugby World Cup year. Folau was banned from the team for homophobic social media posts but took Rugby Australia to court to in an unfair dismissal claim. Rugby Australia reportedly settled for about A\$8m in December.

The incident divided the nation between those who agreed with Rugby Australia's approach and those who thought Folau has been punished too

harshly to placate sponsors. It is highly unlikely Qantas would have renewed if Folau had not been banned.

In contrast, the AFL is a rare case among Australian sports to have avoided controversy in recent years. Its commercial approach, says one source, is secretive and led by figures with wider experience of the business world who do not seek publicity.

The AFL also has complete control over the sport's sponsorship activity down to club level, with contracts for every sponsorship deal scrutinised by an AFL department set up to ensure compliance with the AFL's rules and objectives.

Grassroots

Interviews with numerous agencies and rights-holders in Australia have indicated that the divergence in commercial fortunes can be explained to differing development strategies that predate recent difficulties.

One agency source summarised this as follows: "With rugby, they believed benefits trickle down from the Wallabies. The AFL trickles up from the grassroots."

Although Rugby Australia reported 81,000 people playing rugby in clubs, 34,000 in schools in 2018, and more than 70,000 playing sevens, at all levels of Aussie Rules, participation was about 1.65 million in 2018, driven largely by the continued rapid growth in women's and girls' football.

The source told *SportBusiness Review*: "The AFL is such a successful institution

because it is built around fans from a wide mix of income groups – and the reason grassroots is so important is because entire family networks are involved, father, mother, drop-off and pick-up – and in this, rugby union is not even close to the AFL.

"With Rugby Australia, it's been left to the private school system, which also takes young boys from the [Pacific] islands to run as feeder programmes.

"This works to an extent, but junior programmes haven't been rolled out west of Sydney, or in Queensland and Melbourne."

It is understood Rugby Australia plans to address the grassroots problem, partly to create a greater opportunity for brands to associate with the values of the sport at every level.

Marketing agencies, however, are also critical of the governing body's lack of promotion of its star players in an era when the team itself is not providing "quintessential Australian moments" in terms of trophy wins.

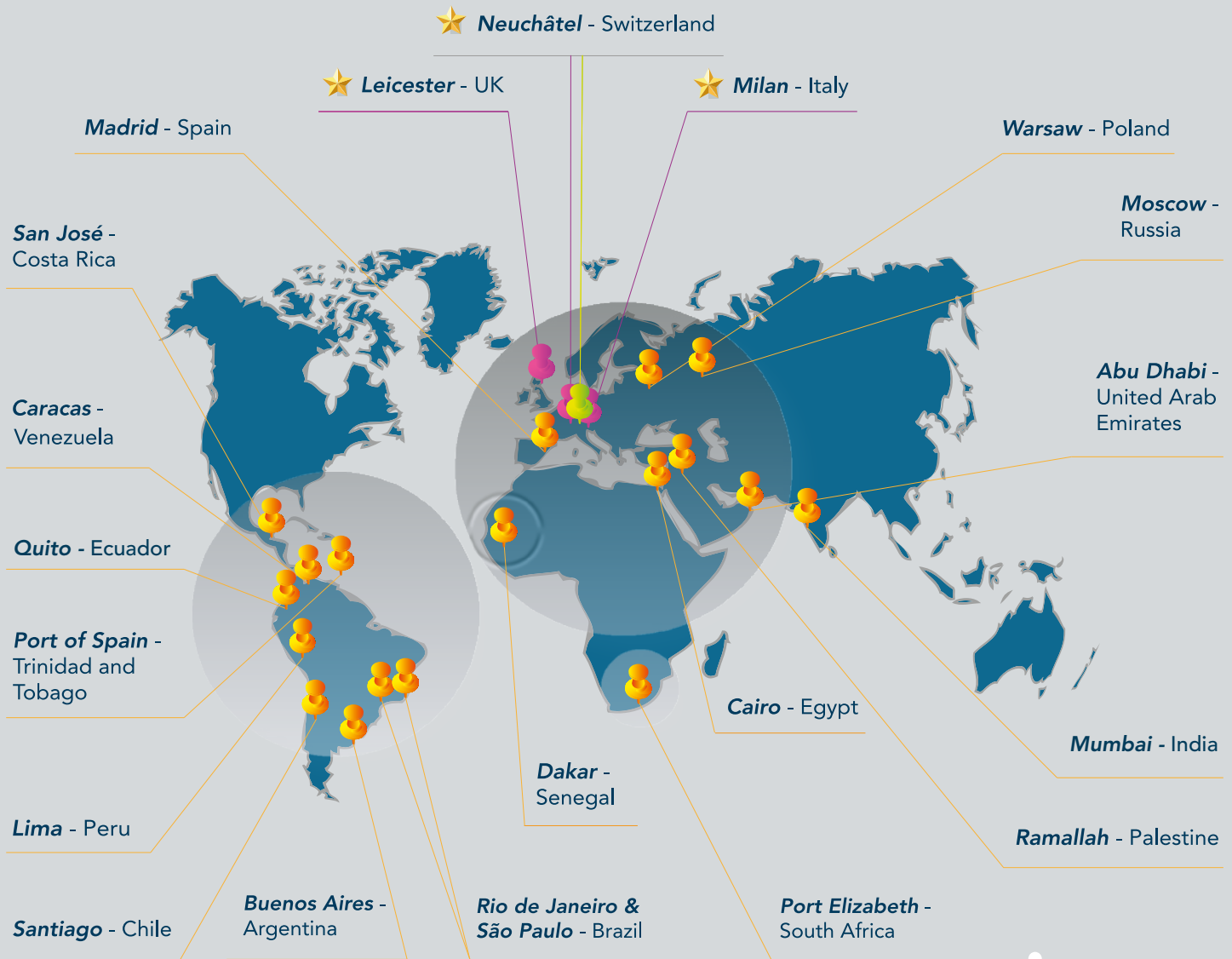
Sources say it will be interesting to see how the next generation of schoolboy internationals and under-20s are managed, when they get in the senior squads.

In 2019, the Junior Wallabies made the final of the World under-20s championships, and in sevens, the Australian Schoolboys and Australian under-18s teams have won major tournaments, offering hope that the trickle down from the Wallabies can become a torrent once more. ○



(Mark Metcalfe/AFL Photos/via Getty Images)

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James Kitching, Director of Football Regulatory at FIFA and FIFA Master Alumnus

ADVERTISING FEATURE

The Australian-Italian James Kitching recently joined FIFA as its new Director of Football Regulatory. He graduated from the FIFA Master in 2012, and one could say that his career in sports career skyrocketed since then.

He started working in sports at 21, when he was elected to the Executive Board of the amateur football club for which he played. A year later, he was elected Secretary. "In total, I spent 4.5 years working with the Executive Board, managing club affairs (as a volunteer). During this period, our first team played in the first or second amateur division - at the time the fourth or fifth level of the Australian football pyramid. Simultaneously, I was finishing a bachelor of laws, having already completed a bachelor of international relations", he recalls.

After working for a few years in legal practice in Australia, James began exploring the possibility of moving into sport. "Opportunities in Australia were limited. I was not an ex-professional athlete nor did I live in Melbourne or Sydney, so my network was limited", he explains. He continues: "I began to explore the other ways to break into sport. I researched several international and national postgraduate degrees, and the FIFA Master was a clear winner".

Right after graduating from the FIFA Master, James started working at the Asian Football Confederation, in Kuala Lumpur, Malaysia. After five years, he decided to leave the Confederation to go back to his native Australia and start Kitching Sports, a consultancy specialising in international sports regulation and governance. The business ultimately grew to five full-time employees and several contractors, and worked with some of the leading football associations and clubs in the region. "We had made significant achievements in our first two years, and I had no intention of closing the business" he says. "However, when I received the proverbial 'godfather offer' from the current Chief Legal Officer of FIFA, Emilio Garcia Silvero, I knew that was an opportunity to make a difference in world football - leading the modernisation of the transfer system and FIFA's football regulatory framework - that I could not ignore". Here is more of the interview with James Kitching:

How did you get your first job after the FIFA Master?

My FIFA Master thesis analysed international sports labour disputes, and particularly

the dispute resolution mechanisms of FIFA and FIBA. As part of our research, the project team interviewed several individuals in the field. Coincidentally, one day before my graduation ceremony, one of those interviewees called and offered me a one-month consulting contract to assist the Asian Football Confederation with some governance matters. One month turned into just over five years with the AFC in Kuala Lumpur.

What is your job like, as Director of Football Regulatory at FIFA?

Challenging! I have a very broad mandate. The subdivision has 5 departments, approximately 70 staff, and several consultants. No 2 days for me are the same - and this is only after the first 4 months in the job.

The subdivision is responsible for, in effect, all aspects of the transfer system. In short, this means: transfer regulations, the dispute resolution system, sporting nationality, relationships with professional football stakeholders, and compliance with the transfer regulations. We are also responsible for implementing 2 ambitious modernisation projects - the FIFA Clearing House, and the (re)regulation of football agents by FIFA.

I am extremely lucky to have inherited 5 department heads who are young, dynamic, and actively engaged in football.

What is the thing that you love about your job?

The thing I love most is the ability to drive real, tangible modernisation in the transfer system and its associated parts. Small changes have already had a significant impact.

How important was the FIFA Master for your career?

The FIFA Master opened the door to my first opportunity in the international sports industry, which ultimately ballooned and led me to the position that I am in today. The primary benefit of the FIFA Master was (and still is) access to the amazing network - not just of alumni - but also of professors, academics, and others directly and indirectly associated with the course.



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(Jeff J Mitchell/Getty Images)

The power of visuals in the era of pandemic: how sport stories can continue to be told

By Ken Mainardis, senior vice-president, global head of content, Getty Images

It has been almost two months since much of the world went into lockdown. In a non-Covid world, our sports team at Getty Images would be getting ready to head out to Tokyo now, packing up the final pieces of equipment and preparing to cover the biggest sporting event of the year. We have been the official photographer to the International Olympic Committee since 1988, and covering the Games is always a highlight the team look forward to, its biggest challenge during the sporting calendar. The sheer scale, the responsibility to capture the sporting moments where history is made and to continue to innovate new perspectives

of familiar events, is the toughest but most rewarding assignment in sports photography.

A team must be close to rise to such challenges and the cancellation of sporting events is felt on an emotional level – more than just on a business level – by such tight-knit groups.

As they say though, necessity is the mother of invention. Whilst many professional sports events are still on hold, the need for leagues, clubs, brands, and individual athletes to remain connected and engaged with their audience is as important as ever. New and different forms of content are needed for our customers to help

fill the gap which live events have left. Luckily, our photographers are consummate storytellers who care about sport and, whatever the circumstances, are guaranteed to find creative ways of capturing engaging content. I particularly love the way they have connected with athletes the world over to show how sporting professionals have adapted to training in isolation. Last month, using social distancing measures of course, we followed the Team GB rowers as they exercised in their homes. Images of the athletes working out on their balconies, creating a make-shift gym in their living rooms or rowing in their back gardens. Not just in the UK, but globally, we have



(Lars Baron/Getty Images)



(Warren Little/Getty Images)



(Naomi Baker/Getty Images)



(Dan Mullan/Getty Images)

been capturing the creative ways athletes are training. From fencers duelling with makeshift puppets to triathletes swimming in paddling pools and cross-fit athletes working out virtually.

What has also become apparent as this crisis unfolds, is the important role which history plays. Increasingly we are seeing people turning to the past in order to feel more connected to the present. Many brands are looking to the past to remind fans of their long-term relationship too, in the same way that luxury brands are dialling up their heritage. You only have to scroll through social media in order to see the 'look backs' and 'best of' content being shared, as individuals reminisce on happier times. We are proud to have our archive at our fingertips, which has over 130 million images, and amongst them a wealth of sports stories. Our teams of editors have been busy digging through files, packaging up content in order to provide our customers with the



Ken Mainardis, senior vice-president, global head of content, Getty Images

inspiration and creativity to tell a variety of tales. Whilst so many annual sporting fixtures may have dropped off the calendar, we can rely on history, via the archive, to continue telling their story. Curated sets such as [celebrities who have attended Wimbledon](#) provide a different way of keeping the tournament current and front-of-mind. The unique situation we find ourselves in has incentivised us to be even more creative in how we service our customers and find unique visual stories to help them connect with their audience. Content

such as [‘Sports Icons Before They Were Famous’](#) or the Game Changers, celebrating the very best athletes, have proved to be hugely successful.

Ultimately, there can be no substitute for the adrenaline rush of watching a live match unfold. The shared passion – and connection which rooting for your favourite player brings – generates a special investment in professional sport.

For the 25 years we have been delivering sports coverage, I know, for our photographers, there is nothing which can replace the feeling of capturing that defining moment – the goal, reaction, trophy lift – when history shifts on its axis. The action-packed games are replaced by a waiting game, as we wait for sports administrators the world over to find ways of bringing pro sport back as quickly, safely, and creatively as possible. And until that happens, we will continue to deliver fresh, engaging, visual content to keep sport front-of-mind for all. ○

Twitch's interactivity proves popular with traditional sports during shutdown

Platform was already stepping up work in traditional sports, providing alternate coverage for the likes of the NFL

Interactivity provides a crucial fan engagement tool during sport's shutdown

Twitch's traditionally esports-oriented audience helps rights-holders reach new demographics



Adam Nelson

Amazon-owned streaming service Twitch built its reputation as a home for esports and video gaming communities, but its prominence as a platform for traditional sports is growing as it looks to widen its appeal further still.

The expansion began in 2018, when Amazon acquired rights to show the NFL's Thursday Night Football, and chose to use Twitch to distribute an alternate stream, with content creators on the platform invited to provide their own commentary and interact with their audience during the games via the service's live chat functionality. A deal to show multiple weekly NBA G League games in the same way quickly followed.

The drive to expand has stepped up since, with added urgency since

Google's YouTube Gaming set its sights on Twitch's esports crown. In the past few weeks alone, Twitch has secured media-rights deals with Brazil's National Basketball League, the US's National Women's Soccer League, and Spanish football giants Real Madrid.

Engagement in lockdown

While Twitch's change in strategy long pre-dates sport's Covid-19 inflicted shutdown, recent events have conspired to make the platform's central conceit – real-time live interactivity between a content creator and their audience – highly desirable.

"It comes at an opportune time for them as a platform", says Charlie Beall, consulting partner at digital agency Seven League, which works with Twitch. "Twitch has for some time been exploring how it develops into traditional sports. It's known as a

gaming and esports platform, but they don't think of themselves as exclusively about those things – they think of themselves as a live streaming platform where interactivity is the key part of the experience. Right now, they're seeing a massive influx of enquiries from clubs in particular.

"What clubs are now understanding is that if you use the platform capability of Twitch – not just as a place to view esports content but to do live programming with people in multiple locations, involving your fanbase – it can offer far greater engagement than putting a video on Twitter and inviting them to watch. The analogy is, if the business world is now really understanding the capabilities of Zoom and Google Hangouts, then sport is just realising the potential of tools like Twitch."

For sports rights-holders, the appeal is clear. Twitch's reported average

user age is 21, while its users are said to spend an average of close to two hours a day consuming content on the platform. This is a young and highly engaged audience, and Twitch itself has a proven track record of transitioning that audience from esports to other types of content, often using gaming as a gateway.

The most popular Thursday Night Football game last season – the Baltimore Ravens clash with the New York Jets – notched 1.2 million video views, with the 10 featured weekly fixtures attracting a cumulative audience of 10.8 million, growth of 34 per cent on the previous year.

Crucially, what Twitch calls “co-streaming and reaction content” – that is, content generated by the platform’s “creators” – made up 50 per cent of NFL-related video consumed on the service, demonstrating a desire for community-created content among Twitch users.

Eric Brunner, head of sports partnerships at Twitch, tells *SportBusiness Review* that the wider strategy “is to look at how our products are set up and how our services can enable the development of interactive communities”, whatever field they might be in. While the tools Twitch offers were developed for streaming video games, they are applicable across a much wider range of content types.

“Gaming may be that first step for a lot of people, which is great and we encourage that,” Brunner adds. “But we did a big campaign over the weekend called Streamaid, showcasing a bunch of different types of content – we had musical acts, we had some athletes that were doing workouts, we had



“Some smaller rights-holders have been able to take advantage of the shut down through smart deployment of archive and other content”

Eric Brunner | head of sport partnerships, Twitch

athletes and gamers playing video games, all from their own homes. It was a fantastic opportunity firstly to just give something back to our audience while they’re in lockdown, but also as a showcase for the range of content the platform can host.

“It’s educational for our users and for our creators, too. It shows them that gaming can be their first step in, but it’s actually much bigger than that. You have the ability for athletes to be involved, for historical content – any kind of live experience that benefits from interaction. That’s the really fun part, that it provides that social validation to your fans and your community, and that’s something that’s especially important now but remains something valuable in the long-term as well.

“I’ve seen a lot of content where you get fans reacting saying, “this is so cool, I can’t believe they’re actually saying ‘hello’. Just having an athlete directly engaging with fans can go such a long way. It’s a different mentality and a different way of thinking about content, it’s not something that most will have done previously.”

In the current moment, with esports among the few industries capable of operating at anything like normalcy, Brunner says Twitch is having frequent conversations with its traditional sports partners about how it can support them and help them create digital content when sport remains shut down.

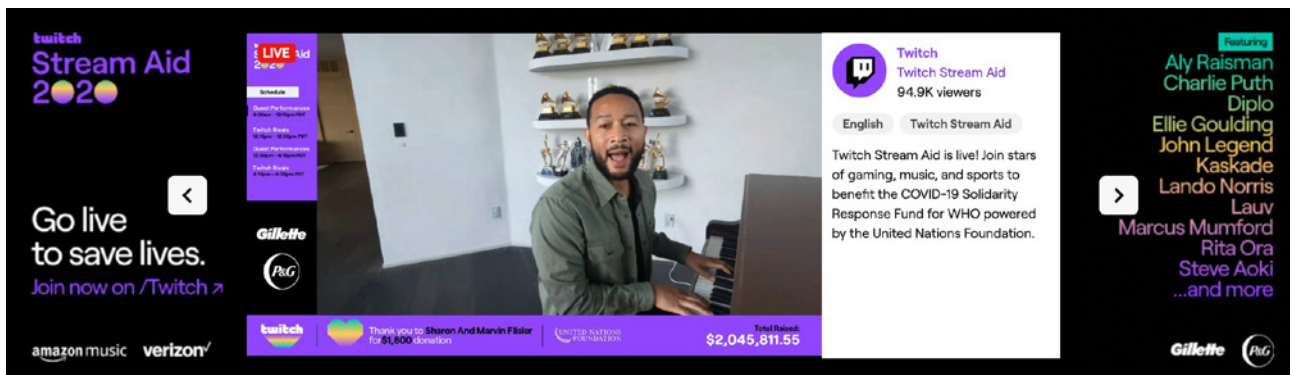
“Of course we ask what our partners’ goals are, why they want to be on Twitch in the first place, so we can help to figure out the best strategy for them” he says. “Some smaller rights-holders have been able to take advantage of the shut down through smart deployment of archive and other content.

“The NWSL, for instance, have really seized the opportunity to develop and grow their community during the downtime by replaying historical matches and getting people who played in them to talk about it and answer questions from fans.

“Twitch can be very big, it can be top-down, or it can be about the community creating content and moderating itself. It fits a lot of different buckets, it’s a really fun sandbox. There are a lot of different angles for creators to explore until everything gets back to normal, and hopefully then they can take some of those learnings forward.”

Crossover success

It’s not just about traditional sports



John Legend live streams a performance from his home during Twitch’s Streamaid benefit concert (Twitch)



Real Madrid goalkeeper Thibaut Courtois plays Borussia Dortmund defender Mats Hummels in a game of NBA 2K on Twitch (Twitch)

utilising an esports platform as a home for their regular content. The overlap between the two is crucial to getting the most from a platform like Twitch, whose audience remains skewed toward gamers and whose demographic is considerably younger than even other digital channels.

“It’s an ability to really showcase other forms of content with their communities, so you can actually combine gaming and non-gaming and create a crossover effect,” says Brunner. “Obviously athletes play video games in their downtime, a good majority of them do, and so they’re coming on and they’re finding ways to interact and develop their own communities as well. Some clubs are finding ways to tap into that and use their players’ personalities to build audiences.”

Real Madrid’s entry to the platform, for instance, was preceded by its winger Marco Asensio winning the first LaLiga-sanctioned FIFA tournament for professional footballers, believed to have been watched by hundreds of thousands live on Twitch. In the longer term, Beall believes the depth of that crossover will go even further.

“Clubs getting involved can maintain that esports core of what Twitch is about as well,” says Beall. “At the

moment that’s often been around FIFA, but over time it will be around more endemic esports titles, because as popular as FIFA is, it has its limitations as well. I expect we’ll see that crossover with athletes playing more typical esports titles and building engagement that way.”

That points to another key reason traditional sports rights-holders increasingly see Twitch as an essential cornerstone of their digital strategies. The NFL, for instance, has long been looking to find ways to address an ageing core demographic.

Twitch, with its built-in audience of content-hungry Gen-Zers, offers some kind of a solution, though Brunner stresses the importance of getting a content strategy right, rather than just assuming that being on the platform will attract eyeballs.

“It’s obviously a benefit to the platform and something that we do provide with our service,” he says. “But our offering is unique and it’s important to remember that at the heart of it is community and interactivity and engagement. So for people coming on board, that’s what we really encourage them to do, is to talk directly to their audience and build that community.”

Brunner says that monetisation has

been low on clubs’ and rights-holders’ list of priorities when getting started with Twitch. “We do have products within our service that can help with that,” he says. “There are clear routes to making it profitable and to monetising your channel. But a big part of the point is that there’s no gate to getting on to Twitch. It’s free to use and it’s free to view.

“At the moment we’re just encouraging teams to develop and grow their communities, providing a place to interact with audiences. Come on in, get your feet wet, play around with different types of content, and then when you’re comfortable, then we can evaluate the monetisation angle.”

At a time rights-holders are seeking new ways of distributing their content and are desperate to win over a younger audience whose consumption is wildly different to previous generations, Twitch offers solutions to multiple problems.

“The central idea of Twitch is it’s meant to be fun and it’s meant to be additive,” says Brunner. “It’s also an organic experience so that those who have a passion and an excitement, they get to share that with their community and then it also helps that partner reach new eyeballs and new demographics.”

How football clubs are supporting communities during lockdown

Football clubs attempting to provide social and economic support to fans during Covid-19 pandemic

Shortfalls in funding made up for by donations from club owners, officials and players

Sponsors also offering assistance to communities through services and financial support



Everton FC delivering food from its training ground to members of the community who are in need during isolation. (Everton FC)

Adam Nelson

For most people reading this, sport provides an income. For millions around the world, it offers entertainment and escape. For many, however, sport is a lifeline, providing vital social connections and community support to vulnerable fans.

While the global shutdown of sport due to the Covid-19 pandemic has sown chaos across the industry, it has also left those fans who rely on it for more than just 90 minutes of distraction each week exposed.

Almost all top-level European football clubs operate a charitable arm, with

the majority of the work they carry out taking place within the clubs' immediate surroundings, supporting economically deprived members of the community and often picking up the slack where social safety nets have failed, contributing to things like food banks and youth employment skills schemes.

"At the top level, football is ultimately entertainment," says Matt Parish, director of the LFC Foundation, the charitable and community arm of Liverpool Football Club. "But within our fanbase and particularly within our communities, people's lives revolve around it, it's how they stay connected with the world, it's how they receive

crucial social support. We think the club still has a responsibility to serve those people and do everything we can to help them out."

Sarah Atherton, neighbourhood manager at Liverpool's city rivals, Everton FC, says the inability of its community initiative, Everton in the Community, to operate at its full capacity during the shutdown "is having a huge impact on our community". The so-called 'Blue Mile' – the wards of Walton, Anfield, Everton and Kirkdale within a one-mile radius of the club's Goodison Park stadium – comprises the fourth-most economically deprived area in the UK. Atherton regards it as "mine

and my team’s responsibility to help bring that up to the national average, where possible, by operating projects around fan and non-fan community welfare, mental well-being, food bank collections, education”.

That is a difficult job at the best of times. With football shut down entirely, not only are those communities now lacking the social aspect football brings to their lives, but the fundraising avenues for the clubs’ community work have been closed off.

The LFC Foundation, for instance, has an annual turnover of around £4m (€4.6m/\$4.9m), with which it funds 150 separate community activity sessions per week, and pays its 50 full-time staff. Half of that amount is generated through ongoing fundraising, with a full quarter of its yearly revenue brought in from a single day – the LFC Legends game, which this year had been scheduled for March 28.

The game, against a team of Barcelona legends, will be rescheduled for later in the year if possible, but until that time, it “leaves a hole in the region of £1m in our budget”, says Parish, a significant shortfall at a time when it is most needed. In an effort to continue its efforts to support the most vulnerable in the city, LFC Foundation has stepped up its contributions to both the North Liverpool Foodbank and the Fans Supporting Foodbanks initiative.

“Matchday contributions represent about 25 per cent of the food donations that the North Liverpool Foodbank receives,” says Parish. “With the Premier League being on hold, that’s four home games that the food bank was going to be short of donations at a time when they need more, those who are relying on food banks are going to be facing even more of a crisis in the coming weeks and months, so we stepped in.”

The day after the season was put on hold, Liverpool appealed to its players to help make up that shortfall. The response was a donation of £20,000, which was then matched by the LFC Foundation. That £40,000 has since been topped up by further private and public donations, helping to ensure that the food bank continues to meet demand through the summer. Brakes, the catering company for Everton’s



Matt Parish, director of the LFC Foundation. (Liverpool FC)



Sarah Atherton, neighbourhood manager at Everton FC, delivering groceries to vulnerable members of the community in Liverpool. (Everton FC)

Finch Farm training ground, has also redistributed food that would have gone to club staff to food banks in the area.

Fundraising initiatives

In Italy, which until recently remained the most-affected country in Europe by Covid-19, AS Roma has taken an even more direct approach to tackling the pandemic.

“I think we saw the severity of it earlier than other countries, and certainly football was stopped earlier than elsewhere,” says Paul Rogers, chief strategy officer at the club. “We saw that we had a role and a responsibility as a prominent member of the community, and a club that has millions of followers, to do whatever we could to help not just our fans but the Rome community as a

whole. We wanted concrete actions.”

Through its Roma Cares foundation, Roma quickly paid for and delivered thousands of face masks and bottles of hand sanitiser to local hospitals, before setting up a GoFundMe campaign with a target of raising €500,000 in order to buy medical equipment for the city’s Lazzaro Spallanzani Hospital. Roma president James Palotta donated €50,000 to kick-start the campaign, which Roma Cares then matched. The current donations stand at €540,000, which had, at the last count, funded eight new ventilators and eight new intensive care beds for the hospital.

Roma has also focused on delivering care packages containing basic essentials – both medical supplies and food – to mainly elderly members of

its community, using its season-ticket holders' database to identify the most in need, but also to churches, care homes and shelters for vulnerable women. "The Italian government is recommending that people over the age of 70 don't leave their homes at all unless in an emergency, so it was about how can we utilise Roma Cares to give something back to these fans? These people come and support us every weekend. Now it's our turn to try and support them."

Clubs have provided emotional and social assistance as well as material support. Atherton says that the relationship between LFC Foundation and Everton in the Community has "gone to another level" since the lockdown, with both clubs initiating "virtual cuppa" programmes in a bid to reduce the impacts of social isolations, making calls to older local residents throughout the week. "A lot of that has involved other neighbours getting involved on a volunteer basis," says Atherton. "They offer to take groceries, walk the dog, so as well as a lot of the calls being around crises and mental well-being, they're also about giving something back. Out of over 2,000 calls, 124 have been crisis calls. The rest have just been about reaching out to our community and ensuring everyone is okay."

Simply producing content for fans to engage with can be support in its own right, Parish argues. "In terms of connection it's basically been about, how can we creatively stay connected with our with our fans and supporters,

and certainly those that are most vulnerable among those groups?" says Parish. Liverpool usually hosts a weekly chair yoga session for older fans in the community, hosted by Debbie Moore, the wife of the club's chief executive, Peter Moore. She has instead taken to running these sessions online, helping to keep vulnerable fans socially engaged and physically active.

"These people come and support us every weekend. Now it's our turn to try and support them."

Paul Rogers | chief strategy officer, AS Roma

Roma has used its social channels to shine a spotlight on frontline hospital workers from around the world. "We spend all of our time semi-worshipping footballers," says Rogers. "But in a moment of crisis, it's actually the doctors and the nurses and the medical workers and the cleaners who are going in to hospitals in particular, and putting their lives on the line in some cases without the protective equipment that they need to keep themselves safe.

"18 doctors had died in Italy, and we thought this was a way of giving something back. Every day since the launch we've focused on two different medical workers helping the fight against the virus from around the world, not just from Italy."

That thanks will extend to when the crisis is over. Roma has promised to make 5,000 tickets for its first open-doors match back available free of charge to medical staff, will dedicate the game to them, and will donate a proportion of the gate receipts to its GoFundMe campaign.

Sponsor involvement

Club sponsors have also stepped up, with some seeing the opportunity to engage in valuable CSR work, while at least one other, says Rogers, has made a major donation on the condition of anonymity. "They didn't want to make it seem like they were cynically making a contribution," he says, "they really just wanted to contribute to the fundraising and help out.

"But we've kept our partners informed of the situation and what our plans are all along, obviously because firstly this affects them too, but also because they're looking for ways they can get involved and help out as well. There's different ways partners can get involved but the size of the partner can impact what they can do because, obviously, everyone's business is affected."

Those ways have tended to be around educational support and offering services more than simple cash donations.

At Everton, the club's sleeve sponsor Rovio began a "very forward-thinking campaign", as Atherton puts it, last year when it began a project to help young fans teach their grandparents to use technology to communicate. It has continued to support that project, helping to foster stronger intergenerational ties and encouraging children and teenagers to reach out to their grandparents during this time.

Liverpool's front-of-shirt sponsor, London-based banking giant Standard Chartered, meanwhile, has, for a long time, run financial literacy workshops for fans, something it has continued to do remotely to help supporters who may be struggling financially to better manage their money. Axa, the club's insurance partner, has been providing mental health-related training to club and LFC Foundation staff, including those who are manning the phones to speak with fans in the community. ○

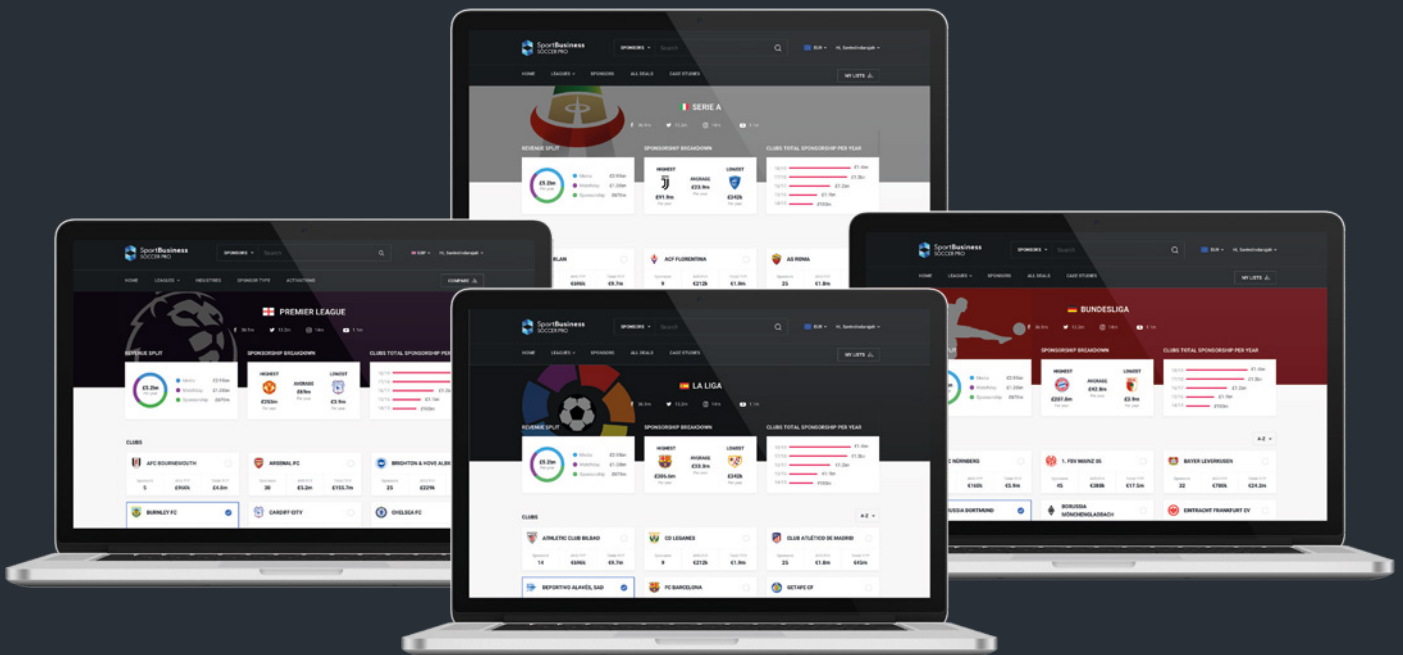


Roma's Heroes campaign, which highlights frontline medical workers helping the fight against Covid-19. (AS Roma)



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‘Some clubs will really struggle’ | Tifosy CEO Fausto Zanetton on surviving the shutdown

Cutting fixed-cost base essential – starting with player salaries

Effects of shutdown on revenues could be long-term

France more exposed due to expiration of Canal Plus’s rights deal

Adam Nelson

Football clubs at all levels must take “swift and proactive action” to ensure their financial survival throughout the current shutdown, says Fausto Zanetton, chief executive of Tifosy Capital & Advisory.

Zanetton co-founded Tifosy alongside former Juventus and Chelsea star Gianluca Vialli. Tifosy’s clients have included Premier League sides Crystal Palace and Everton and Serie A clubs Parma and Sampdoria, and the firm focuses on providing bespoke and innovative solutions and advice to challenges faced by investors in football.

That advice is now much-needed. The outbreak of Covid-19 and the subsequent shutdown of almost every sector of industry has hit sport particularly hard, as clubs, leagues and rights-holders struggle to come to terms with how to run their businesses at a time when there is no product and no audience.

The financial response has been uneven, with some clubs – most notably Liverpool and Tottenham – falling foul of PR disasters of their own making, announcing that they would be utilising the UK government’s furlough scheme before confirming u-turns after widespread criticism from fans, while others, such as Juventus and Real Madrid, independently agreed player pay-cuts in an effort to protect staff wages.

Those agreements will have to become far more widespread, says Zanetton, as clubs look to leverage the few opportunities they have to reduce their outgoings at a time when revenue is almost at a stand-still. *SportBusiness Review* spoke to Zanetton about why player salaries have become such a burning issue for clubs, the knock-on effects of France’s media-rights cycle, and the potential long-term impacts of the shutdown.



Fausto Zanetton, chief executive and founder of Tifosy

How have you been advising your clients throughout the first few weeks of the shutdown?

We’ve obviously been looking at a number of potential scenarios for the future and how each one would affect clubs. But whatever scenario happens, clubs need to cut costs. And really the only line they have is to cut player salaries. That’s the reality of an industry where 60-80 per cent of your top line gets eaten away by player salaries – that’s just not a healthy business model to start with, so any revenue disruption for any length of time will really create a lot of distress for clubs.

Football has been harder hit than most industries. The other main indices are down 20, 25 per cent; we’ve seen football clubs lose sometimes between a third and half of their market value,

in the cases of Manchester United and Juventus. Those are the public companies; I think if you go to the private markets, valuations will have gone down even further, because they have a very vulnerable business model, it’s a very levered business.

You’ve got operational leverage, i.e. the fixed cost base is high, resulting in very thin margins and cash flow conversions. But you’ve also got financial leverage, and a lot of these clubs have a lot of debts. If you combine that operational leverage with the financial leverage, you’re really going to end up in a situation where the minimal amount of revenue loss is going to hit you very very hard, and potentially might lead to financial distress if you’re very levered or don’t have the funds to inject into the business.

That's why some leagues are looking at league funding, or awarding prize money early, because for a lot of these clubs it will be very hard to raise capital independently or some of the owners quite frankly will need to inject more cash.

I think first and foremost clubs need to be proactive. I think they need to think about all their options at their disposal. There's not much else that clubs can do, if there is a sustained loss of revenues, then to go to the players and say "look, let's cut a deal. We're on the same team. This is really really going to hurt the business and so we need to basically make an agreement".

If the banking industry gets hit, people don't get variable bonuses. But football is an industry which has very few variable bonuses – there are some, but the fixed cost base is just so high, and people get paid no matter what. So when the revenues are gone, it's very hard to sustain, so you need to cut into that fixed base to be able to absorb the shock.

Once you've reduced the cost base, owners can start to look at what they can do themselves. Some clubs are obviously requesting that shareholder contributions are made, and there will be more capital injections directly by owners to stabilise the ship. You need to try to get as much liquidity on your balance sheet as you can, which is what other companies are doing – airlines, cruise operators, the hospitality industry. If you've got a credit line, pull it. If you can ask for a favour from your bank, ask for it. Because you need all that cash.

I don't think the long-term value of sports is affected. It might be somewhat, because there might be some longer-term impacts. But the value is still there. Clubs just need to basically be able to get through this period. And so you need to cut costs, you need to get liquidity, and they need to really be proactive around that and not just wait for the league or the government to give them some helicopter money. Because that just is not a good approach.

Is everyone affected equally by this? Are some leagues and clubs better placed to weather the storm than others?

If you look at it geographically, France is exposed because the broadcaster there has said they're not going to pay the last tranche of payments. Canal Plus has got the domestic rights and beIN the international, but Canal Plus doesn't have the rights for the next cycle, starting next season – they've already been given to Mediapro. So for Canal Plus, there is less incentive to be constructive because they don't have that view down the line, the need to salvage the product, they don't have that incentive to provide funding now to help keep the LFP [French Football League] afloat.

Whereas I think Sky, especially in Italy, Germany and the UK, has such symbiotic relationships with the leagues, they've been partnering for decades, so to really screw the clubs and not give them funding that potentially might prevent them from going bankrupt – there's no reason to do that. You're also interested in protecting the end-product, you want to maintain the integrity of the leagues, so I think there's going to be a more constructive dialogue there. Down the line, there might be an impact on future cycles where the costs incurred now get priced into the next rights cycle, and the leagues should not expect as much of a revenue increase going forward.

Obviously the Premier League followed by LaLiga have the biggest contracts, but in terms of relative

impact, it's kind of the same as the starting cost base in Germany and Italy is lower. And the clubs have the same problem. Yes, you're Barcelona, but on a percentage of revenue basis, you have the same problem, if not more so, which is that you need to be able to fund your cost base, and if Barcelona doesn't play in the Champions League and the last tranche of the broadcasting money doesn't get paid, you still need to pay Messi and Griezmann and the other guys who get millions a month.

There's not much clubs can do besides cutting costs, and getting your hands on liquidity, even as a big club, will be tough, and a lot more expensive given that risk has been repriced significantly in the public market, both from an equity and a debt point of view. So, even if they could get future funding, it will be a lot more expensive than what they had before. It still comes back to reducing outgoings on player salaries.

Are there any other fixed costs, other than player salaries, that clubs can look at reducing?

Very little, to be honest. 60-80 per cent of costs are player salaries, the rest is people who work at the club, staff costs, general administrative costs. You can cut those a bit, but it's not going to move the needle much. Some clubs have furloughed staff, but it's not going to save the business, and we've seen that



The Covid-19 pandemic has resulted in the suspension of Premier League football. (Visionhaus)



The closed gates outside Chelsea's Stamford Bridge stadium. (Catherine Ivill/Getty Images)

clubs need to think carefully about the PR aspect of doing that as well, reducing staff wages when they're still paying players millions a month.

The other thing that doesn't come into the conversation enough is that when we talk about billionaire owners, they usually own other businesses that are impacted by the crisis equally, if not more so. And they're probably more sound businesses than football clubs – they're probably not paying 80 per cent of their turnover on staff, and the owners might see it as more important to protect those workers and those businesses.

How long can top-level football clubs sustain themselves without football?

It depends on the club, it depends on the specific situation, but I think if there's no money coming in for the next two months, for example, you would expect a lot of the mid-to-lower-sized clubs in the top leagues to really suffer or not be able to deal with this unless they have a massive waiver from from the players.

The other thing to consider is the knock-on effects after we start playing again. It's not just about clubs sustaining themselves through the

shutdown, but preparing for the world afterwards as well. Transfers are going to be impacted – not just the value, but the PR aspect of it. There's going to be a real appreciation for social workers, nurses, doctors – people that are not making much money, but are saving thousands of lives. PR-wise, even if a club has the money to spend £50m on a player in the next transfer window, I think a lot of fans would have a negative reaction to that.

So, if you're a club that is relying on developing talent and selling top clubs, you might not get your £60m, £70m transfer fees. If you have to do that to balance your books, if you haven't grown your other business lines, you will really struggle.

In the long-term, is there an underlying strength in the market? Is football well-placed to bounce back from this? Will it return to relative normality reasonably quickly?

There's always going to be a demand for football. I still think that people will want to watch it. I think they want to go back to their normal behaviour. Maybe, initially, going back to the stadium with 80,000 people, might not be front and centre in people's minds. But I think, as

and when we find a vaccine, people will want to spend time with other people and will want to watch sports.

After an economic recovery, sponsors, broadcasters will want to be associated with it, but the recovery might take time. And I think the forecasted growth might be lower than previously projected. But, on the other hand, maybe costs might be lower as well, because this might be a good moment to sit down and have a real discussion about the business model and how it should change, it could be a good opportunity to address spending on salaries and transfer fees, all these types of things.

It's a media and entertainment play, at the end of the day, so I think that has and will always have value. There might be an impact on valuation in the short-term, at least, but I think the long-term drivers should not be impacted too much. People will want to do sports, want to see sports, and Manchester United's always going to be Manchester United. And if you own Manchester United, somebody else will not own it. So that scarcity value will always be there. Wealthy people will always want to invest in into sports. They might just do it a little bit cheaper. ○

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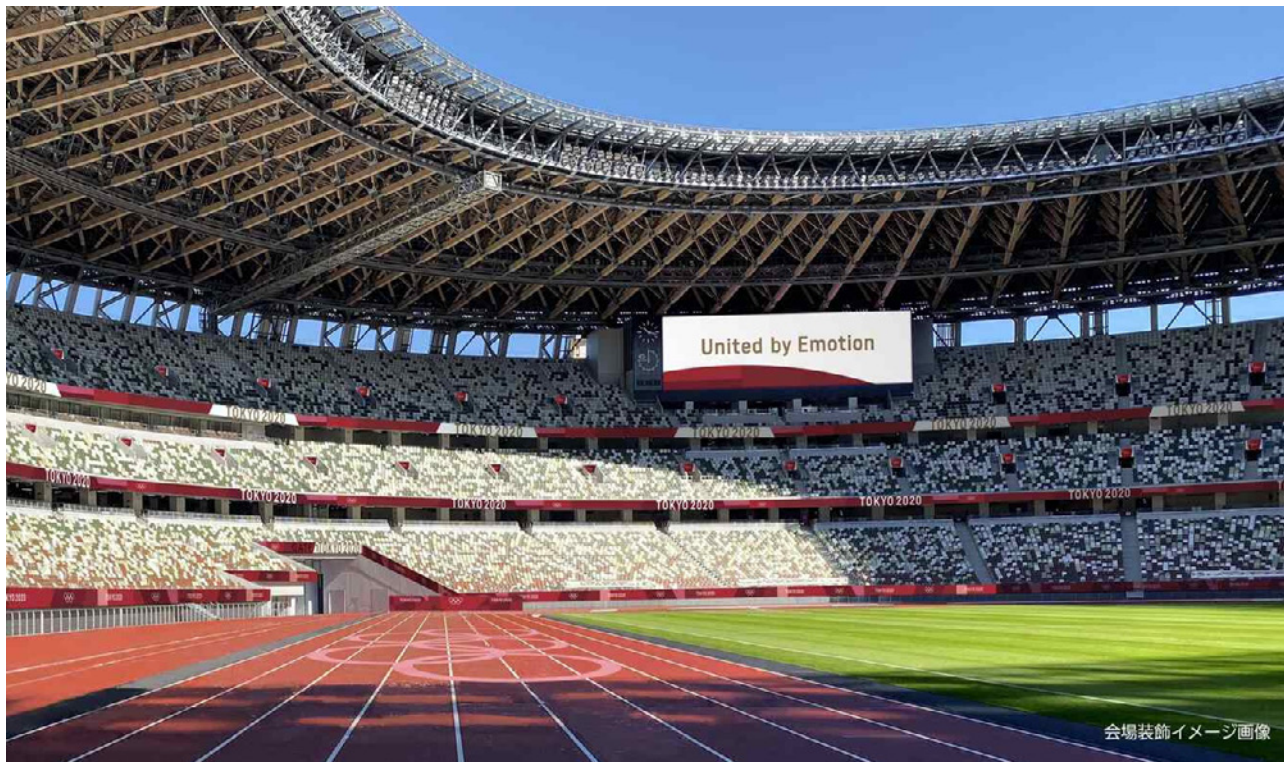
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Failure to insure against pandemic will catch out many Asia-Pac sports properties

Few sports events have insurance for cancellation due to a pandemic according to specialist Circles Group

The insurance industry is expected to pay out up to \$6bn in claims for cancelled events

The Tokyo Olympics and Wimbledon are among the major events expected to generate claims



Tokyo's Olympic Stadium. (Tokyo 2020 website)

Kevin McCullagh

Only a small minority of sports properties in Asia have insurance to cover losses from event cancellations due to Covid-19. Most organisers have in recent years chosen not to pay the extra cost to extend their insurance to cover cancellation due to communicable diseases, according to Tommy Elliot, regional director, Asia Pacific, at the Hong Kong office of specialist events insurer Circles Group.

Luxembourg-based Circles Group has been providing insurance for domestic and international sports events globally, as well as trade fairs, concerts and other types of events, for 20 years. It has been working in Asia-Pacific for seven years,

supplying event insurance via a network of specialist brokers.

“Based on our personal experience, aside from maybe some of the key, international, large sporting events across the region, most organisations would not have had coverage in the form of event cancellation insurance, with the specific extension for what we would call communicable disease coverage,” Elliot says.

The International Olympic Committee, the Tokyo 2020 Organising Committee and the major Olympics broadcasters such as NBC in the US, are among those that had insurance to cover the cancellation of Tokyo 2020, Elliot says. That event, of course, has not yet been cancelled, but it appears that an insurance claim will still be

made by one or more stakeholders. Insurance company Swiss Re, which says it has a 15-per-cent market share of the event cancellation business globally, has said it has \$250m of ‘exposure’ to the Olympics – meaning it could potentially have to pay out this much in insurance claims. The company says it has further exposure in the mid-triple-digit millions to other event cancellations this year. Another company, Munich Re, also said it has exposure to the Olympics in the triple-digit millions of euros.

Event cancellation policies typically cover one or more of several scenarios, such as:

- The complete cancellation of the event before it commences;
- The postponement of the event;

- The complete abandonment of the event after it starts;
- An interruption of the event.

Wimbledon is one of the few other major events known to have had insurance that covered the cancellation of this year's tournament. Trade publication *Insurance Times* reported that Wimbledon organiser the All England Lawn Tennis & Croquet Club (AELTC) has been insuring itself against cancellation due to a pandemic for the last 17 years, and is set for a £114m payout. The AELTC was reported to have paid about £1.5m per year for the insurance, £25.5m over the whole period. The payout is not expected to cover its entire expected revenues from this year's tournament, even factoring in its cost savings from not running it.

The events insurance industry as a whole is set for an enormous hit due to payouts under cancellation insurance during the pandemic. Trade publication *Insurance Insider* estimated that industry losses could be between \$3.7bn and \$6.3bn globally this year. The publication puts Swiss Re's losses alone at between \$500m and \$950m.

But outside Tokyo 2020 and a handful of the very biggest events, the sports industry will not be a major beneficiary. Many event organisers will have cancellation insurance, but cancellation due to communicable diseases is typically sold as a rarely-taken optional extra.

"When customers are considering their insurance coverage for events, they normally don't ask specifically for that communicable disease extension," Elliot tells *SportBusiness Review*. "And when it was offered, oftentimes it was one of the first things that the client would cross off the list to save cost."

Cancellation causes that are typically covered as standard include weather, terrorist attacks or threats of terrorist attacks, a failure to deliver critical equipment and travel problems for competitors.

Even in Asia, where event organisers had experience of cancellations due to the SARS and MERS outbreaks in the past two decades, take-up of communicable diseases insurance was low.

Elliot says: "We tend to get the response, 'Ah, that's not going to happen

again', or, 'My event's in Australia, we'll never have an issue like that.'"

Cost is one of the main reasons for the low take-up. A communicable diseases extension could double the cost of some insurance policies, although the costs are highly variable, particularly depending on the event's location and the recent history of disease outbreaks there. Event cancellation insurance is typically calculated as a percentage of an event's total expenses or revenues. Elliot says the percentage can range from 0.4 per cent to more than 2 per cent of those figures. An extension to cover communicable diseases would, prior to Covid-19, have cost another 0.2-to-1 per cent.

Insurance is typically taken out by the event organisers, although in some cases for major events, broadcasters and other commercial partners will also seek to insure their investments in rights.

"That's quite common for larger sporting events," Elliot says. "So, for the Olympics, big broadcasters like NBC out of the US would have their own event cancellation policy covering their loss of revenue." Certain broadcasters in India also take insurance to cover their major cricket rights deals, he adds.

Right now, due to the pandemic, no insurance company will offer

protection against cancellation due to communicable diseases "for the foreseeable future", Elliot says. He adds: "If you would have come to us even in late November or early December, depending on where the event was, probably...anywhere outside of China we would have offered the extension under the cancellation policy."

Discussions involving insurance companies and governments on how to provide such insurance going forward are currently taking place.

Unsurprisingly, interest in event cancellation insurance is expected to grow in the wake of the pandemic. That will be very welcome for the events insurance business – or at least those that remain in it after the losses they shoulder this year. The anticipated \$4bn-\$6bn in payouts must be balanced against annual premiums of about \$300m-\$350m earned globally by the sector, Elliot says.

"It's going to take a while to pay that back. I think, as a result, you will potentially see insurance companies perhaps pull out of the market. But then you may see other players come in, as well."

Circles Group will be one of the companies hoping to capitalise on a pick-up in demand, Elliot says. ○



Tommy Elliot, regional Director, Asia Pacific, at specialist events insurer Circles Group.

Abu Dhabi – providing light at the end of the tunnel?

Abu Dhabi has established a renowned international events calendar, including its annual Formula One Grand Prix. Despite inevitable disruption to the 2020 sporting schedule, the emirate is well positioned to mitigate the challenges that lie ahead.



(GIUSEPPE CAGACE/AFP via Getty Images)

Bradley Rial

Over the past decade, Abu Dhabi has developed a sparkling sporting infrastructure to rival anywhere in the world.

However, in a region where sporting reputations have sometimes been superficially defined by levels of financial extravagance alone, the capital of the United Arab Emirates has attempted to differentiate itself by establishing an events portfolio that is unrivalled in the Middle East in terms of its breadth.

High-profile football, cricket, golf, tennis and mixed martial arts are part

of the offering, but it is Abu Dhabi's Formula One Grand Prix that is widely viewed as the jewel in the crown.

Rocketing reputation

It is no coincidence that Abu Dhabi's reputation as a sports destination has rocketed since the Yas Marina Circuit opened its doors to the world by hosting F1's inaugural day-night race in 2009.

For example, in December 2019, Abu Dhabi was named as the world's leading sports tourism destination at the long-established World Travel Awards, seeing off competition from Beijing, London, Los Angeles, New York and Tokyo, among others. It marked the seventh time in a row that Abu Dhabi

had claimed the accolade, with little doubt that the presence of F1 has helped to shine a spotlight on the emirate's sporting credentials.

The race itself will remain on the calendar until at least next year under the terms of a renewal struck between F1 and Abu Dhabi Sports Management in 2014. However, such is the stature of the Grand Prix, it is inconceivable that Abu Dhabi will lose its spot on the calendar. As F1's then-chief executive Bernie Ecclestone said when the latest deal was sealed: "It [Yas Marina Circuit] may one day be matched, but it will never be bettered."

Petrol heads across the Middle East and beyond clearly agree. The Grand

Prix is Abu Dhabi's biggest event of the year and upwards of 100,000 people from more than 170 countries visit the city to watch the race.

"Each year, the whole city comes together to ensure that visitors to the UAE enjoy their overall experience and leave with happy memories, which subsequently means they are able to act as the city's biggest advocates through word-of-mouth power which has a far bigger impact than any marketing outreach," says Al Tareq Al Ameri, Yas Marina Circuit's chief executive.

International appeal

With Bahrain already hosting a Grand Prix and Saudi Arabia set to bring another F1 race to the Middle East in the coming years, motorsport's biggest world championship has an increasing presence in the region. There is little doubt, though, that Abu Dhabi can continue to offer a unique appeal.

"The fact it's the final race of the season is a unique selling point, but while that has its advantages, you must build a relevant story around it," Al Ameri says. "In general terms, however, the current calendar positioning works very well for us. The weather is fantastic in November and we're able to attract international visitors, mainly from the UK and Europe, before attention turns to Christmas."

The influx of visitors for the grand prix has a noticeable seasonal impact

on a city that, according to Abu Dhabi's Department of Culture and Tourism, had just under 30,000 hotel rooms by the end of last year, in comparison with about 100,000 in Dubai, one hour's drive to the north. Occupancy and average room rates in Abu Dhabi's hotels have rocketed to an annual high in November in each of the past three years, coinciding with the build-up to and arrival of the grand prix.

"Hosting high-profile events has...inspired local participation."

Tony Kouris | general manager, Zayed Sports City

Abu Dhabi's cultural and leisure scenes have also blossomed, with the emirate's strategists keen to use the race, as well as other major sporting events, as a gateway to a more varied visitor experience. For example, the Louvre Abu Dhabi, which has quickly become one of the city's most popular tourist destinations, opened less than three weeks before the 2017 F1 race took place in the city, while high-profile concerts are organised to complement the action on the track.

In relation to the grand prix, Al Ameri adds: "There is a massive emphasis on driving ticket sales throughout the year, with some key factors which play

a significant part in helping us do that, particularly the artist announcements for the after-race concerts, which come a bit later in the year.

"Early on, we set out to position our Grand Prix as the modern definition of an F1 event. We wanted to build not only a local customer base, but a global connected community, and the increase in the number of visitors attending the event from outside the UAE would indicate we have managed to achieve that over the past 11 years."

Pandemic impact

This year, though, like the rest of the sporting world in the wake of the devastating global spread of Covid-19, Abu Dhabi has been forced to contend with unwanted scenarios. Although the Abu Dhabi F1 Grand Prix benefits from a season-ending date of November 29, giving it as much time as possible for life to return to relative normality, lingering international travel restrictions could yet disrupt the emirate's key sports destination marketing tool in 2020.

However, although there are major challenges ahead, unexpected opportunities may also be on the horizon due to the broader global turbulence.

Currently, the emirate's outlook in terms of public health and economic stability with regard to the pandemic is relatively promising. According to official figures, there were only 208



Locals play cricket outside at Zayed Cricket Stadium (Gareth Copley/Getty Images) (xxx)



Russia's Karen Khachanov returns Novak Djokovic's shot during the Mubadala World Tennis Championship at Zayed Sports City in Abu Dhabi, on December 21, 2019. (AFP via Getty Images)

reported Covid-19 deaths and 21,000 confirmed cases of the virus in the UAE as of May 15.

Whilst there are grave concerns about the impact of the pandemic and low oil prices on neighbouring Dubai, Mohammed Ali Al Shorafa, chairman of Abu Dhabi's department of economic development, said in March that the city "has the resources... to continue with its planned progression" in relation to its major projects for 2020.

Nevertheless, a cautious approach has been adopted from the outset of the crisis. The Abu Dhabi Sports Council, which drives the emirate's sporting strategy, imposed a lockdown on events in early March, and the measure was extended until further notice in mid-April. The first stop of the 2020 World Triathlon Series, scheduled to take place in Abu Dhabi in early March, was one of the first events to fall victim.

With sports eager to resume around the world as soon as possible, though, Abu Dhabi could emerge as an alternative destination for events that would usually take place overseas. Abu Dhabi Cricket, for example, has already said that it would be open to hosting English domestic matches in

"Early on, we set out to position our GP as the modern definition of an F1 event."

Al Tareq Al Ameri | chief executive, Yas Marina Circuit

the summer to ease the burden on the England and Wales Cricket Board.

Infrastructure

Abu Dhabi certainly has the facilities to help out in times of need. Zayed Cricket Stadium has a capacity of 20,000 and last year began hosting the T10 League, which had previously been held in Sharjah, just north of Dubai.

Zayed Cricket Stadium is located down the road from Zayed Sports City, the site of a number of sports and entertainment venues that serve Abu Dhabi.

The 43,000-seat Zayed Sports City Stadium serves as the centrepiece of the complex and hosted Fifa Club World Cup matches in 2009, 2010, 2017 and 2018. The venue also staged the final of the Asian Cup national team tournament in 1995 and 2019.

"Hosting high-profile events has not only highlighted the capability of our city and venues on a worldwide scale, but it has also inspired local participation," Tony Kouris, Zayed Sports City's general manager, says.

"At the core, Zayed Sports City operates as a community sports complex – clubs, businesses, families and individuals using the site are critical to our success.

"Watching these major events on television doesn't showcase the impact that they have in improving the everyday lives of the people in Abu Dhabi, but it is just as important. The interest, the legacy and the investment have a lasting effect.

"The biggest impact we've witnessed at Zayed Sports City has been the diversity in who is using our facilities. With events like the Asian Cup and Fifa Club World Cup, families formed bonds over sport together and have been playing together more."

Zayed Sports City also hosted last year's Special Olympics World Games for athletes with intellectual disabilities. Kouris said this event helped to raise awareness that exercise is a "luxury and not a guarantee".

Programmes

Such a focus on healthy living has long been considered a priority in Abu Dhabi and the UAE as a whole. The World Obesity Federation expects 15 per cent of people under the age of 20 in the UAE to be obese by 2025.

With the hook of major international sporting events, there has been a concerted effort by the authorities to improve the health of the public. Abu Dhabi Sports Council, which was established in 2006, has in recent years launched a variety of social and development programmes to support its events portfolio in order to work towards a vision of ensuring the emirate is ‘an international capital for sport practicing competitiveness and international events’.

Meanwhile physical education in public and private schools became mandatory across Abu Dhabi in 2010, and the Health Authority of Abu Dhabi’s ‘Eat Right and Get Active’ programme has been credited with boosting participation levels across numerous sports.

Such interest has translated into

an appetite for a wide range of sports. Zayed Sports City features a bowling centre, tennis complex, ice rink and other pitches, with Kouris noting that last year each of these facilities saw an increase in usage that can be directly and indirectly attributed to events that were hosted.

Abu Dhabi will be further boosted this year by the opening of the new multi-purpose Etihad Arena, the city’s first-of-its-kind, indoor entertainment venue. With a capacity of up to 18,000, the ASM Global-operated arena will be located on Yas Island.

Diversity

Unsurprisingly, outdoor sports that can make the most of the consistently glorious weather also view Abu Dhabi as a natural home.

The Abu Dhabi Golf Championships, a fixture on the European Tour since 2006, was elevated last year to become one of the Tour’s Rolex Series events, boosting its prize fund to \$7m (€6.5m).

In cycling, the UAE Tour forms part of the International Cycling Union’s WorldTour, having been created in 2018

following the merger of the Dubai Tour and the Abu Dhabi Tour.

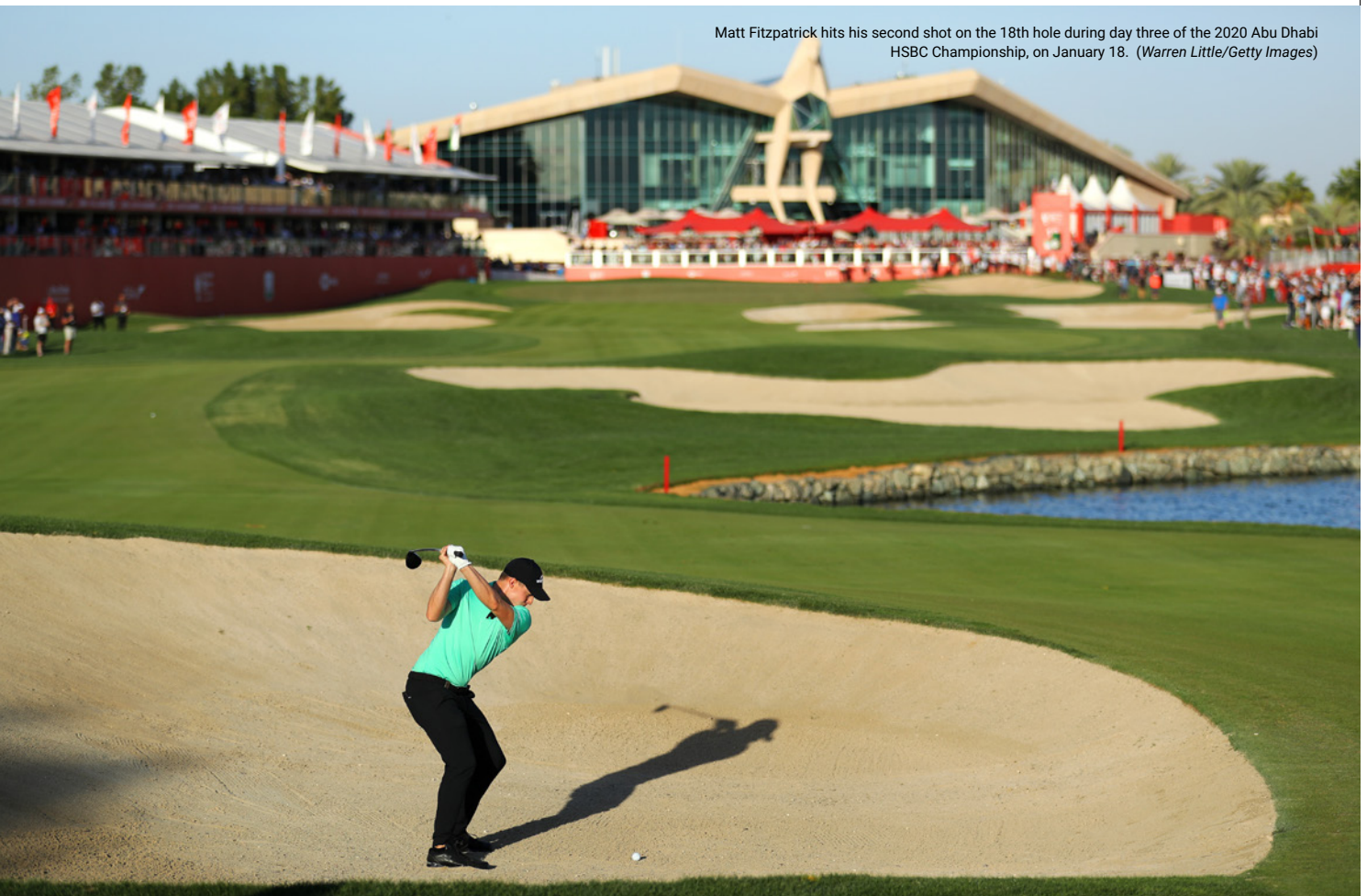
Last September, Abu Dhabi hosted its first Ultimate Fighting Championship event since 2014 as part of a new five-year deal with the mixed martial arts organisation.

The Yas Island event was headlined by a fight featuring reigning UFC lightweight champion Khabib Nurmagomedov. The terms of UFC’s agreement with the local Department of Culture and Tourism dictate that each card will be headlined by at least one championship fight, ensuring more prime exposure for Abu Dhabi on the international sporting stage.

Amidst the current uncertainty across the industry, the UFC’s swift return to action in the wake of the Covid-19 outbreak can only be seen as a positive for Abu Dhabi.

Although it is inevitable that the emirate’s established international sporting calendar will suffer disruption in 2020, the long-term strategy to create a varied schedule will give Abu Dhabi a better chance than most of mitigating the adverse impact of the pandemic.

Matt Fitzpatrick hits his second shot on the 18th hole during day three of the 2020 Abu Dhabi HSBC Championship, on January 18. (Warren Little/Getty Images)



Ironman's new investors will focus on content and virtual racing to unlock value

Advance Publications owns Condé Nast and holds a 30-per-cent stake in Discovery

Advance and fellow investor Orkila Capital believe virtual racing will unlock additional opportunities

Race entry fees made up 44 per cent of revenues at Wanda's mass participation business in 2018



(Donald Miralle/Getty Images for IRONMAN)

Ben Cronin

While the sports industry news agenda was dominated by stories of postponements, cancellations and furloughs during the month of March, it was business as usual for the executives at Advance Publications and Orkila Capital. In a move that bucked the general sense of stasis in the sector, the media conglomerate and private equity firm swooped to acquire the Ironman business from the Wanda Sports Group for \$730m (€675.6m).

The timeworn aphorism about the

Chinese word for 'crisis' meaning both 'opportunity' and 'danger' seemed apposite in the circumstances. Just weeks earlier, the Beijing-based sports division of Dalian Wanda had warned of the 'material adverse impact' of Covid-19 on its mass participation business before taking out a \$240m loan facility to refinance its debts. The feeling in some quarters is that current market conditions are baked into the \$730m price tag – some way short of Wanda's reported \$1bn valuation.

"It's obviously a longer-term viewpoint than just whatever's going to happen in the world in the next twelve months," says Nick Rusling, chief

executive of Human Race, one of the largest organisers of mass participation events in the UK. "Ironman is a brand that's withstood various forms of economic crisis, so the valuation now is about the longer term."

Whenever a business has gone through as many ownership iterations as Ironman, there will always be interest in how the latest custodians believe they can unlock additional value where so many creative minds have tried before.

From 2008 to 2015, before Wanda, the business was owned by private equity firm Providence Equity Partners. Its plan was to turn what was essentially an IP-licensing business into one that

owned and controlled most of its events and sold sponsorships centrally.

Wanda bought the group from Providence for \$650m in 2015 and assumed debts that reportedly took the deal to \$900m. Over the last five years, its strategy has been to grow Ironman by creating new events – in China especially – and through the acquisition of some of the world’s leading aspirational endurance properties in trail running, marathons and mountain biking. Ironman purchased iconic events like the Cape Epic mountain bike race in 2016, and the acquisition of Lagardère Sports’ mass participation business in the same year also boosted its endurance event portfolio.

Media capabilities

Under the latest deal, attention will inevitably turn to some of the media properties in majority shareholder Advance’s investment family. These include publishing and events powerhouse Condé Nast and a 30-per-cent stake in Discovery, parent company to broadcaster Eurosport.

SportBusiness Review understands Advance plans to run Ironman as a standalone business but draw on experience within the wider group. The belief is the other companies’ capabilities in engaging with consumers and sponsors across a range of media

will help to drive a business that strives to cultivate a year-round commercial relationship with its participants.

“As soon as you deviate from Ironman into a slightly broader sphere of media, you’re not necessarily offering what the customer wants.”

Nick Rusling | chief executive, Human Race

The Ironman business model has diversified as the business has changed hands. In 2018, athlete entry fees made up 44 per cent of Wanda’s mass participation revenues (€124.1m) and sponsorship revenues accounted for about 24 per cent (€69.2m), with the company making an additional €25.5m from host city fees, €21.8m from merchandising and €10.6m from licensing. It should be noted that these figures also include revenues from the Infront agency’s Personal & Corporate Fitness unit, which also sits under the Wanda mass participation umbrella but is not part of the Advance deal.

The physical challenges of an Ironman race, and of the other endurance events in the company’s portfolio, provide a huge opportunity

for an always-on relationship with participants. Most competitors take up triathlon having previously specialised in one discipline, meaning they have to learn new core skills. Experienced athletes liken races to electrochemical contests, where one badly timed energy drink or feeding decision can have dramatic consequences later on in the long races.

This makes for a highly-engaged audience, hungry for information and training resources, which also offers numerous marketing opportunities for equipment suppliers and sports nutritional brands.

“Ironman probably charge the highest entry fee of all in our industry,” says Rusling. “But often, even if it’s £100, it’s a small percentage of the total spend in someone’s passion to run, cycle, swim, because the equipment costs a lot more.

“If you can tap into some of the bigger chunks of spend, and it’s all centered around supporting a customer and what they love doing all year round, then that’s the commercial holy grail.”

Discovery, the other major media brand in Advance’s investment portfolio, has already started trying to exploit similar opportunities, developing new verticals in hobbyist pursuits like cycling and golf to supplement live coverage of these sports on Eurosport.



The 2018 Cape Epic mountain bike event. The race was acquired by Ironman in 2016 (RODGER BOSCH/AFP via Getty Images)



Orkila Capital founder Jesse Du Bey with his wife at an event in New York in 2010 (AMBER De VOS /Patrick McMullan via Getty Images)

The acquisition of a controlling stake in the Play Sports Group, the digital media business that runs the specialist Global Cycling Network YouTube channel, was a case in point, allowing the media company to ‘super-serve’ cycling enthusiasts with expert training, tutorials and lifestyle programming.

Sources suggest Ironman stands more chance of increasing revenues from selling sponsorship around short-form content and targeted email campaigns than from televising professional events. Ironman races can last up to ten hours and don’t make for the most compelling live viewing, with the bulk of distribution being for non-live highlights and magazine content, although they do have a role to play in prospecting for amateur entries.

Warning

Rusling is skeptical the new owners will be able to squeeze much more value out of Ironman simply through better content, arguing that the company already boasts very sophisticated marketing and digital capabilities.

He also warns that plugging Ironman into a publishing giant like Condé Nast doesn’t guarantee success. He cites the example of *Cycling Weekly* publisher Time Inc. buying leading sport organiser UK Cycling Events in 2015.

“What they found very quickly was

the logic of having a single customer base and buying magazines actually didn’t transpire and it wasn’t quite the same customer at all,” he says.

“Cyclists really want to be talking about cycling, and triathletes want to be talking about doing triathlons, and runners want to be talking about running and there’s very little overlap. As soon as you deviate from Ironman into a slightly broader sphere of media, you’re not necessarily offering what the customer wants.”

That said, the new investors might have more success leveraging Condé Nast’s portfolio of women’s publications – which includes *Vogue*, *Glamour* and *Teen Vogue* – to engage female audiences. Ironman events tend to skew toward male participants and previous efforts to address this, by creating a less challenging ‘Iron Girl’ series, have been derided as patronising towards women.

The new owners should have enough knowledge about the business to mitigate against missteps like this. To supplement Advance’s experience in media and live entertainment, minority investor Orkila Capital’s founder and managing partner Jesse Du Bey will rejoin the Ironman board of directors.

Du Bey was previously managing director of Providence Equity Partners and led the firm’s investment in

Ironman 12 years ago. A triathlete himself, he was personally involved in recruiting members of the company’s current management team, including president and chief executive Andrew Messick, and led the strategy to bring licensed races in-house between 2008 and 2015.

Orkila’s investment portfolio includes the Bellator mixed martial arts promotion and several conferencing and events businesses, including independent live music and art festival company Crash Line Productions.

Virtual racing

SportBusiness Review understands the private equity firm sees an opportunity to use the latest generation of interactive and connected fitness applications like Zwift, Strava and Rouvy to deepen engagement with Ironman participants and integrate the Ironman brand even more into their daily lives.

The Covid-19 lockdown might have already provided the catalyst for the evolution the new owners want to instigate. Just days before the Advance sale, the Ironman Group launched Ironman Virtual Racing, in which athletes using wearable technology and fitness tracker apps will be able to compete in a series of challenges over the course of a weekend. The first race, Ironman VR1, took place on April 3.

The new series has already delivered sponsorship deals with virtual cycling app Rouvy and fitness equipment manufacturer Technogym, who will also provide the platform for the races.

Beyond developments like this, the indications are the new investors will not seek to move Ironman too far away from its core offering of elite endurance events. One well-placed source said they are mindful of the deep affinity followers feel for the brand and will be wary of changing too much.

The Ironman logo, which legions of competitors have tattooed on their bodies, denotes a degree of toughness and the latest custodians do not want to dilute this.

The new investors are said to have been impressed by Ironman’s customer retention figures and click-through rates on email campaigns, which are said to be above 80 per cent. They think of the

“Ironman really is a unique brand. It’s the Hoover of long-distance triathlon.”

Nick Rusling | chief executive, Human Race

brand as more of a lifestyle choice than a consumer product, which means it has fewer direct competitors than some obstacle racing events.

This standing is thought to insulate Ironman against some of the wider trends in the industry, whereby participation at some second-tier mass participation events is falling. But it also makes it difficult to create new competition derivatives.

The group created Ironman 70.3 half-distance races as far back as 2006, but if it shortens distances any further to

try to attract a broader consumer set, it risks diminishing its core concept.

City fees

Another question is what the current social distancing measures and bans on mass gatherings might do, both for the appetite to watch and participate in races, and for cities to host them.

One possibility is hosting budgets will be cut as public sector bodies prioritize health spending and social security. Indeed, 43 per cent of cities surveyed in a recent poll by Burson Cohn & Wolfe’s Sports Practice said they thought the pandemic would still be hitting sports hosting budgets in 2021.

The new investors will hope that Ironman’s proven record in attracting large numbers of high-spending competitors and tourists to host cities will encourage existing partners to

continue welcoming races to boost their coffers. They would be heartened to see that just 17 per cent of cities in the BCW survey believed city hosting budgets will be affected after 2021.

Rusling thinks customer service is a more pressing priority during the Covid-19 lockdown, pointing to the flak Ironman is receiving on social media for not issuing refunds to postponed or cancelled races.

“People are savvy and if you can see them trying to make money in different ways, or taking a policy where they’re not going to issue refunds, they perhaps start to look for alternatives,” he says.

“Ironman really is a unique brand – it’s the Hoover in a way of long-distance triathlon. For me, the next layer is making sure they get the passion at head office right, with a long-term view. That, in itself, could easily build percentage growth through loyalty and tattoos.” [O](#)

A runner in action during a half Ironman Triathlon in Eilat, Israel. (Artur Widak/NurPhoto via Getty Images)



Online gaming has boomed, but esports isn't immune to Covid-19



(Norbert Barczyk/PressFocus/MB Media/Getty Images)

Twitch viewership doubles overall, but esports viewership isn't following that trend

Tournament organisers and teams suffering from loss of live event revenue

Continuation of esports leagues helps with sponsors, but not with new business

Callum McCarthy

As traditional sports rights-holders, broadcasters, clubs and agencies find themselves in an increasingly perilous position, there have been more than a few envious glances toward the esports industry, which is perceived to be thriving during the Covid-19 crisis.

Twitch, the Amazon-owned streaming platform that primarily hosts video game-related content, has massively benefitted from lockdowns in most major western markets.

The platform's daily average and peak viewership numbers have been on a familiar upward curve ever since the crisis hit, with total average viewership leaping from 1.35 million people in January to almost 2.5 million in April. Peak viewership has also hit new highs this month at 4.33 million, eclipsing a record set back in August 2018.

There has also been a marked increase

in esports activity from traditional rights-holders looking to plug the gap left by the global shutdown. Formula 1 and Nascar have been particularly successful and FIFA tournaments such as the Ultimate Quaran-team have also attracted lots of attention and publicity.

Now that esports is almost the only form of professional competition in town, there is a widespread assumption that the industry is enjoying a purple patch as a result of increased mainstream exposure and an ability to reach new audiences for traditional sports. Scratch the surface, however, and a more complex picture emerges.

For example, esports event organiser ESL has enjoyed increased viewership across its *Counter Strike: Global Offensive* properties. The ESL Pro League has always held its regular season matches during the daytime on weekdays, meaning much of its core audience is often unable to watch. With more of its audience now at home, ESL's numbers

have been consistently higher.

For esports properties that usually broadcast during primetime and on weekends, the impact on viewership has been negligible. Top-tier *League of Legends* competitions played in Europe, North America and South Korea saw regular season viewership peak well before lockdowns began, and average viewership was also lower for regular season matches taking place during lockdown.

It's true that social distancing and a lack of live sport has prompted a strong increase in the amount of time people spend watching content on Twitch. It has also resulted in more time spent playing video games, a higher number of video game purchases and an increase in the number of in-game items bought by players.

But this rising tide is not lifting all boats. Asked whether increased viewership on Twitch is contributing any extra revenue to his business, Team

Vitality chief executive Nicolas Maurer is unequivocal.

“No,” he says with a wry laugh. “The direct effect of the crisis will be – and clearly is – reducing our income. Every esports team will say the same.”

Lost revenue

The companies benefitting from the lockdown – streaming platforms and games publishers – are benefitting because people are buying, playing and watching more video game content. These trends signify growth in the video games industry, not esports.

Increased viewership and exposure are useful, of course, but the financial upside barely trickles down to esports-reliant companies, which are far more vulnerable to the wider economic effects of the crisis.

Modern Times Group, owner of tournament organisers ESL and Dreamhack, expects revenue from esports to be down by as much as 45 per cent year-on-year. Live event revenue has been wiped out by Covid-19 and this forms a huge part of each business, both in terms of direct revenue and providing exposure for sponsors.

“Based on the assumption that live

events will be allowed starting Q3, MTG expects an improved operational performance in [the second half of] 2020, supported by rescheduled Master properties and festivals for both ESL and Dreamhack,” MTG said in a statement to investors.

If its assumption is incorrect, the damage could be far worse.

Reduced income for tournament organisers like ESL or Riot Games has a significant knock-on effect for teams. Income from revenue-sharing agreements has fallen drastically and teams are unable to apply for government relief as playing and operational staff are still in work.

Maurer says: “The ESL Pro League was reformatted over the course of a few days and we went through a process where we were constantly interacting with them. Not going into details, but of course we’re discussing impact on revenue and the way this all works.”

“It’s all amicable with Riot, we all appreciate the issues they’re going through and the issues the teams are going through,” says Kieran Holmes-Darby, chief gaming officer at *League of Legends* team Excel Esports. “In some areas, the issues that we’re experiencing

are aligned with Riot. In other areas, they’re not. We’re having those open discussions.”

The fact most esports leagues and competitions have been able to continue in some shape or form, despite the loss of live event revenue, makes the situation manageable, but no better than that.

“All of the events part of the business is completely cancelled for now and impossible to do and the merchandising supply chain is hit, so it’s difficult to keep on going this side of the business,” Maurer says. “From a Vitality perspective, we are very well financed and we have plenty of time to adapt, but this will inflict a big hit on the smaller organisations. It will affect everyone to different degrees.”

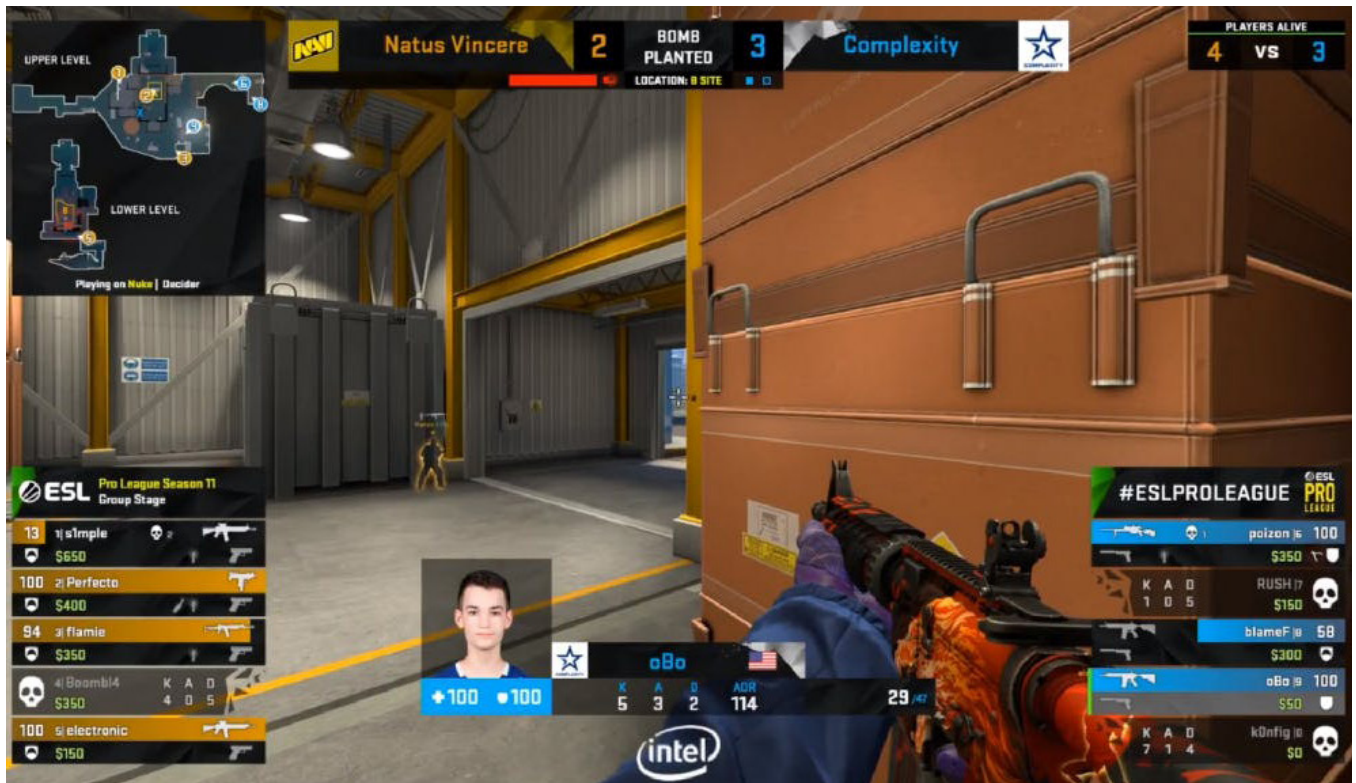
Sponsorship

Though stories of increased viewership and mainstream interest in esports may have been overstated in the media, the fact that most top-tier esports competitions have been able to continue has helped teams manage their existing partnerships.

Brands are aware that activations won’t be as polished as they were



(Norbert Barczyk/PressFocus/MB Media/Getty Images)



before the crisis, as tournaments are now played online instead of at an arena or dedicated studio. Tournament organisers and teams are working together to maximise exposure for their partners in any way they can.

Maurer says: “Sponsors understand the situation and they are also getting good exposure, even if it’s a bit different. We aren’t seeing the live action in a studio or arena, with players in the jerseys and branding in the arena.”

Holmes-Darby adds: “Riot Games has done really well to mitigate a lot of the on-screen losses. Wherever the players would have been on screen, they now have headshots or pictures in place which clearly show the partners.”

He continues: “Where a partner has expressed concerns, there is the ability to produce more digital content with players in the jersey, for instance. There is the opportunity to use social media engagement to get the right amount of brand exposure.

“There’s a whole host of digital assets that we already sell on that we can just ramp up a little bit more in these times, and we will do so where partners express consent.”

Increased digital activation is okay

for the short-term and helps keep partnerships alive, but teams are hoping that things will change sooner rather than later. Esports teams aren’t purely digital entities and physical activations are important in connecting fans with existing partner brands.

“We have Paris Games Week in Q4, and this is key for us,” Maurer says. “We will keep preparing as if it will happen. We’re crossing our fingers there.”

Events and physical activations are also crucial for securing new business, which has all but dried up as a result of the crisis.

“Tournament organisers are trying to adapt to make sure we still get exposure, so that part is mostly fine,” Maurer says. “What’s more concerning is new business. Right now, it’s completely... let’s say complicated to sign new sponsorship deals. Budgets are frozen or delayed at most companies.”

Holmes-Darby says: “New business is a bigger area of concern because brands aren’t too keen to spend marketing dollars right now. Sales agencies are struggling to get as much deal flow at the moment.”

For all the difficulties facing esports right now, it’s not all doom and gloom.

Competitions are still active at a time when almost all professional sport has been cancelled and there is still the occasional new deal to give teams hope for the future.

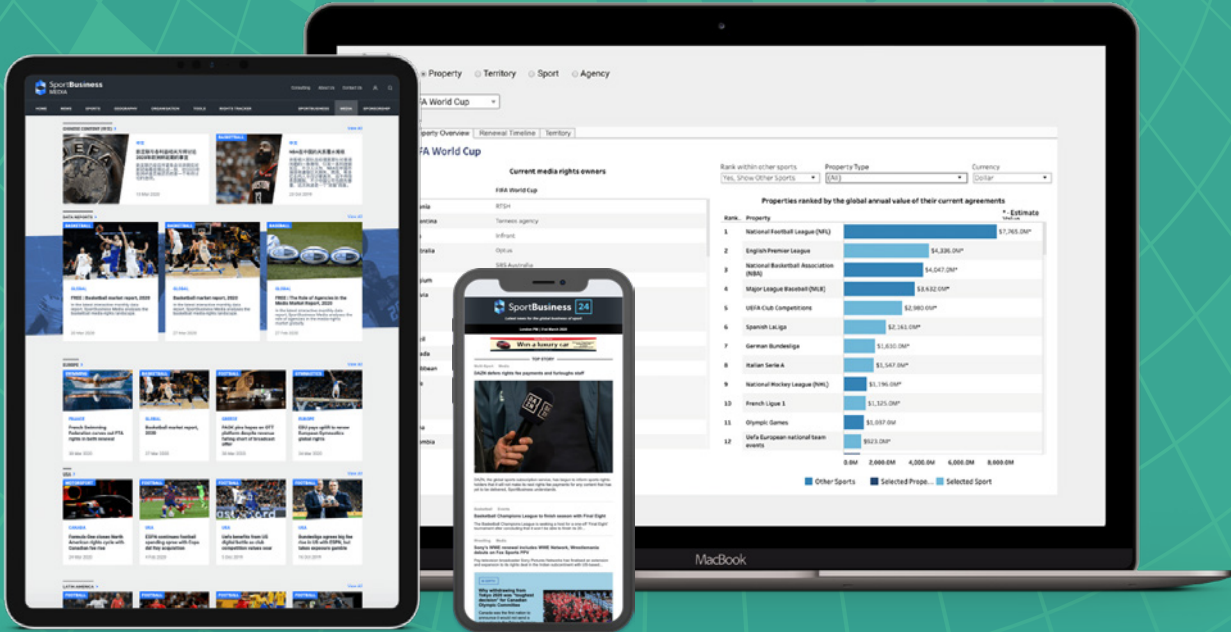
On April 16, German car manufacturer BMW confirmed partnerships with five of the world’s top esports teams: Cloud9, Fnatic, FunPlus Phoenix, G2 Esports and T1 Entertainment. The car manufacturer had been working towards the partnerships since Q3 last year and decided to go ahead despite the current situation.

“There are brands big enough to continue marketing during times of crisis like this and for those brands who are keen to do so, one of the only forms of live content they can spend their marketing dollar on in this world is esports,” Holmes-Darby says.

“Sponsors understand where we are and they comprehend the situation, but on top of that we tell them it’s an opportunity – a big opportunity,” Maurer adds. “We give them the figures of the viewership of the competition and tell them they could be doing even more digital activation in esports, because they cannot activate their traditional sports sponsorships right now.”



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Nascar begins to expand audience with iRacing Pro Invitational Series



(Chris Graythen/Getty Images)

After several races, Nascar's newly developed iRacing Pro Invitational Series is proving to be a powerful tool in reaching fans who had not previously followed the stock car circuit.

Eric Fisher

Nascar's newly-developed esports series, the eNascar iRacing Pro Invitational Series, was initially designed as a means to fill the competition void during the ongoing sports industry hiatus due to the Covid-19 pandemic, and give corporate sponsors another way to activate within the motorsports property.

But after three weeks of virtual racing, the growing series has also proven a powerful means to expand the overall Nascar audience, bringing the esports competition to hundreds of thousands of fans who had not watched any real-world races this year.

The initial Pro Invitational Series race, a virtual event at Homestead-Miami Speedway staged on March 22 and involving actual Nascar drivers, drew 903,000 US viewers on cable

network FS1, according to Nielsen Media Research. Roughly 255,000 of those people hadn't watched a real-world Nascar race this year.

Subsequent races – March 29 from Texas Motor Speedway and April 5 from Bristol Motorspeedway – have shown both overall audience growth, and similar penetration into new audiences. The Texas race drew an average audience of 1.3 million viewers, representing the highest-rated esports television program of all time in the US, and the Bristol race drew an average of 1.2 million viewers.

All told, the three virtual races staged thus far have combined to attract nearly 900,000 new viewers who had not previously watched a Nascar race in 2020. And internationally, the iRacing Pro Invitational Series has reached 160 countries as IMG has aided Nascar with its global media distribution.

"We've been saying for a long time

that esports is one of those tools in our tool box that allows us to get younger and more diverse," says Scott Warfield, Nascar managing director of gaming. "When you start to see numbers like that, it helps your argument. And you also have to put in the context of the Daytona 500 [run in February]. That's the most casual audience we get all year. And 255,000 people who watched the first week of the Pro Invitational Series didn't watch the [Daytona] 500....This is a moment in time that we didn't ask for and we don't want, but it has positioned us as first movers."

Indeed, a litany of other sports properties have since also moved to create their own esports events, involving athletes from their respective sports, professional gamers, or celebrities. Among them are Major League Baseball, the National Basketball Association, LaLiga, Formula 1, Monumental Sports & Entertainment,

IndyCar and Major League Rugby.

But Nascar is enjoying a trio of crucial advantages relative to many of those properties. First, Nascar has sanctioned the eNASCAR Coca-Cola iRacing Series for nearly a decade, giving it a very long run of experience in the still-emerging esports space. The deep realism of the graphics and racing gameplay, powered by motorsports simulation platform and longtime Nascar partner iRacing, makes one of the virtual races almost look like the real thing. And many Nascar drivers were already using iRacing technology for training and fan engagement purposes.

“We take a lot of pride in this,” Warfield says. “You’re always looking across the aisle at the stick-and-ball guys and you always want to be first movers. But this is a real testament to iRacing in particular.

“The difference for us is that it’s so authentic and natural to Nascar. Our top athletes are already using this platform. This isn’t big, bad Nascar asking drivers to do something [they wouldn’t do]. It’s organic to what they already do, and that comes through. As great as *NBA2K*, *Madden*, *FIFA* or any of those stick-and-ball games are, a big reason I think we’ve resonated is the credibility iRacing has with our athletes,” he says.

Rapid Shift

It was certainly no secret that prior to the arrival of the pandemic, Nascar had plenty of issues in core revenue drivers such as race attendance and corporate sponsorship. And the Pro Invitational Series isn’t going to solve any of those larger issues or replace the lost revenue from cancelled real-world races.

But the development of the esports series did mark a rapid pivot for Nascar amid the unprecedented challenge the pandemic brought, and represents a key means to keep both fans and sponsors engaged.

Dixie Vodka, Nascar’s official vodka, was on the front lines of that shift. The race it holds the title sponsorship rights for, the Dixie Vodka 400, was the second one on the Nascar 2020 schedule postponed due to Covid-19, with the decision made less than a week before the event was slated to occur.

But within a matter of days,

Nascar was able to organize the Pro Invitational Series with iRacing, and the real-world event at Homestead-Miami Speedway was turned into a virtual one, the Dixie Vodka 150, also held on March 22 on a virtual version of the track.

“People are really starved for sports content, and this is one of the only games happening right now.”

Matti Anttila | chief executive, Grain & Barrel Spirits

“It was all very real-time,” says Matti Anttila, founder and chief executive of Dixie Vodka parent Grain & Barrel Spirits. “There were a lot of moving pieces in those few days leading up to the race, with a lot of different options on the table, including racing with no fans, canceling outright, or postponing. Once it became clear the [real-world] race wasn’t happening, it was a very quick transition to the iRacing.

“Ultimately, it’s been a success. People are really starved for sports content, and this is one of the only games happening right now. The Nascar fanbase is also very loyal, and has been really supportive of this,” Anttila says.

Anttila, however, is quick to note that the exposure for the brand is still markedly different in an esports event. The Dixie Vodka 400, had it been held, would have been shown on Fox

broadcast in the US, and likely reached at least several million people.

The Pro Invitational Series, conversely, was shown on FS1 on cable, and averaged 903,000 viewers. A historically strong number for esports, to be certain, and one that again exposed the sport to many new fans. But not close to a direct, full replacement for the exposure the brand would have received.

“It’s two different things, but this is going to be a great thing for the fan,” Anttila says. “Even when live racing returns, the iRacing isn’t going away. And providing they can keep up the driver involvement like they have now, there is going to be value there for a brand like ours. This definitely opens up a lot of possibilities.”

Nascar, too, acknowledges that the Pro Invitational Series hasn’t replaced all the lost audience or revenue that has been claimed by the public health crisis, though specific financial figures haven’t been disclosed. And the organization is one of many across the sports industry to impose pay cuts.

But given the hundreds of thousands of new fans exposed to the world of Nascar, and the industry buzz generated by the Pro Invitational Series, the organization is grateful for what’s been created.

“This isn’t replacing [all the lost revenue], but it’s providing a pretty good little jolt to the system when everybody was looking for something,” Warfield says. ○



Denny Hamlin, winner of the eNASCAR iRacing Pro Invitational Series Dixie Vodka 150 at virtual Homestead-Miami Speedway, does a burnout (NASCAR)

“Remote production is extremely difficult” | Inside the NHL Player Gaming Challenge

Players from all 31 teams, as well as Seattle, are playing in series of head-to-head *NHL 20* challenges

Starting on April 30, the event is being aired on NBCSN, Sportsnet and numerous digital platforms

Competition an important way to engage fans and build players' personal brands during Covid-19



Bob Williams

The ‘NHL Player Gaming Challenge’ is the biggest fan-engagement initiative the National Hockey League has designed to help fill the sports competition void caused by the global Covid-19 pandemic.

Created in partnership with esports organization ESL Gaming and the NHL Players’ Association, the players-only esports competition includes representatives from all 31 NHL teams, as well as the Seattle expansion franchise, which is scheduled to join the league in the 2021-22 season.

The 50 participants, who are streaming in isolation from their homes, include avid gamers Filip Forsberg of the Nashville Predators and Zach

Hyman of the Toronto Maple Leafs. NHL Seattle is represented by Luke Willson, tight end for the NFL’s Seattle Seahawks, who played ice hockey growing up in Ontario.

They are taking part in 16 head-to-head matches using the EA Sports’ *NHL 20* game on Sony PlayStation 4 gaming consoles. In one early match-up, Brady Tkachuk of the Ottawa Senators took on his brother Matthew, who plays for the Calgary Flames.

Games are played on Thursdays and Sundays over a four-week period from April 30. Matchups are unveiled at the beginning of each week.

The games are broadcast on official NHL Twitch, YouTube, Twitter and Facebook platforms as well as the official league website. They are also available on the NHL Network and the

NHL Network Twitch channel.

In addition, select games are being broadcast by NBCSN in the United States and Sportsnet One in Canada, while all games appear on the networks’ respective digital platforms.

Honda, the NHL’s official automotive partner, is the title sponsor of the tournament. Honda has supported the NHL Gaming World Championship esports property since 2018.

There is a charity element, too. The NHL Foundation and *NHL 20* publisher Electronic Arts will donate a combined \$100,000 in support of the CDC Foundation’s Covid-19 relief efforts.

The esports event is one of many NHL initiatives created to stay relevant and keep fans engaged amid the coronavirus crisis. This includes the ‘Greatest Moment of the 2019-20 NHL

Season...So Far' fan vote initiative and live NHL Player Q&As, which have offered NHL fans daily interactive experiences via the league's official Twitter and Instagram channels.

There has also been a trivia-based digital game show, hosted by New Jersey Devils defenceman P.K. Subban, which features fans, celebrities and NHL players. In addition, the league has set up a series of video conference calls between players/executives and journalists to help provide content for media companies.

NHL teams have already turned to esports in different ways during the indefinite hiatus. Last week, NHL greats Wayne Gretzky and Alex Ovechkin faced each other in a best-of-three Xbox *NHL 20* showdown, from which they raised \$41,000 for Covid-19 relief efforts. Around 286,000 fans tuned into the livestream on the Washington Capitals' Twitch channel.

Meanwhile, the Columbus Blue Jackets recently introduced CBJ Gaming, a new initiative to engage fans through esports livestreams, tournaments and more. Elsewhere, regional sports networks NBC Sports Washington and NBC Sports Philadelphia have been respectively simulating Capitals and Philadelphia Flyers games that were meant to be played in the remainder of the 2019-20 regular season through *NHL 20*.

The NHL follows a litany of other sports properties to created esports events involving athletes from their respective sports, professional gamers or celebrities to help fill the competition void. Among them are Nascar, Major League Soccer, Major League Baseball, the National Basketball Association, LaLiga, Formula 1, IndyCar, Major League Rugby, the English Premier League, the United Soccer League, Liga MX and Relevant Sports Group.

SportBusiness Review spoke to Chris Golier, NHL's vice-president of business development and innovation, about how the NHL Player Gaming Challenge was put together and what it is looking to achieve.

What was the process of putting this esports competition together?

We have a long-standing strategy for

gaming in general, we're in the midst of our third season of our Gaming World Championship. That's taken up quite a bit of our time in the past couple of years, setting that strategy in place. We've done quite a bit also once the pause hit, between us and our clubs and our players....everybody has been active [in the gaming space].

Obviously the social distancing has increased the amount of gaming that's been happening. Clubs have launched



“These streams are meant to be casual, lean-back experiences where the players are talking about hockey and their lives off the ice.”

Chris Golier | vice-president of business development and innovation, NHL

their own tournaments during the pause, those are ways to engage their local community and local gamers. This is partly due to the pause, but they

have that philosophy to want to reach out, branch out, and to create more of a touchpoint with the fan, especially the millennial. We've seen a number of players running their own streams, on their own channels or on other channels they've been invited on.

From a league perspective, we wanted to take this opportunity with the NHL Player Gaming Challenge to engage with the fans and the players, knowing the players have more time on their hands than they typically do. A lot of them are gaming and we also reached out to the clubs and the Players Association to try to create a full league initiative. We could have gone down the route of having a 16-player tournament but we felt like now was the time to show that our league will come together for something like this.

To start this off, it was a lot of folks coming together: the Players Association, the NHL, our clubs, agents were reached out to as well to align here, EA Sports as the game publisher, and ESL who is our partner here from a production standpoint. So they [ESL] are the ones who are orchestrating everything, making sure all the players have all the proper equipment, which is no small feat considering a lot of the guys are in different households and places that they don't have set up with the right equipment. Remote production, as we're finding out, is extremely difficult but it's doable. But with all those entities, we're able to create this Player Gaming Challenge.





This is a series of games, rather than a tournament with a champion. Why did you adopt this format?

As a full league initiative, we felt it was important that all clubs were represented. We felt like having individual streams and highlighting the players and their personalities was more important to us versus a tournament that created a champion.

These streams are meant to be casual, lean-back experiences where the players are chatting, they're talking about hockey and their lives off the ice, dealing with their kids and homeschooling in some cases, how they are working out...

We wanted to make it competitive, as we know there is a competitive spirit between the players and we've seen that in some of the tapings thus far. But we also wanted to make it casual, so they could have some fun, answer some questions, have some chit-chat and let fans know they are thinking of them and can't wait to come back on the ice.

The unknown of if and when we're able to start the remainder of our season plays a part too [in not staging a tournament]: the fact that the players could be called at any time.

Why is it important that the Seattle expansion team is involved?

They have certainly been active for when they become an official franchise. We did reach out to them and ask if they wanted to take part knowing that to date they don't have a logo or a team name that they've announced yet and they said, 'yes, it would be a lot of fun'. It's a great way for them to get involved.

“We think that this will help spur growth in esports in general but also get our players more comfortable reaching out to fans in different environments.”

Chris Golier | vice-president of business development and innovation, NHL

How did Honda become the partner to title sponsor this?

With our NHL Gaming World Championship, Honda has been there from the beginning. They have a big interest in esports and gaming in general, it seems to fit the demographic for what they are trying to do from a marketing and promotional standpoint.

When we announced what we were

doing, we had a few select partners and Honda raised their hand right away, it was of interest to them, they like what we're doing, the charitable component, so we were thrilled to have them. It's also important for us to have the show of sponsor support during the quarantine period here.

How heartened have you been by other sports organizations' recent efforts into competitive esports during the shutdown?

Anything that expands gaming in general is a good thing. If you've been watching NBA 2K, [NFL] Madden tournaments, eMLS, everyone has a different twist to what they are doing. We are the only ones with a series of streams rather than a tournament for reasons I've explained. It's great to see linear support for all of this. The other leagues have done a really nice job thus far and I'm hopeful that we can bring it up a notch, too.

Do you think a fringe benefit could be increased or new interest in the NHL's esports efforts?

Absolutely. The more people get exposed to it and understand that those who are playing – the kids getting involved in our tournaments – are really good at this, and the ones who win are really spectacular.

For us, getting our players involved is important as we see gaming as an important touchpoint for fans. It's our outlet to millennials, it's one of our strategies to talk to that younger fan and for the players building their personal brands, it's a great way to do it. A lot of our players are passionate about gaming and it comes through on the screen.

To see our players with their helmets off, competing against each other and having a good time, storytelling...these are elements that fans don't typically see. They see the interviews post-game and some hockey clichés. I think you get a little more with this environment.

We're really happy to get this off the ground, we think that this will help spur growth in esports in general but also with our players getting more comfortable reaching out to fans in different environments. ○

Global Athlete report criticises IOC revenue distribution to athletes

Competitor-led movement recently published report on how IOC distributes its revenues

Report has led to calls for collective bargaining agreements to be put in place for athletes

The International Olympic Committee describes certain key points in the report as “plain wrong”



(Tomohiro Ohsumi/Getty Images)

Ben Cronin

Competitor-led movement Global Athlete has published an explosive report into the way the International Olympic Committee distributes its revenues, accusing the organisation of a lack of financial transparency and claiming that it spends just 0.5 per cent per cent of its income directly on Olympic athletes.

The report, Olympic Commercialization and Player Compensation, also estimates that, when taking into account money distributed to National Olympic Committees which is then passed on

to competitors, 4.1 per cent of IOC revenues “end up directly in the pockets of athletes”.

The study was compiled by the athlete body together with Ryerson University and the Ted Rogers School of Management, and calls for the introduction of collective bargaining agreements so that Olympians can be “appropriately compensated” for appearing at the Games.

Contacted by *SportBusiness Review*, the IOC disputed the results of the study, stating that the claim that athletes receive just 4.1 per cent of revenues is “plain wrong”.

The report states: “Since its

inception, the IOC has transformed from a charitable organisation operating with donations from individuals and governments to a multinational non-profit funded entirely by broadcasting and licensing deals, with average annual revenues exceeding \$1.4bn (€1.2bn).

“By maintaining its non-profit status and shedding the largest expense of most sports leagues, their athletes, the IOC has become hugely profitable with its fund balances rising by an average \$140m annually since the IOC began making their finances publicly available in 2014.”

The IOC retains its non-profit status by maintaining that its sole purpose

is to “foster international amateur sports”. It does not compensate athletes directly for competing at the Olympics, diverting its funds instead through a variety of disbursements to its five Continental Programmes and 206 individual National Olympic Committees through the Olympic Solidarity Programme.

The 33 summer Olympic sports federations and seven Olympic winter federations also receive IOC funding, channelled through their respective associations ASOIF and AWOIF. The largest sports like athletics, swimming and skiing receive the largest sums, while the most recent additions to the Olympic programme receive a much smaller share in a tiered system based on audience and size.

All of these organisations are charged with spending the money to promote sport and the Olympic Movement and divert a proportion of the funds to supporting athletes either directly or indirectly. But many NOCs, for instance, differ in commercial structure making it difficult to make exact comparisons as to how they allocate the money. Some receive government funding in addition to IOC money. Others, like the US Olympic and Paralympic Committee, include Paralympic funding in their accounting which also muddies the picture.

The paper states: “There is limited information on these affiliates considering many of them do not report their financial information publicly, which makes it even more difficult to decipher where this money is going.”

Through analysing the latest IOC annual report, the study says that although the IOC claims to invest 90 per cent of its revenues on sport and athlete development, only 0.5 per cent of its funds were allocated directly to athletes in the form of labelled scholarships in its most recent accounts.

The authors then use tax filings from the USOPC to extrapolate the overall proportion of IOC revenues that are spent directly on athletes by other NOCs. Based on an assumption that the other 205 NOCs allocate similar proportions to competitors as

“Although disclosing its internal finances is a huge step forward for the IOC, most public companies...must then answer to shareholders.”

Global Athlete | Olympic Commercialization and Player Compensation report

the USOPC, the study estimates that 4.1 per cent of IOC revenues “end up directly in the pockets of athletes” through these affiliate organisations.

“For-profit sports league”

The paper goes on to argue that the IOC’s large dependence on private funding, namely from selling broadcast and sponsorship rights, sets it apart from other charitable organisations and makes it more akin to a “for-profit sports league”.

Were the IOC to be compared with the biggest for-profit sports leagues in the world, the report says it would rank eighth for the period from 2013 to 2016 with an average annual revenue of \$1.74bn. However the paper argues that the 4.1 per cent of IOC revenues it estimates athletes to have earned during this period compares unfavourably with athlete compensation in other organisations such as Major League Baseball (50.1 per cent of total revenue) and the English Premier League (60.3 per cent of revenues).

The report continues: “The estimated

4.1 per cent which does end up directly in the pockets of athletes is mostly through scholarships, grants, and awards for successful competition, numbers which athletes cannot negotiate.

“Instead of spending its privately earned revenues compensating athletes, the majority of these funds go towards financing the many internal and external organisations affiliated with the IOC.”

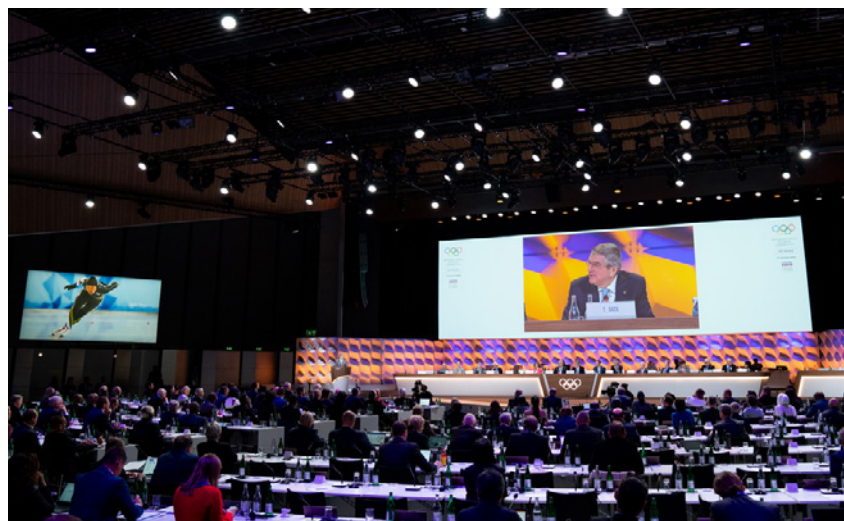
Continental Programmes

The report reserves particular criticism for the IOC’s five Continental Olympic Committees which divert Olympic Solidarity (OS) funding to support individual NOCs and promote the Olympic Movement.

The study says: “OS spends just over half of its funding on Continental Programmes which act as a mediator between OS and NOCs to allocate finances. Excluding their facilitation of statutory meetings of NOCs on each continent, it is unclear how the Continental Programmes aid the NOCs in their goal of promoting the Olympic Movement.

“The IOC website states the programmes may set aside funds to develop specific programmes for the specific needs of their continent but there are no examples readily available. Perhaps directing this money to the NOCs would be more useful to aiding the development of athletes and the NOCs.”

There is also criticism for the disparity in funding received by the



IOC session in Lausanne in January 2020. (OIS/Joe Toth)

USOPC in comparison other NOCs. The paper claims that the body received \$404m from the IOC in the last quadrennial, leaving \$740m to be shared by the other NOCs.

It states: “The United States Olympic [and Paralympic] Committee represents one of the most lucrative markets in the world and receives a disproportionate amount of funding in consideration of its population at 35 per cent of total NOC revenue.

“Yet, this allocation of funding places NOCs with less financial clout at a funding disadvantage in terms of training resources they can provide their athletes and their relative success. Directly compensating athletes equally or reimbursing them for their own training expenses could alleviate these discrepancies in funding allotments.”

Financial transparency

The IOC began publishing its accounts in 2014 as part of a drive to increase transparency under president Thomas Bach’s Agenda 2020 reforms, but the study calls on the organisation to go further.

“All of the largest sports leagues in the world feature collective bargaining agreements and unions which clearly define the rights [of] both the players and the leagues.”

Global Athlete | Olympic Commercialization and Player Compensation report

The report reads: “Although disclosing its internal finances is a huge step forward for the IOC, most public companies required to distribute these types of filings must then answer to shareholders regarding their publications.

“Unfortunately, the organisation is not obliged to undergo this type of review due to its lack of shareholders. If the IOC is a non-profit organisation with the goal of contributing to the world of sport, it can go much further to reassuring the public and all of its stakeholders of its values.”

The IOC and some NOCs have faced mounting calls in recent years

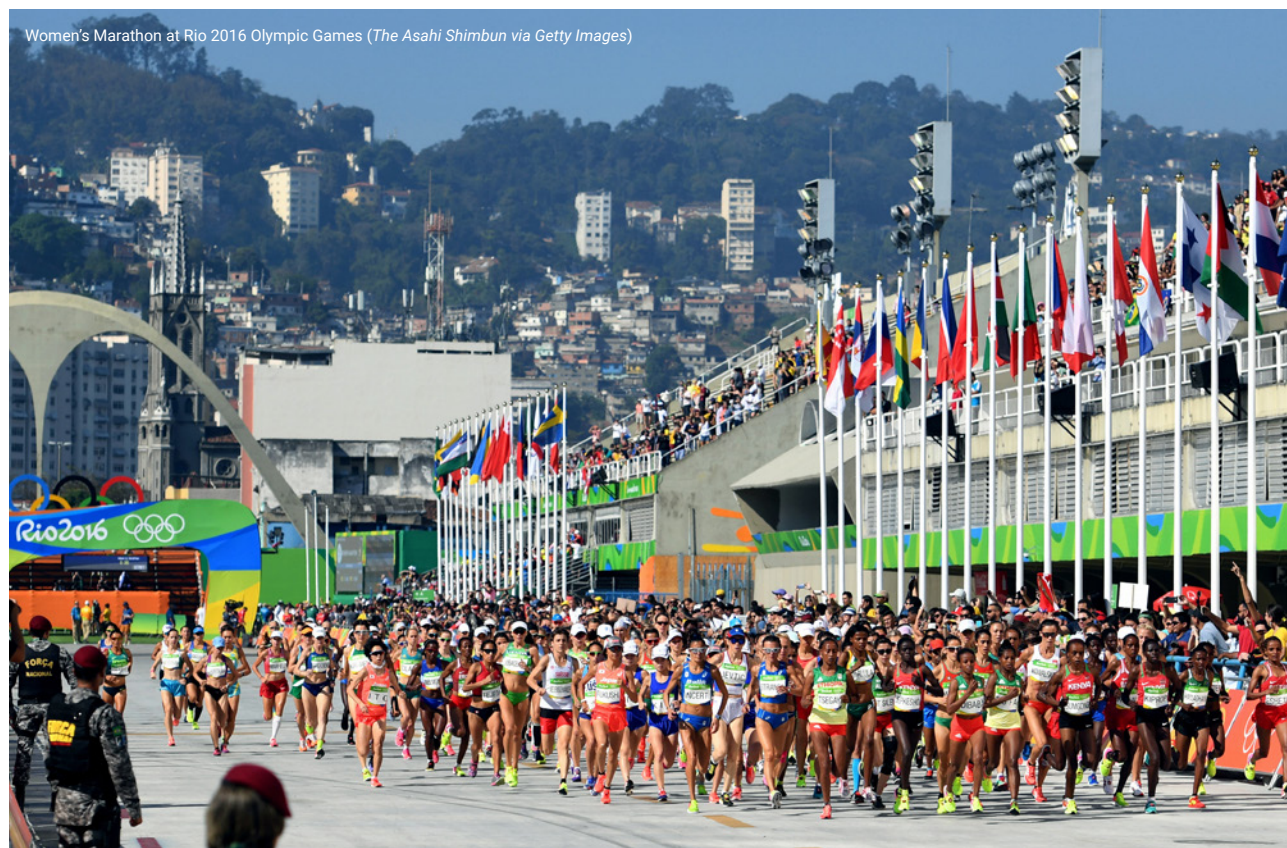
to give athletes a greater say in the Olympic movement and allow them to derive more commercial benefit from competing in the Olympics.

Last June, the IOC was forced to amend its controversial Rule 40 clause which governs athlete endorsement deals when competing at the Olympic Games and which serves to protect the exclusivity of Olympic Programme sponsors.

A ruling by the German Cartel Office deemed that the clause was “too far-reaching” and lifted the obligation on German athletes to clear their personal marketing activities with the German Olympic Sports Confederation ahead of the Games.

Subsequently, the IOC has devolved responsibility for setting Rule 40 guidelines to each of its 206 National Olympic Committees. However, Global Athlete said just 10 out of 206 NOCs have relaxed their Rule 40 restrictions since, and that the resulting patchwork of conflicting guidelines creates an uneven playing field for Olympians.

The report referenced a 2013-14 study that Canadian athletes spent



approximately \$15,000 in excess of their annual income pursuing their Olympic ambitions and raised the prospect that athlete groups could threaten to boycott the Olympics to secure collective bargaining agreements. But the paper also acknowledged the difficulty in organising athletes into unified action given the huge number of nationalities and sports involved.

The report states: “All of the largest sports leagues in the world feature collective bargaining agreements and unions which clearly define the rights [of] both the players and the leagues, yet these examples feature players in similar geographical locations playing the same sports who have the ability to change teams to increase their ability to negotiate.

“The difficulties of organising the thousands of athletes from around the world competing in numerous sports at the Olympics is much more complex by comparison but it is not insurmountable.

“Organisation could begin at a sport or national level in order to level the playing field between amateur and professional athletes in similar situations. In addition, the threat of all the athletes within a sport or national team to abstain from an Olympics would provide similar or greater leverage to the ability of professional athletes to switch team for better compensation.”

International Olympic committee response

The International Olympic Committee delivered a riposte to Global Athlete’s report and the commentaries around it, suggesting a ‘profound misunderstanding’ of the body and its mission.

In an article offered to the media, IOC chief operating officer Lana Hadad said the IOC uses its revenues to support the development of athletes and sport worldwide and for the benefit of everyone playing sport, not only Olympic athletes.

“The entire structure of the Olympic Movement is built on the model of solidarity in its widest possible sense and is based on revenue-sharing.



Flag bearers at Rio 2016 Parade of Athletes (Joe McNally /Sports Illustrated via Getty Images)

Ninety per cent of the IOC’s revenues, USD 5 billion in the last Olympiad or the equivalent of USD 3.4 million per day, is redistributed,” she wrote.

“These investments go towards supporting the hosts of the Olympic Games (USD 2.5 billion in the last Olympiad) as well as the development of athletes and sport at all levels around the world. Through its model, the IOC directly supports 40 Olympic sports and their International Federations (IFs) and other sports organisations around the globe, as well as 206 National Olympic Committees (NOCs), through which it disburses team grants and individual athlete scholarships.”

Arguing that the Olympic financial model cannot be compared to those of professional leagues, she said an Olympic Games organised for profit would be limited to the most popular sports and best athletes only.

“It would not be the Olympic Games as we know them,” she said.

“Athletes compete at the Olympic Games as part of a team and it is these teams which participate in the commercial success of the Games. So, by supporting the National Olympic Committees and the International federations, the IOC is supporting the athletes,” she wrote adding that the model had been endorsed at last year’s International Athletes Forum.

She also dismissed any suggestion

of collective bargaining, arguing that it would pitch athletes and sports against each other.

“The not-for-profit model means the IOC is not able to remunerate athletes directly. But let’s imagine, even if the IOC were able to do so, and had to enter into collective bargaining for athletes to be compensated by the IOC for their participation at the Games. This would mean calculating the commercial value proposition of each athlete, team and sport. It would not be simple maths: the IOC could not just divide X million dollars by 11,000 athletes for the Olympic Games and by 3,000 athletes for the Olympic Winter Games. Take the professional leagues and clubs: the value of each team and each athlete is not the same, and they are all compensated differently.”



Lana Hadad, IOC chief operating officer

“Change is hard” – Los Angeles Rams refresh brand identity to mixed reception

NFL team redesigns its logos and colors ahead of move to \$5bn SoFi Stadium this year

Unveiling resulted in swift backlash, with Hall of Famer Eric Dickerson leading criticism

Rams executives hope fans will grow to appreciate new marks in the long-term



Bob Williams

To coincide with their move to a new stadium, the Los Angeles Rams have unveiled a dramatic new look.

After returning to Los Angeles from St. Louis, Missouri, in 2016, the National Football League team is scheduled to begin play this year in its transformative new facility, the \$5bn (€4.4bn) SoFi Stadium and surrounding entertainment district in Inglewood, California.

To symbolize the franchise's fresh start in the state-of-the-art venue – which will become the world's most expensive sports complex when it opens – the Rams have undertaken a brand refresh that includes new colors, logos, uniforms, and helmets.

The design process was a two-year effort, which involved the creative teams of the National Football League, the Rams, leading sports apparel

company Nike, plus consultation with the team's players and supporters.

The new look retains the team's iconic horn logo, which has been a part of the franchise marks since 1941, and revives the royal blue and yellow colors, which the team played in for most of its first tenure in LA between 1946 and 1994, though with updated tones.

“The most exciting part of this for me, and I hope for Rams fans, is it blends the best of our pasts with what we believe is the best of our future,” Kevin Demoff, the Rams' chief operating officer, told ESPN.

The redesign, however, has generated a distinctly mixed reception since it was unveiled on March 23, with Rams legend and Pro Football Hall of Fame member Eric Dickerson becoming a leading critic. Notably, Dickerson is a current Rams employee, having been appointed the team's vice president of business development in 2017.

“This product will hardly sell,” Dickerson told the *Los Angeles Times*. “It'll sell nothing. I don't care if it's three years from now, it still won't be selling because it doesn't look good. It's ugly...When you put out a brand-new logo and product for your team you expect it to be in the top five [to] 10 [among NFL teams] in merchandise sales, and I'm willing to bet that this will be at the very bottom. If I'm wrong, I'll be the first one to say I'm a jackass and I'll shut my mouth and say I don't know what the hell I'm talking about. But I'm willing to bet this will be damn near dead last in sales.”

The Rams, for their part, have not shied away from this blowback. Demoff even read aloud the top 10 mean tweets he received about the logos after a virtual telethon for local charities in relation to the coronavirus pandemic raised more than \$2m.

More seriously, Demoff also

acknowledged that the Rams had let some fans down. But he did not say the logo would be dropped.

“While it isn’t always the easiest to hear, we value the commentary you have provided on the logo & colors,” Demoff tweeted. “We are excited about the future of our team, our brand & our stadium, but recognize we can always get better through feedback and engagement and appreciate your passion.”

With new uniforms and helmets unveiled in mid-May, Rams executives are hopeful the fanbase will grow to love and appreciate the updated branding in time.

SportBusiness Review spoke to the Rams’ chief marketing officer Ronalee Zarate-Bayani about the thinking and process behind the brand refresh.

Why have the Rams changed their brand identity?

When we moved back to Los Angeles a few years ago, we carried with us a combination of different marks and looks. We knew that in coming back ‘home’, our owner [Stan Kroenke]



“We found the horns were sacrosanct. That was the centerpiece we decided to anchor on.”

Ronalee Zarate-Bayani | chief marketing officer, LA Rams

is investing in a state-of-the-art new stadium that is setting the standard for sports and entertainment worldwide. As an organization and a brand, we want to

make sure that we are stepping into that environment to the best of ourselves.

But in order to do that you have to think about what it means to represent who we are from our history, respecting our past, and what has carried us through. And how do we show and represent the future that we’re investing in, in coming back home?

It’s hard to do that when you are carrying with you a combination of many different looks. So what is that identity that takes the best of who we’ve been and carries it forward in a consistent way to represent the future?

Was there always a plan to unveil a new logo to coincide with the move to the new stadium, giving you a fixed deadline to work with?

It makes sense that if you think about the environment that we’re walking into...as a brand you want it to be the best of yourself, you want it to be what you stand for. And if you think about that, it’s not necessarily a deadline per se, but rather like any good brand you understand the environment that you’re in and are representing it appropriately.



How the new branding will look at SoFi Stadium (LA Rams)



The redesigned logos are already on new merchandise (LA Rams)

How would you describe the process to come up with the new colors and logo?

It was distinct in the sense that this is the first time that we’ve brought numerous stakeholders together to be part of the process. We’ve worked with the NFL creative team, the Nike internal creative team, and a global creative agency from the very beginning to build a brand foundation and from there to start to build the colors, the marks that make sense, and then go into uniform.

It was a process that was inclusive from the very beginning and all throughout that we would have numerous stakeholder interviews and conversations with focus groups and fans – fans who have been with us for numerous decades, new fans, former players, new players. All of that had input into where we were going.

The interesting thing we found through that process was that the horns were sacrosanct. The Rams were the first NFL team to brand helmets with painted horns, which has carried through our identity for decades. That was the centerpiece we decided to anchor on. The second thing from the interviews and focus groups was there was an overwhelming love for the royal blue and yellow, so that became the foundation of the colors we worked from.

Those two things – the horns and the colors – was the base, along with our brand strategy, our brand approach and brand identity, and then bringing together great and creative minds together to look at the process from beginning to end.

[This was] versus in the past, for other teams...folks would come in at different elements of the process, rather than everyone coming together from start to finish.

What do you make of the mixed fan response thus far?

Change is hard. We’ve moved as an organization and with that our identity has evolved a few times. When you change your identity in a meaningful way, it’s very hard as people identify with a certain identity. That said, I think there was a lot of thought put through it and the connective tissues and the things our fans asked for are at the center of it all.

Are you selling merchandise with the new logos already and if so, how are sales going?

Yes, we are selling online. Given the environment [in regards to the Covid-19 pandemic], I think we are going to be selling online for a while. They are going really well, definitely as expected. So we’re really excited about that.

“The second thing from the interviews and focus groups was there was an overwhelming love for the royal blue and yellow.”

Ronalee Zarate-Bayani | chief marketing officer, LA Rams

How would you describe the new uniforms and helmets?

Vibrant, progressive, sleek, and a way that we’ve respected the past but also cognizant of the future.

Will it be possible to publicly unveil the uniforms in the current climate?

As you can imagine, we’ve had some really big plans for our brand and uniform launch. The reality is we have to be nimble. We are staying abreast of the climate, day by day and week by week, to understand what’s best.

Of course, as an organization you want to bring your fans together and celebrate together, but in the current climate we have to do what is right and what is best for our fans and our communities. If that means we will have to do it virtually, then that is what we are going to have to do. Ultimately, it’s about bringing our fans together in the best way possible. ○



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