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SportBusiness

A global perspective on the business of sport

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A global industry needs a global perspective

Welcome to the new quarterly magazine from SportBusiness

The worldwide Covid-19 pandemic created a new reality for the sport industry, of which the financial, business and regulatory impacts are still to be fully felt.

It is within this context that we have continued to invest in our content and products to better analyse the impact, opportunities and solutions created by the pandemic for our global client base. An example of this is our expanded Law and Finance coverage, that examines the increasing investment into sport by major financial and private equity firms.

2020 also saw unparalleled growth of our digital platforms with over two million people reading, listening and watching our content and over 25,000 signing up to our global news service.

Alongside this, we have opened a new office in the Middle East to go with our offices in Singapore, London and New York – giving us a truly global reach, unmatched in the industry. I am excited to also announce that we have established a new consultancy division to meet and support the exciting opportunities facing the sport industry in a post-pandemic world.

As we put the unprecedented events of the last 18 months behind us and look forward to 2021 and beyond, we wanted to produce a quarterly magazine that would give our clients a carefully curated selection of the most engaging interviews, insightful analysis and thought-provoking opinion from the people, organisations and governing bodies shaping global sport.

The magazine is a companion to sportbusiness.com, presenting the content in new way and including exclusive interviews and views from our editors that you will get to read before they go online. It's a way to keep in touch with an industry that has never been so global and has never changed and evolved so dramatically.

We hope you enjoy this global perspective on the business of sport, and we would love to know what you think. Please drop us a line at **info@sportbusiness.com**. ◆

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Contents

DAZN's 2019 revenues rose by 76 per cent, loss widened to $1.4bn

By Martin Ross
Published online 31 Dec, 2020

DAZN Group, the global sports subscription service and media company, generated a 76-per-cent increase in revenues in 2019 on the back of higher subscriber numbers although the group loss rose to $1.4bn (€1.2bn), *SportBusiness* understands.

The full-year figures for 2019, which predate the financial hit of the Covid-19 pandemic, include revenues of $878m.

It is understood that higher subscription revenue coupled with advertising income that exceeded $100m for the first time helped drive the revenue uplift.

DAZN had reached close to eight million subscribers globally by the end of 2019, around double the total recorded at the end of 2018.

The accounts include the financial statements for all entities within the DAZN Group and subsidiaries of DAZN Group Limited. In 2018, revenues of £372.7m (€433m/$517m) from continuing operations were registered with this figure later restated as $497.8m as DAZN Group transitioned to US dollars for the reporting of its financial statements.

A loss of £485.5m was lodged in 2018.

The size of the loss posted during DAZN's growth phase is sure to heighten wider industry scrutiny over the long-term viability of its model, especially in the wake of the Covid-19 impact. Nonetheless, that model has been reworked in response to the pandemic and DAZN executives are thought to remain confident that the company is on a long-term path to profitability with hefty start-up rights, marketing and technology costs to remain relatively flat as subscriber numbers rise.

> *"At the end of 2018, the group had commitments to acquire rights to the value of $5.5bn."*

The subscriber base was hit hard earlier this year by the Covid-19 sports shutdown as customers terminated their rolling monthly subscriptions, but group acting chief executive James Rushton is understood to have now informed staff that the subscriber total has recovered to above its pre-pandemic total.

Any direct comparison, however, must take into account the addition of subscribers to the new global OTT service at the reduced price point of £1.99 per month or less. Customers have also been added through recent German distribution deals with telcos Deutsche Telekom and Vodafone, and in the rollout of DAZN's commercial premises business in Japan and Spain.

Brazil and Spain were both added to DAZN's core markets in 2019 while the accounts also represent the first full year of activity in Italy and the US. DAZN has since scaled back its operations in Brazil and stateside to focus its operations there on the new global OTT service instead.

The 2019 accounts mark only the third full year of DAZN's direct-to-consumer business, having launched in German-speaking markets and Japan in August 2016.

In 2018, the erstwhile Perform Group was split up as the data and betting sides of the business became part of Perform Content, which then merged with US-based sports, data and technology company Stats as part of a sale to Vista Equity Partners, the US private equity and venture capital firm.

SportBusiness understands that DAZN Group received around $700m in cash from the sale and retained a 20-per-cent stake – worth around $200m – in the new Stats Perform entity. Revenue from Perform Content is excluded from the £372.7m total in 2018, although profit of £61.5m from the discontinued operations helped to reduce the overall loss.

In a further push to streamline resources and focus more intently on the streaming platform business, DAZN Group also divested various assets in 2020.

These included its 50-per-cent shareholding in FC Diez Media, the joint venture established with the IMG agency to sell rights to the club competitions of Conmebol, South American football's governing body, from 2019 to 2022. It is understood that the shareholding was sold to IMG for $37m in a transaction that closed in March.

That sale was followed by the agreement to sell a majority stake in digital football-focused platforms Goal.com, Spox and VoetbalZone to Integrated Media Company, a venture backed by US-based private equity firm TPG Capital. That transaction valued the three brands at over $100m. The divestment of assets continued with the recent sale of Sporting News, the US-based sports news website, to Hong Kong investment firm Pax Holdings.

Owner Access Industries this year stepped up its operational involvement at DAZN with an executive restructure undertaken in June. This included the departure of chief executive Simon Denyer, who was replaced by Rushton, and the addition of Access Industries' Ed McCarthy to DAZN's executive committee. A further reshuffle followed in August as DAZN also unveiled plans to develop more non-live content.

Increased rights spend, global OTT launch

While rights agreements in the likes of Brazil have been terminated amid DAZN's repositioning in response to Covid, the value of the group's total rights commitments has actually increased.

At the end of 2018, the group had commitments to acquire rights to the value of $5.5bn. This figure dropped to $4.9bn in 2019 upon the expiry of various contracts but has risen to $6.5bn in 2020.

The acquisition of new packages of Bundesliga and Uefa Champions League rights in Germany from 2021-22 onwards, along with the extension of J. League rights in Japan to 2028 (albeit for a reduced annual fee) are the main contributors to the increase.

The 2019 advertising uplift to a nine-figure US dollar sum comes after advertising, media partnership and sponsorship advertising derived by DAZN Media totalled £59.2m – or $75.4m according to the backdated currency conversion – in 2018.

DAZN's boxing-focused global OTT platform went live at the start of this month.

The expansion of DAZN's streaming services into over 200 countries had initially been due to take place in time for Saul 'Canelo' Álvarez's super-middleweight fight in May, but was delayed due to the impact of the Covid-19 pandemic and the resulting postponements of boxing bouts.

No numbers have yet been divulged for the take-up of the global offering although DAZN executives have indicated that the launch has "gone according to plan". The low initial price point has been designed to boost DAZN's global subscriber total although the pricing is expected to be revised in due course to reflect the content on offer. ◆

TF-Images/Getty Images

OneFootball rights strategy focused on markets with established customer base

By Martin Ross
Published online 10 Feb, 2021

The strategy adopted by OneFootball in acquiring live rights is firmly based on opportunities in markets where the football-based media platform has already established a strong customer base through its traditional content business, according to chief executive and founder Lucas von Cranach.

Having first grabbed the attention of the rights market in 2018 in a deal with German sports broadcaster Sport1 to jointly broadcast the International Champions Cup, OneFootball has teamed up with pay-television broadcasters such as Sky Deutschland and Eleven to deliver pay-per-view access to certain football events.

The live streaming, which von Cranach describes as the "icing on the cake" to complement OneFootball's "customer-centric" content business, has since been expanded to include rights to premium properties in markets where rights-holders have struggled to find a suitable broadcast deal. Notable examples include the acquisition of Bundesliga rights in Latin America and Ligue 1 rights in Brazil with coverage streamed free to fans via the OneFootball app.

Speaking to *SportBusiness*, von Cranach said OneFootball's approach to rights buying prioritises markets where its media platform is already popular through its established non-live content in native language, be it interviews, news or statistics, chiefly through content tie-ups with clubs.

He said: "The fundamental thing for streaming is customers.

"You could move into a country and buy a tremendous portfolio of rights then just create an app which only has streaming capabilities and you suddenly end up a year later asking yourself why don't have customers.

"A lot of the new players seem to think that just because they have the content, and also exclusively, that it means all the customers will go there. Everyone forgets – and it's a challenge we also have – that there is a high fragmentation. That can lead to an increased frustration for customers."

The non-live content was given a significant boost recently following OneFootball's acquisition of football-focused digital media company Dugout. OneFootball's shareholders now include Dugout founding clubs – Arsenal, Barcelona, Bayern Munich, Chelsea, Juventus, Liverpool, Manchester City, Paris Saint-Germain and Real Madrid – as well as new shareholder Olympique de Marseille.

OneFootball raised around €50m ($60.6m) from existing and new investors to help finance the agreement and fund future investment.

Around 40 per cent of OneFootball's user base stems from South America, with the 'big five' European countries (France, Germany, Italy, Spain and the UK) representing its other key markets.

Additional rights deals appear likely in these markets and within the categories that von Cranach classifies as 'tier one' and 'tier two', but definitively not domestic rights to a premium property.

He noted: "We separate rights into premium, tier one and tier two. And then look at that segmentation for each and every market.

"Premium, such as the Bundesliga [rights] in Germany, Premier League in England or Serie A in Italy is not our turf.

"For us the rights in Germany to the Premier League, Serie A or LaLiga is the category that's very interesting to us. This is in connection with distribution deals or partnering with the leagues and agencies to find the blank spots in their global distribution strategy."

He surmised: "We need to pick our battles and decide what you don't do, and not what you do."

Von Cranach also pointed to a future "evolution of the market" that will lead to those who can afford it "moving more and more into premium" and subsequently less money being spent on lower-tier rights.

He said: "This gives us as a platform the opportunity to really look into aggregation and collaboration.

"It's the same as we do with the clubs [on content deals]. We are here to collaborate, share revenues and customer access and data."

Work with agencies, OneFootball "will not overpay"

Having done business with Sportfive five months ago in a deal for Bundesliga rights in Brazil, along with rights in selected markets to Uefa club competition qualifiers that the agency represents, OneFootball then expanded the Bundesliga agreement to cover Latin America.

Since those deals with Sportfive, the Berlin-headquartered media company has gone on to acquire rights from other intermediaries, including pay-television broadcaster beIN Media Group, the international rights-holder to Ligue 1.

OneFootball also secured rights to Germany's DFB Pokal in France, Italy, the Netherlands and the UK.

Despite the initial alliance with Sportfive, which includes the joint management of advertising inventory around the Bundesliga coverage in Brazil, von Cranach stressed that OneFootball is looking to work with all agencies and rights-holders.

"We're not marrying anyone. We're dating with everyone," he said. "We're a partner for the ecosystem and not just one company. We worked with beIN Media Group for the Ligue 1 deal in Brazil. We're constantly talking to all of them about the opportunities."

In many of the deals struck, OneFootball has adopted a model of a moderate licence fee, the payment of technical costs, plus a share of advertising revenues.

The model remains flexible, however, according to the chief executive.

"I don't say that this is the model so take it or leave it. Some assets maybe are rights that are very difficult to sell so that's a different discussion in terms of serving as a partner than if there are rights with 50 bidding parties.

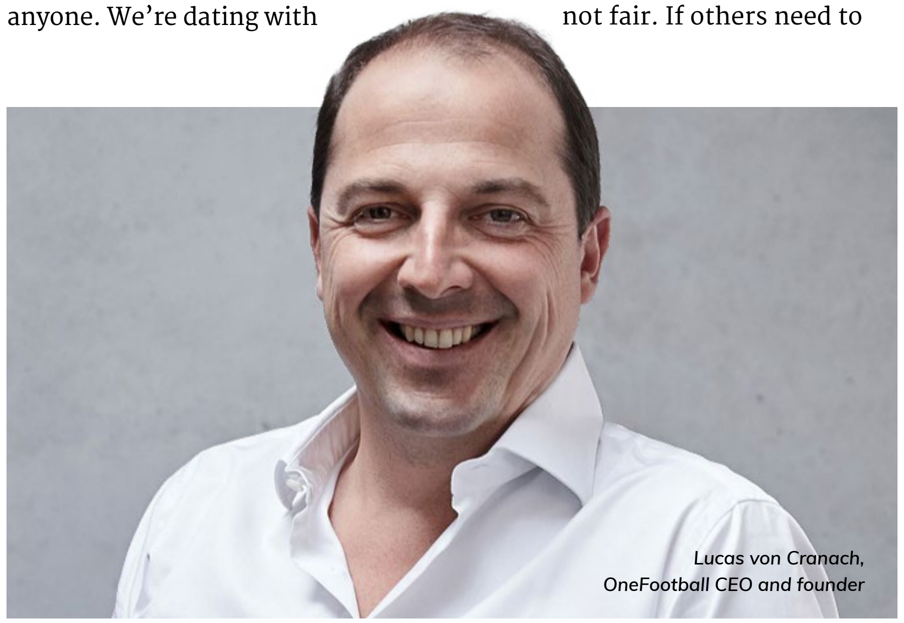
"You cannot say there is one model you have to go for."

With the OneFootball business being a content platform first and foremost, there is no pressure to overpay for rights, according to von Cranach.

He said: "The beauty of our business is it's not purely connected to rights. So I'm not forced to buy rights in a certain country to maintain my value proposition towards customers.

"I would not overpay. I would not accept any terms which are not fair. If others need to do it that's not my call.

"The challenge a lot of rights-holders have is when they've bought a certain portfolio of rights – whether it was too expensive or not – and they have ten assets in one country for three years. Then they have to buy them again for the next three years. And obviously the rights owner knows that."


Lucas von Cranach, OneFootball CEO and founder

As part of the monetisation strategy, OneFootball signed up VBET as an advertiser around its live content with the Armenia-based betting operator seeking to break into the Latin American market. The long-term agreement also includes exclusivity over live streaming to the betting industry.

OneFootball is looking to entice more advertisers with the promise of precise data on how many users are on the platform, for how long and what they consume.

Meanwhile, the integration of the Dugout business will take place this year.

As a result of the acquisition, OneFootball can now boast 80,000 archive videos and 4,500 new videos per month from its ten new shareholding clubs and 125 other clubs, federations and leagues. Scottish Premiership side Celtic last week became the latest side to agree a content deal with Dugout, while Austria's Red Bull Salzburg signed up with OneFootball.

OneFootball now claims to reach over 85 million monthly users worldwide.

Reflecting on the Dugout acquisition, von Cranach said: "We now have the possibility to take all of this content and distribute it into the OneFootball platform.

"We have a massive opportunity for each and every stakeholder within the ecosystem to earn money with us because it's about the collective. Earn revenues together and share them. Collect data together and share them. And share the access to customers."

Priority sectors outlined for 'purpose-led' UCI Cycling World Championships sponsors

By Martin Ross
Published online 25 Feb, 2021

Organisers of the 2023 UCI Cycling World Championships and the recently-appointed Inside Edge agency have prioritised 'purpose-led' sponsorship deals as they start to go to market with the commercial offering.

The UK-based Inside Edge was last month named as the winner of a tender issued for the global sponsorship sales remit for the event which will take place in Glasgow and across Scotland.

While 25 per cent of the inventory is reserved for global sponsors of the Union Cycliste Internationale (UCI), plus a further 25 per cent for institutional government, council and sporting stakeholders helping to fund the event, the remaining 50 per cent is available to take to market.

The sale of half of the inventory by organisers and the UCI, together with an agency, is a departure from the model for standalone UCI World Championships. A 'joint partnership committee' has been established comprising representatives of the international federation and the 2023 CWC Ltd. entity set up to organise, manage and promote the event, and will work with Inside Edge on the sales strategy.

Speaking to *SportBusiness*, both Jonathan Rigby, the Championships' director of commercial, marketing and communications, and Andrew Markham, Inside Edge's co-founder, stressed that top-tier sponsors targeted should be aligned to "key societal themes and outcomes".

Sectors including energy, mobility and technology have all been earmarked for such sponsorships, as have 'high-street' brands.

Five main sponsors have been targeted by the organisers and Inside Edge in deals likely to involve a mixture of cash and value-in-kind.

Rigby said: "Because we're all working together, what we're now able to do is create a series of innovative packages for global sponsors that not only provide additional rights around the event itself but are tailored to enable partners to help us with some of the key societal themes that our vision is helping to achieve.

"So if we want to get more people on bikes more often, then there's a fantastic opportunity for a mobility partner to work with us and identify how cars and bikes can co-exist in future cities."

An energy partner, Rigby outlined, could showcase sustainability and a carbon footprint reduction. Technology could also play a key role in terms of commercial backing and "not only in making the sport of cycling more engaging through second-screen [consumption] for future generations, but also how it can help us to drive participation in cycling".

Markham, meanwhile, said he could envisage a sponsor from the automotive sector that provides electric or hybrid vehicles and would be looking to promote road safety.

He added: "When you look at all these different themes, they are all interwoven and align with a lot of the things we are talking about in our society. There's a genuine place for brands to come in and not just talk about their CSR [corporate social responsibility] but act it out, using cycling as a catalyst for that societal change."

The sectors of UCI 'World Cycling Partners' and 'Official Partners' will remain protected. These include chemical manufacturer Mapei and cycling jersey manufacturer Santini.

Joint inventory sales, looking beyond 2023

The joint inventory approach was decided upon during talks over the host city agreement signed in 2019 and was put in place to avoid potential clashes between the organisers and the UCI.

"Talking more generally within other properties, you can sometimes hit a bit of a problem when there is an allocation of rights that stay with the host and an allocation that stays with the rights owner," Rigby said. "The confusion that that can cause in the market was something we wanted to avoid.

"It was agreed from day one with the UCI that we wanted a single 'one team' and aligned approach to the market and we're going to achieve that."

Rigby, who, like Markham, also counts Manchester United among his previous employers, said that the intention was never to have an "arm's-length relationship" with the chosen sponsorship sales agency.

A vision beyond Scotland's 2023 hosting will also be adopted in the commercial approach, according to Rigby.

He said: "This will be the start of an event that will happen every four years so we, as the hosts of the inaugural event, are working with the UCI to build this property. So we're looking at how can we take the success of 2023 and move it forward to 2027 or 2031.

"By all accounts the UCI has a plan to follow a similar approach to the Olympics where it will switch hemispheres moving forward. There's always half an eye to making sure we build long-term partnerships for the UCI as well as securing the commercial partners to help us achieve the commercial objectives for 2023."

Inside Edge has experience in cycling through its work with national governing body British Cycling and has also sold sponsorship rights to the Six Day Series on behalf of event promoter Madison Sports Group.

Markham, who founded the agency alongside Jon Naspe, said of Inside Edge's bid for the 2023 Cycling World Championships contract: "It was the first time that we've undertaken such a detailed tender process so we learnt quite a lot from going through it but we really enjoyed it and it made us think about our business even more and how we approach the market.

"In our pitch, we decided to flip it on its head and lead with the purpose-led partnership model and the objectives of the wider organisation first."

Organisers began the tender process in August last year and awarded the contract four months later.

Rigby surmised: "Their tender really stood out and showed a really good understanding of what our vision is for the event. And it was very international in its outlook and offered a really strong data-led approach, which I feel is increasingly important as the sponsorship world changes."

Described as the biggest cycling event ever to take place in the world, the championships were conceived as part of the UCI's 'Agenda 2022' initiative. They will take place over two weeks in August 2023 and combine 13 existing cycling championships in different disciplines.

Ahead of Scotland being awarded the hosting rights, it was forecast that the hosting budget would be £45.8m (€53m/$64.8m), with Glasgow City Council providing £15m in support.

The 2023 event will feature athletes competing across disciplines including road, track, BMX, mountain biking and para-cycling. Glasgow will not need to build new venues in order to stage the championships, although events will be spread across Scotland, with Dundee, Edinburgh, Fort William and the Borders also playing host.

Canal Plus commits to 17-per-cent increase to retain Top 14 rights

By Martin Ross
Published online 3 Mar, 2021

(Hugo Pfeiffer/Icon Sport via Getty Images)

Pay-television broadcaster Canal Plus has held on to one of its flagship properties in France by retaining rights to French rugby union's Top 14 from 2023-24 to 2026-27 in a deal worth an average of €113.6m ($137.5m) per season.

The Vivendi-owned broadcaster has secured all three packages auctioned by France's Ligue Nationale de Rugby (LNR) in an invitation to tender process launched on January 21.

The LNR has succeeded in generating a 17.1-per-cent uplift on the fees currently paid by Canal Plus. The average annual rights fee value to be paid in the new deal is also 8.2 per cent above the LNR's stipulated reserve price of €105m per season.

Ahead of yesterday's bid deadline, Canal Plus was widely regarded as the standout candidate to win the rights and extend its long association with the competition.

Bids were also lodged by free-to-air digital terrestrial channel *L'Équipe* and telco Free, according to L'Équipe newspaper. Free already holds a package of near-live rights to French football's Ligue 1, plus a video-on-demand magazine programme.

The first two packages (Package 1 and Package 2) offered by the LNR included the live rights to matches and the magazine programmes. The third package (Package 3) included near-live and highlights rights for digital platforms.

A reserve price of €75m per season was set for Package 1, while Package 2 carried a reserve price of €27m per season. The third package had a reserve price of €3m per season.

Canal Plus will continue to broadcast all regular-season matches, including the two top fixtures each matchweek aired on the premium Canal+ channel. The Top 14 play-offs, semi-finals and final will also be shown by Canal Plus, as will the promotion match from the second-tier Pro D2. It will also broadcast various weekly magazine programmes, including a free-to-air show.

At present, Canal Plus broadcasts the 8:45pm (CET) Friday evening match on its Canal+ Sport channel and then the Saturday 3:15pm match on the main Canal+ channel. Four simultaneous Saturday matches at 6:15pm are then aired as a 'multiplex' on Canal Plus' Rugby+ service.

Canal Plus then rounds off its weekend with live coverage of the Sunday evening match at 9:05pm, preceded and followed by its flagship Canal Rugby Club programme.

Canal Plus' current contract runs from 2019-20 to 2022-23 and is worth €97m per year.

Public-service broadcaster France Télévisions holds free-to-air rights over the same period to the Top 14 final, a match that must be shown on French free-to-air television due to listed events legislation.

Paul Goze, the LNR president, said that the "success of this invitation to tender is the result of many years of building and strong political choices to make the Top 14 a great competition".

Unlike its strained relations with France's Professional Football League (LFP), Canal Plus has historically enjoyed close ties with the LNR. Following the shutdown caused by the Covid-19 pandemic, the LNR and its long-standing rights-holding broadcaster reached an agreement over outstanding rights payments.

Within the new ITT document, the LNR introduced more stringent financial guarantee measures and altered the payment schedule, as reported by *SportBusiness*, in the wake of the collapse of French football's deal with agency and production group Mediapro.

Securing the Top 14 rights until 2026-27 is likely to strengthen Canal Plus' negotiating hand with the LFP when its rights from 2021-22 are offered to the market.

> *"Canal Plus' current contract runs from 2019-20 to 2022-23 and is worth €97m per year."*

Canal Plus' trio of packages

The first package secured by Canal Plus (Package 1) in the 2023-2027 tender included the first-, second- and fourth-choice regular-season matches each matchweek, plus the sixth- and seventh-choice matches that are shown as part of a multiplex.

This main package also included the rights to all games on the final weekend to be aired simultaneously. The first-choice play-off match was also included, along with the two semi-finals and the Top 14 final. A weekly magazine programme was also included, with the winning bidder able to choose between the Saturday or Sunday slot.

Rights in Package 2 included the third- and fifth-choice regular-season matches each matchweek, along with the sixth- and seventh-choice match picks (matches that kick off at the same time).

The second-choice play-off match and second-choice semi-final match were also included, along with the Top 14 final. A weekly magazine programme (shown on Saturday or Sunday) was also included.

Package 3 included the near-live rights to 182 regular-season matches, the 'Top 14 Access match' and the five final phase matches. ◆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CSL seeks media rights solution after PP Sports deal ends

By Kevin McCullagh
Published online 8 Mar, 2021

The Chinese Super League is discussing options for the exploitation of its domestic media rights from the 2021 season onwards with several different broadcasters, following the premature end of a deal with troubled streaming platform PP Sports.

PP Sports held a long-term deal for CSL domestic rights under a three-way agreement with the league and agency China Sports Media.

The platform offered live streaming coverage of all matches, among other types of CSL content, via a variety of subscription options. It first acquired the rights in 2017 and it is understood its current deal had several more years to run, but has been ended early due to financial difficulties.

PP Sports is owned by Chinese conglomerate Suning, whose finances have been battered during the pandemic. This has had knock-on effects for PP Sports and Suning's other sports investments, including Italian Serie A club Inter Milan and CSL champions Jiangsu FC. The latter ceased operations last week after Suning ended financial support, rocking the Chinese football industry.

CSM manages CSL domestic media rights under a 10-year deal with the league, from 2016 to 2025, worth about CNY1.1bn (€142m/$170m) per year. CSM and Suning have a close relationship, having worked together on sports industry projects for several years.

The CSL and the Chinese Football Association are understood to be in talks with CSM, PP Sports and other potential domestic media rights partners in order to figure out a plan for coverage this season and onwards. The CFA oversees the CSL, although has plans to separate the league and let it run independently.

Tencent and other major Chinese sports streaming platforms are understood to be weighing their involvement in covering the CSL. A variety of options are being considered for the rights, including a series of non-exclusive deals with different media platforms.

The CSL's domestic linear television rights deals are being reconsidered as part of the same discussions.

The CSL has a long-term deal with state broadcaster CCTV, which shows between 30 and 40 live matches per season free-to-air. A series of deals with regional broadcasters, who show live, free-to-air coverage of their respective local teams' matches, have traditionally been renewed on an annual basis. The regional broadcasters have included stations in Beijing, Shanghai, Guangdong and Tianjin.

> *"PP Sports is owned by Chinese conglomerate Suning, whose finances have been battered during the pandemic."*

A domestic media-rights arrangement that secures significant revenue is much-needed for the CSL teams, given the dire state of their finances.

Many are heavily loss-making after overspending on star foreign players and coaches, funded by wealthy corporate backers, during several boom years for the league that have now ended. The CFA has introduced financial controls to rein in the spending and put teams on a more solid financial footing. The Covid-19 pandemic has throttled the funding from parent companies for many teams.

At the start of 2018, CSM renegotiated its 10-year media rights and production contract with the CSL. The original deal, which was signed at the height of the exorbitant spending, was worth CNY1.6bn per year.

PP Sports' demise

PP Sports had the biggest and most expensive portfolio of sports content among Chinese sports streaming platforms and has been hit hard by the pandemic. Last year, it lost rights for the English Premier League after failing to make a rights fee payment and it has been trying to renegotiate deals for a host of other properties. The broadcast feed from Serie A was recently pulled from PP Sports over the non-payment of fees to the IMG agency.

PP Sports, part of the multi-genre PPTV platform, has been loss-making for several years after massively overspending on media rights. It was the biggest spender on sports content amid a boom in the broader Chinese sports and sports media markets that has since halted. Suning has in recent years engaged in fruitless talks with Chinese internet technology giant Alibaba about creating a joint-venture around PP Sports. From Suning's perspective, one of the motivating factors was to find a partner to share the sports platform's heavy costs.

Suning was able to underwrite PP Sports' losses until last year, when the parent company's finances were sharply squeezed by the pandemic. Suning, whose core business is in offline and online retail stores, has been seeking to sell shares in one of its e-commerce subsidiaries to raise funds to help pay debts that fall due this year.

Suning has exited, or is looking to exit, other major sports investments. It is currently looking for a buyer for its Italian Serie A club Inter Milan.

In February, Suning's owner Zhang Jindong said the conglomerate would be refocusing on its core business: "We will focus on retail business resolutely, close and cut down our business irrelevant to retail business without hesitation," Zhang said.

However, it is understood that there remains an intention to keep the sports streaming business alive.

The start date of the 2021 CSL season has not been confirmed, but there have been reports that it will be in the second half of April. ◆

(STR/AFP via Getty Images)

NFL deal shows media power still comes from linear TV

Eric Fisher
US Editor
@EricFisherSBG

The raw numbers and core elements of the National Football League's recent set of domestic media rights renewals, while expected on many levels, were certainly eye-catching and will be the subject of industry discussion and envy for years to come.

More than $110bn (€92.7bn) in total rights fees. Eleven years of commitment. Future Super Bowls to be spread over four major American broadcast networks. A re-establishment of the NFL as the league with what is by far the richest set of media rights in North American sports.

But beneath that flashy surface, there was also a deeper, more fundamental truth: the NFL and its four primary television network partners – CBS Sports, ESPN/ABC, Fox Sports, and NBC Sports – absolutely need each other. They need each other now more than ever, and that collective need will likely grow even further in future seasons leading up to these deals' 2033 completion.

For the broadcast networks, the reasons for the urgent NFL need are simple and two-fold. First, there is simply no other programming, sports or otherwise, on United States television that even comes close to consistently generating the types of mass audiences the NFL does. The league, though down 7 per cent in 2020 regular season ratings, still averages a per-game domestic audience of more than 15 million viewers, well above the 8 to 10 million that even popular entertainment series now often struggle to reach.

And for all of 2020 – despite significant retreats in many sports ratings amid pandemic-related schedule disruptions, a US presidential election cycle, and societal upheaval – the NFL still generated 20 of the top 25 and 42 of the top 50 American television audiences. Super Bowl viewership, often around 100 million, typically is about four times as large as any non-NFL program.

Second, cord-cutting continues to slice heavily into traditional television audiences as viewers increasingly embrace a mushrooming array of on-demand streaming options, either on a subscription (SVOD) or advertising (AVOD) basis, or both. Having NFL rights represents the best potential means for broadcasters to stem that bleeding.

"The bottom line in TV is that if you have the NFL, you're relevant, " tweeted Fox Sports executive vice-president and head of strategy Mike Mulvihill. "And if you don't, you're competing to be the least irrelevant."

While it was certainly a seller's market for the NFL, which was able to nearly double its annual domestic rights haul to more than $10bn, there is also plenty of need for the league to remain with its core broadcast television-based strategy.

For all the accelerating growth and industry interest in emerging streaming services – and the new deals indeed will provide plenty of content and consideration to platforms such as ESPN+, Paramount+, Peacock, and Tubi – the NFL's power still fundamentally comes from its mass broadcast reach.

More specifically, that reach directly fuels the league's growing revenues, its accelerating national sponsorship business, its ability to make seismic impacts with its experiments in new technology, and its overall industry bragging rights.

There is simply no platform, at least for now, besides broadcast television that can consistently aggregate 15 million people, or more, around a particular piece of programming. And for the NFL, there's nothing else that can help ignite all of these other facets of its business like its current media distribution strategy.

It's why even with all the forward-looking streaming components contained in the new batch of rights deals, the league is keeping 94 per cent of its game inventory available on linear TV, is confining its first all-digital rights package with Amazon to less-regarded Thursday night inventory that wasn't particularly coveted by the broadcast networks, and is still choosing to base a key part of its future on a medium now often derided as a dinosaur.

"While digital is growing, the traditional TV ecosystem is still incredibly rich, incredibly deep, incredibly broad," said NFL Media executive vice president and chief operating officer Hans Schroeder. ◆

Bruin partnership burnishes CVC's appeal to sport

Ben Cronin
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Private equity fund CVC Capital Partners became a major powerbroker in two sports this spring as it consummated deals to acquire a 14.3-per-cent stake in the commercial arm of the Six Nations rugby tournament and a 33-per-cent share of the International Volleyball Federation's (FIVB) rights management vehicle.

In a sense, the Luxembourg-based firm's interest could be described as a backhanded compliment. While its willingness to invest nearly £400m (€464m/$550m) of other people's money across both properties spoke of its underlying confidence in their long-term ability to attract audiences, it also pointed to a belief that they had failed to exploit all the commercial opportunities available to them in the past. Sources say the subtext to CVC's rugby investments, in particular, is the perception that the sport has been mismanaged and that the PE firm can deliver a return on its investment by introducing a degree of discipline and commercial rigour.

The calculation the Six Nations and the FIVB have made is that the upfront capital injection makes it worthwhile handing over a share of future income. They feel the additional money, plus CVC's involvement as an 'active minority partner', will help them to fix the fundamentals of their businesses. In the case of the Six Nations, the member unions have effectively invited CVC to be a seventh nation, sharing 14.3 per cent of commercial revenues in return for £305m, split between the six members in differing proportions over five years. Volleyball has forsaken a 33-per-cent share of income in return for roughly £73m upfront.

The overriding question is whether this a case of sport selling off a share of the family silver or entrusting it for short-term keeping to a partner who knows how to add some additional polish.

There is no mistaking PE's unerring ability to drive the overall value of sports properties and generate a return on its investments, as other examples from the industry attest. Formula Money reported CVC generated a nearly 563-per-cent increase in its investment in Formula 1, with another source telling *SportBusiness* the firm's partners alone were enriched to the tune of $1bn. When rival PE firm Providence Equity Partners bought a 25-per-cent stake in Soccer United Marketing, the media and marketing arm of Major League Soccer, it tripled its investment in the space of five years, selling it back to the league for $450m in 2017.

More contentious are the measures PE investors might take to achieve these sorts of returns. During CVC's stewardship, Formula 1 disappeared behind a paywall in some of its most lucrative markets and hosted races in controversial settings in search of bigger race fees. It has also been posited that the firm underexploited the motorsport on social media – and by extension its standing with a younger generation of fans – to leave a 'nickel on the table' to attract future buyers like Liberty Media.

The Six Nations and FIVB have clearly been persuaded that CVC's ability to add value has evolved since this time, especially as some of these measures are ones they could reasonably be expected to implement on their own. Speaking to *SportBusiness* about the FIVB deal, Nick Clarry, the investment group's head of sports, media and entertainment, perhaps hinted at the PE firm's appeal when he pointed to CVC's 2019 strategic partnership with George Pyne's Bruin Sports Capital – owner of OTT solution provider Deltatre and the Two Circles digital marketing agency. Through Bruin, he argued, CVC would be able to plug volleyball into the sports tech capabilities and marketing know-how of the two firms.

If CVC is indeed able to draw on these relationships to create direct-to-consumer businesses around both assets, enabling it to build up a detailed dataset of their respective fanbases, it will leave them in a far healthier position than they find themselves now. More to the point, having accumulated the most valuable resource in the new digital economy, it wouldn't need to worry about leaving a nickel on the table when it eventually comes to sell. ◆

UFC deal shows how the terms of engagement in China have changed

Kevin-McCullagh
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The terms of engagement with China for the international sports industry have changed. If overseas organisations want to get a return from the world's second-biggest economy in 2021, they must be prepared to invest in it.

This month's wide-ranging media rights deal by the UFC with video platform Migu is a best practice case study. The UFC managed to get an increase in the value of its rights, an extraordinary outcome given the dire state of the media-rights market.

How did the UFC do it? The groundwork was laid with targeted and significant investments in its presence in China. The deal was supported with further significant commitments to content and in-market activity.

The promotion has had a slice of luck in the emergence of a Chinese champion, women's strawweight title-holder Zhang Weili. But the importance of those background investments cannot be ignored.

The UFC spent $14m (€12m) to build its Performance Institute in Shanghai, which opened in 2019. This training facility for Chinese and other Asian MMA fighters is three times the size of the promotion's facility on home turf in Las Vegas. It will invest millions of dollars more each year in the facility and its linked talent academy. The goal: to produce a flow of Chinese fighters that will secure a domestic audience for the property well into the future.

Last year, the company agreed a deal with the Chinese Olympic Committee to make the cutting-edge training resources at the Performance Institute available to Chinese athletes preparing for the upcoming Tokyo Summer Olympics and Beijing Winter Olympics.

Among the raft of content and event commitments included within the Migu deal, the UFC will create health and fitness content for the company's Migu Fitness app. Leveraging sport to improve the public health and fitness of the Chinese people is an explicit aim of government sports policy. As a state-owned company, Migu is particularly attuned to government policy.

All this investment means the UFC is unlikely to break even in China for a while yet. But it is a longer-term play for the company in a market it considers the most important in terms of its international expansion.

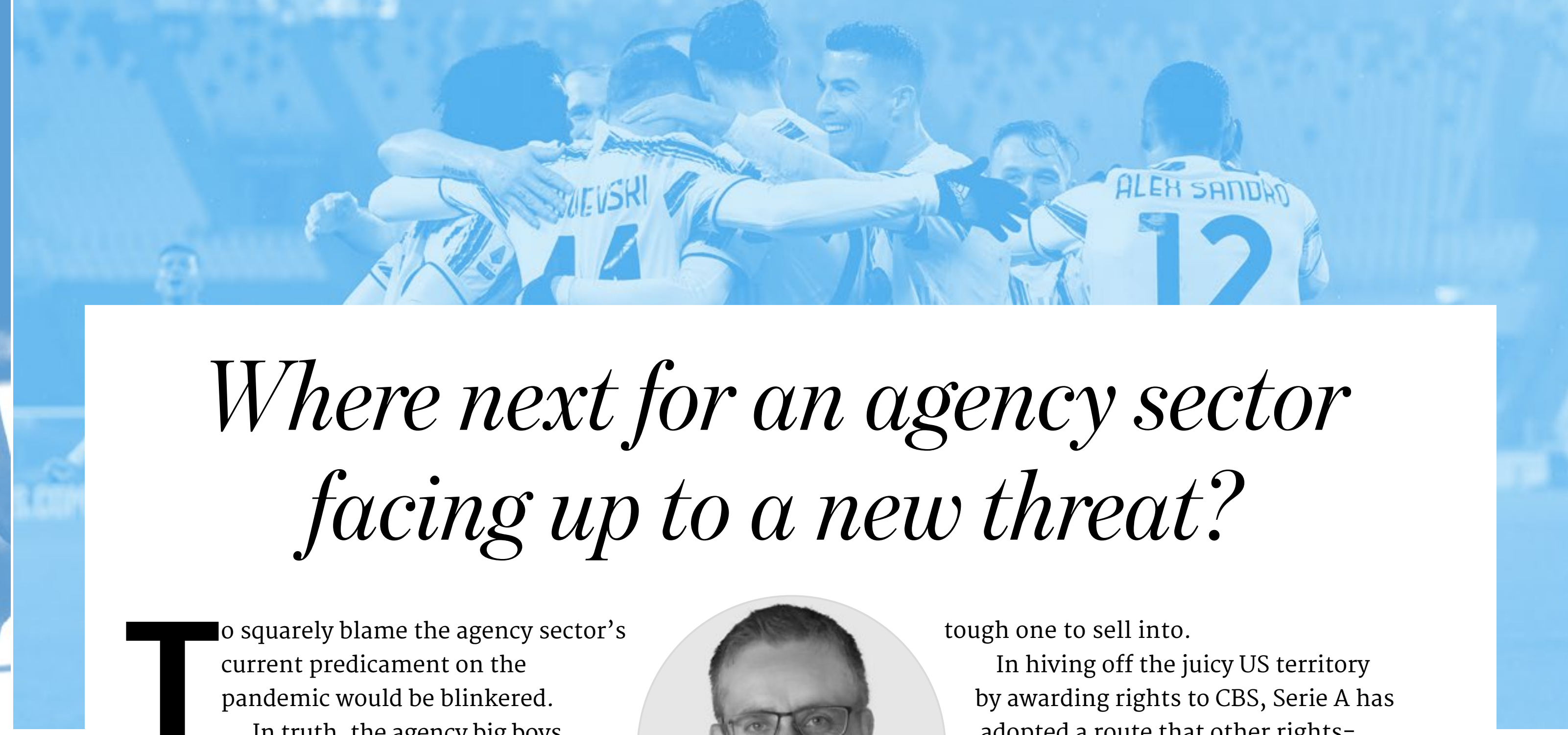
Besides investment in a local presence, an appetite for risk will also be useful for international sports organisations in the Chinese market of 2021.

Economic risks are at all-time highs. Partners in China must be more carefully selected than ever before. Some of the country's biggest companies and sports investors have been caught out by the economic crunch caused by the pandemic. The plight of Suning, owner of Serie A football team Inter Milan and streaming platform PP Sports, has been one of the most damaging developments.

Suning's withdrawal of support for Chinese Super League champions Jiangsu FC was a particular surprise. Football is a politically important sport in China – Suning got into it in the first place for the political gain to be made from backing a sport whose growth is considered a national priority. To pull the rug from under the Chinese league champions, causing headlines around the world and questions to be raised over the future of the elite game in the country, indicated the depth of Suning's problems.

Political risks are also at all-time highs for many overseas rights-holders in China, with political tensions with the West rising. Some properties are already conducting their Chinese business more quietly than before, without the usual press releases marking their activity.

To prosper in China in the year of the Ox, overseas rights-holders may be well advised to adopt the head-down diligence of the zodiac animal, treading carefully and investing wisely. ◆



Where next for an agency sector facing up to a new threat?

Martin Ross
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To squarely blame the agency sector's current predicament on the pandemic would be blinkered.

In truth, the agency big boys had already suffered pre-2020 collateral damage and those focused chiefly on rights trading were already overhauling their business models to add more weapons to their armoury. Wind back 18 months and Wanda Sports – now delisted – had disappointed on the Nasdaq stock exchange and Endeavor's IPO – now back on the table – had been pulled.

Margins on minimum guarantee rights deals had been increasingly squeezed and the 'adapt or die' mantra was well in place. Sportfive/Lagardère Sports was one such agency to see what was coming down the tracks years ago and lessened its media rights dependency. Although that move was ultimately reflected in the agency's heavily-discounted €110m ($130m) sale price.

The obvious financial impact of Covid has heaped more pressure on margins and led to downsizing and redundancies, prompting agencies to resist putting down hefty numbers for top rights. In turn, senior staff exits have expedited the trend of new consultancies starting up and creating an increasingly disparate rights trading landscape.

Serie A, which has been swithering for months over its own proposed €1.7bn private equity investment, has been the latest battleground for agencies bereft of some of their previous firepower and swagger. There has been no shortage of agency bidders for the international rights but, unlike previously, there is zero appetite for a loss leader deal. Yes, the beIN/Mena piracy impact has altered the landscape, particularly for Serie A, but the market softness is plain to see.

Look no further than agencies turning to revenue-sharing deals with OneFootball in markets where linear broadcast deals were previously commonplace. This provides further evidence of the continuing shift from linear to data-driven digital offerings. Broadcasters are still willing to pay a premium for long-term security over top rights, as the NFL's recent $110bn, 11-year windfall will attest, but the market remains generally a tough one to sell into.

In hiving off the juicy US territory by awarding rights to CBS, Serie A has adopted a route that other rights-holders will surely follow. Pick off your best markets and turn to an agency for everything else. World Rugby, which has long worked hand in hand with IMG on international rights sales, appears to be moving in that direction too.

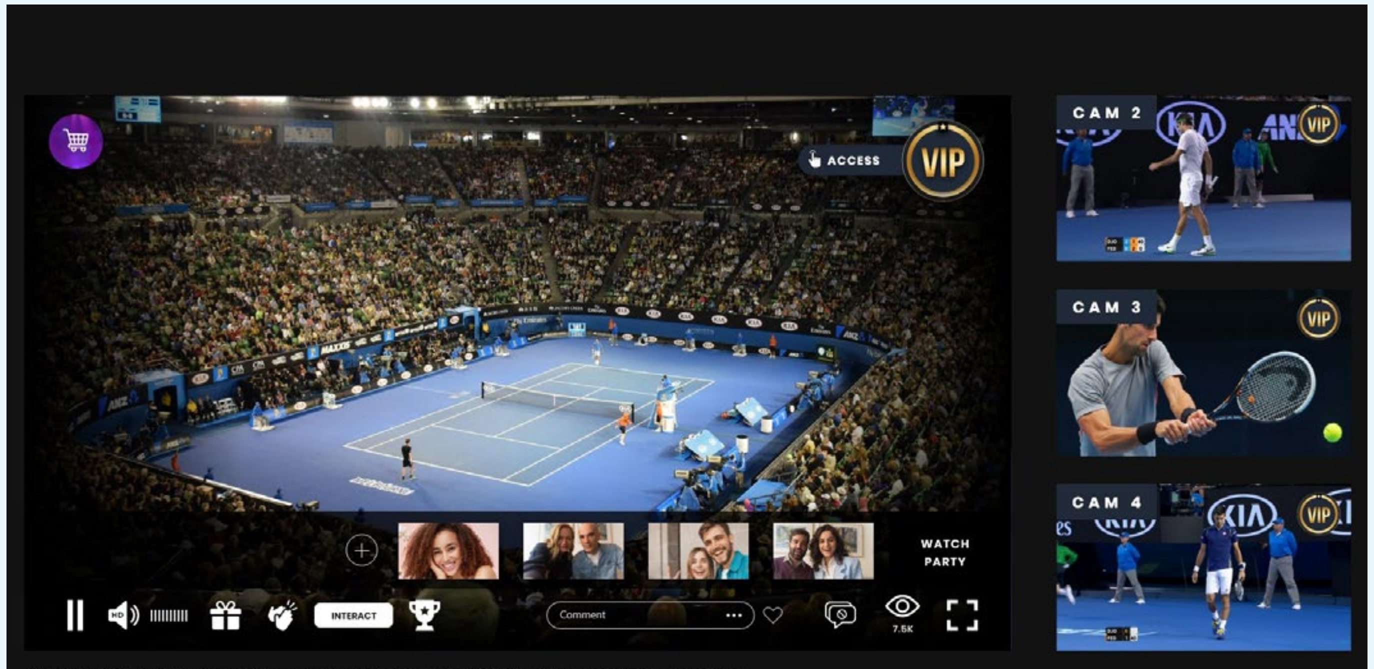
To counteract market volatility, agencies had long since re-invented themselves before the private equity rush. Those who earmarked the betting streaming and data rights sector early on are reaping the rewards.

For years agencies boasted about 'full-service' offerings. Those ranges of services have become increasingly important. Be it broadcast production, sponsorship activation, digital solutions or athlete representation. Pitch International's ramping up of its sports films and documentaries business – headlined by 'Pelé' and 'Kenny' (Dalglish) of late – has offered it the protection of a solid income stream in the Netflix era.

Agencies now face re-inventing themselves again given the return of private equity onto the scene – previously the guardians of Formula 1 and investors in agencies themselves. Burnt by dramatic ticketing revenue shortfalls, rugby union's stakeholders have turned to CVC, as has volleyball's FIVB. A string of others remain on the hunt for their own pot of gold to stem the tide, ranging from the Bundesliga to World Table Tennis and the EFL to Cricket Australia.

Infront has been quick off the mark in responding to the threat. Its eight-year deal with the Professional Squash Association not only includes a remit to sell the commercial rights, but also invest in a new company set up to house those rights. A case of an agency tackling the private equity approach head on.

The agency investment model is, of course, not new, with IMG's EuroLeague joint venture one such historic example. But the need for such investments has become more acute. And if the agencies don't provide the financial security, then private equity surely will. ◆



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How real-time engagement will reshape the sports industry

Real-time engagement is becoming an increasingly essential tool for sports rights-holders, broadcaster and brands that are seeking to build fruitful relationships with key target audiences. However, many in the industry remain unaware of the opportunities and challenges.

The task of maintaining fan engagement with an increasingly demanding audience via digital channels has taken on extra significance over the past year.

Even before the pandemic though, it was clear that fans were craving a deeper level of social interaction during sports events that **real-time engagement** (RTE) can bring.

In 2018, a PwC study found that 56 per cent of fans wanted more interactive features during sports coverage. With the pandemic having starved human-to-human interaction, sports rights-holders have continued to plough resources into attempting to open up unsynchronised two-way conversations via social media, retrospectively measuring 'engagement' through numbers of likes, retweets or comments.

However, it is no secret that relying on third-party social platforms is imperfect, especially as they own the user data.

Additionally, sports rights-holders have struggled to attract and retain younger viewers since the release of the first Apple iPhone in 2007 triggered a sharp increase in the global use of smartphones and social media platforms. Between 2007 and 2017, the average viewing age increased for 23 of the 24 most high-profile professional sports.

Therefore the challenge for rights-holders is to adapt their approach and bring social media elements in house so they are able to learn more about their audience and generate a new revenue stream, especially among younger demographics.

What is RTE?

RTE in the digital space operates in the same way as face-to-face engagement in the physical world.

Sitting next to a fellow fan at a stadium, for example, allows for a deeper and more personal one-on-one conversation than an exchange of messages between mobile devices.

Similarly, the instinctive ability to recognise the body language and tone of voice from a fellow viewer on a digital platform adds context to their words, enabling swift reactions to drive further engagement and a richer experience. For this reason, the concepts of '**social video**' or '**social audio**' have become increasingly renowned elements of RTE.

With digital RTE, dozens of friends can be invited to join a 'watch party' for a game, allowing viewers to mingle like they would if they were in the stands. Indian over-the-top subscription streaming service Disney+ Hotstar offered such social watching experiences during the 2020 Indian Premier League Twenty20 cricket tournament.

Additionally, a 'fan wall' allows hundreds of remote fans to be shown in the background screen during a break in a game, bringing the offline experience to an online setting. This solution has been used widely in the concert sector already.

Therefore, in sport, RTE can allow a fan to become part of a virtual community before, during and after an event. This community is fuelled by real-time interactivity and the feeling of being virtually together, just like the most popular social media applications. However, there are also opportunities to personalise the offering for individuals, ensuring a truly dynamic experience by allowing fans to watch games with their friends or even celebrities.

As a result, those at the cutting edge of RTE believe that it can become an established fifth pillar of revenue, sitting alongside media rights, licensing and merchandising, sponsorship and ticketing.

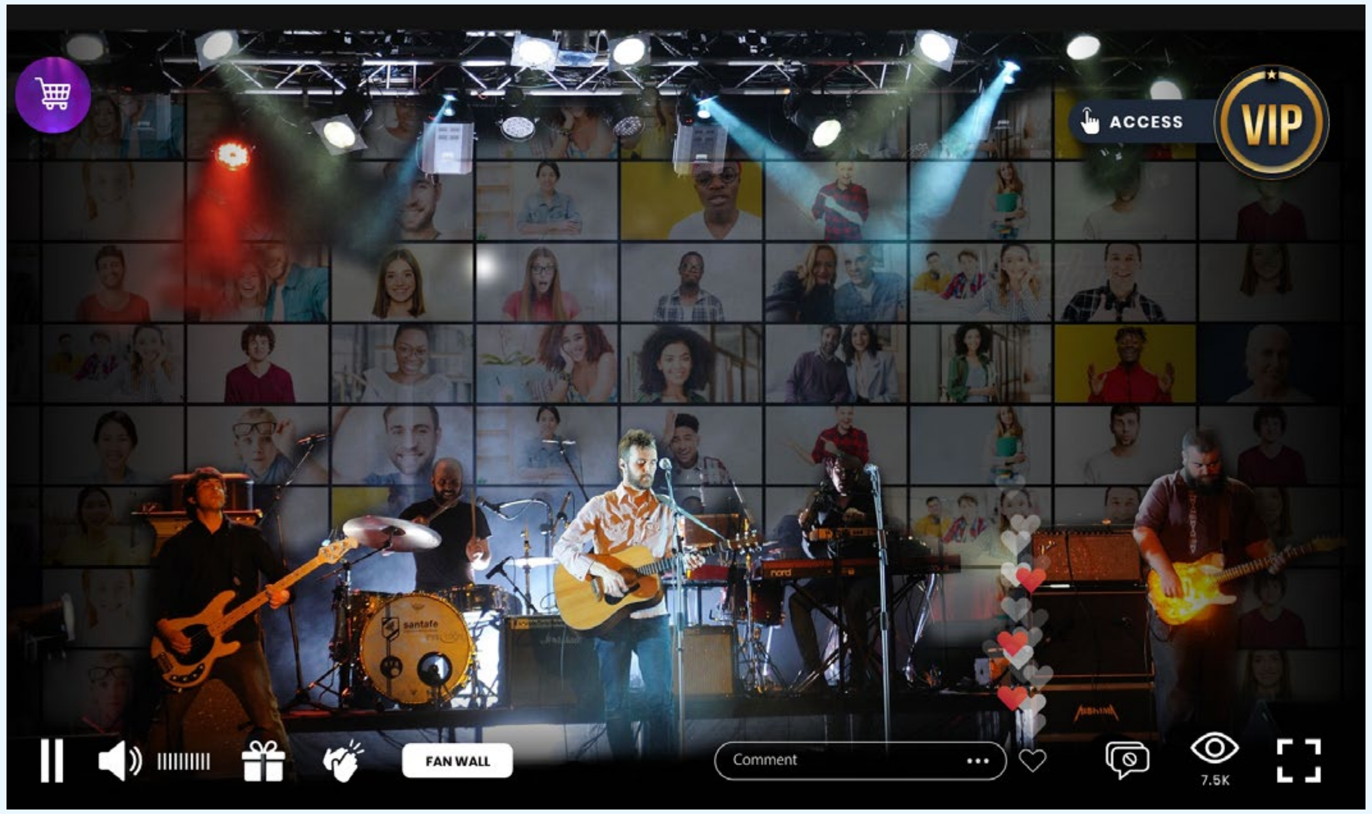
Additionally, a byproduct of having the fans on an in-house platform, or sitting on top of a broadcast platform, is that brands can activate commercial partnerships more effectively, which should in turn lead to a positive impact on sponsorship revenues.

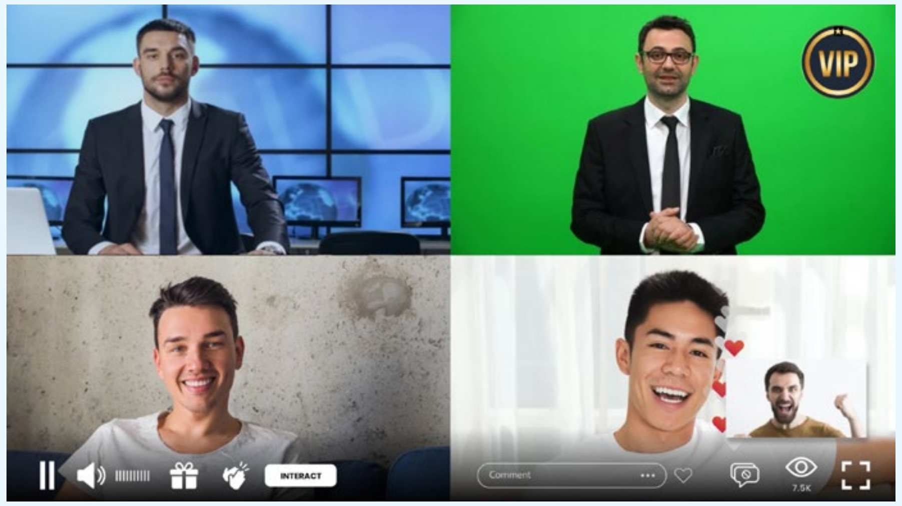
However, most rights-holders remain unaware that, for example, live interactive video and social media features can be combined to create an enticing and profitable proposition, enabling powerful RTE and revenue growth.

It is unlikely that such a lack of awareness will be tolerated by sports fans in the future, though, with genuine RTE set to become an expectation for viewers in the near future, accelerated by evolving consumer habits resulting from Covid-19.

Why RTE matters

The results speak for themselves. Clients of **Agora**, an interactive and live-streaming technology provider, have reported a 1,800 per-cent increase in user time spent, a 1,000 per-cent increase in the fan





base and a 2,000 per-cent increase in revenue, all within one year of introducing RTE.

A basic entry fee or subscription model can be deployed to support a platform offering RTE, while the rights-holder can also give the user the option of leaving monetary 'tips'.

> *"Introducing real-time engagement is a good way for rights-holders to secure and expand their fan base."*

The monetisation opportunities go further, though, thanks to the range of engagement channels available through such platforms.

For example, a viewer may wish to pay extra to access exclusive content such as watch parties, unique camera angles, pre- and post-match interviews, trivia games, talk shows and real-time ecommerce opportunities.

"There are sensational short-term benefits, but from a long-term perspective, there is a chance to evolve into a new type of social media," says Brighton Shi, Senior Product Marketing Manager at Agora.

Challenging misconceptions

One of the misconceptions of RTE is that it requires significant ongoing production resources from the rights-holder. In fact, successful RTE strategies are underpinned by user-generated content.

As is the case with social media in sport, most of the interactions are between friends, with RTE built for fans to be an active participant, and not just view or 'like'.

RTE features can provide differentiation when compared to other platforms and attractions. This is especially important when it comes to engaging younger sports fans.

"Introducing real-time engagement is a good way for rights-holders to secure and expand their fan base, especially in terms of winning the attention of Generation Z," says Shi, who adds that new forms of RTE supported by augmented reality and virtual reality represent the natural next step.

Tech challenges to RTE

For tech-savvy youngsters who are addicted to their mobile devices and have grown up on a diet of ever-improving mobile data and internet speeds, limitless on-demand options and instantaneous interactions have become expectations.

The difficulty is that latency of between 10 and 20 seconds is still common with CDN (content delivery networks) accelerating monodirectional live streaming on the internet. Such long delays ruin real-time interactions as they can lead to some viewers reacting to crucial incidents, like a goal, before others have seen the action take place.

That is why low latency will make RTE effective in the future of sports consumption and why Agora, for example, has focused on ensuring a delay of less than one second and provided many of their clients with real-time audio and video capabilities with ultra-low latency.

High synchronisation – not just between the host and the audience, but also among audience members – is also vital to RTE, ensuring that viewers are not disadvantaged by delays when they want to ask an interviewee a question or participate in a quiz.

The low latency and high synchronisation are driven by Agora's software-defined real-time network, which serves as an overlay network with high availability in global coverage, whilst partnering with audio and video codec in the software development kit to boost performance in areas where there is weaker wireless and internet coverage.

With such technological developments allowing an increasing number of sports fans worldwide to engage with each other, as well as the action, the opportunity to drive deeper relationships with fans through real-time interactions is set to become unmissable for rights-holders and brands. ◆

To learn more about how RTE can transform your business, email: **shiliang@agora.io**

Landmark NHL deal amplifies strategic shift for ESPN, Walt Disney Co.

(Gareth Copley/Getty Images)

- Seven-year deal estimated to be worth more than $2.8bn
- Pact includes extensive focus on ESPN+
- Walt Disney Co.-owned network also celebrates linear rights reunion with league after 17-year absence

By Eric Fisher

The National Hockey League and ESPN have completed a landmark, seven-year rights deal that the Walt Disney Co.-owned sports media giant called a "paradigm-shifting agreement" that will pave the way for how ESPN conducts all of its future rights acquisitions.

The deal, covering the 2021-22 to 2027-28 seasons, notably brings the NHL back to ESPN linear television for the first time since 2004, and gives sister broadcast network ABC rights to the Stanley Cup Finals in four of the seven seasons included in the pact, with additional rights to simulcast and MegaCast the games to ESPN+ and other ESPN networks. Twenty-five exclusive national regular-season games will also air each season on ESPN or ABC, as will half of the postseason including ESPN's choice of conference finals, and the All-Star Game and some other league special events.

But the NHL rights deal also goes much further, and really has streaming rights lying at the heart of it, expanding significantly beyond the prior rights that the ESPN+ direct-to-consumer offering previously had with the NHL.

The new pact also calls for 75 national regular-season games each season that will stream exclusively on ESPN+ and sister streaming platform Hulu, marking a further expansion of that platform's presence with sports and integration with ESPN+.

The agreement additionally folds the league's out-of-market streaming package of live games, NHL.tv, to within ESPN+ exclusively, and grants ESPN a coveted suite of highlight rights that will help power a wide array of studio-based programming. ESPN+ stands at 12.1 million subscribers as of Disney's last earnings report in February, while Hulu has 39.4 million more.

"This is a transformative time in media, especially sports media," says NHL commissioner Gary Bettman. "It puts us on the cutting edge of content distribution with a great linear package as well as a forward-looking strategy,

> *This is a transformative time in media, especially sports media.*
>
> **Gary Bettman** | NHL commissioner

focusing on the impact of streaming. This is a win-win-win. A win for ESPN and the Walt Disney Company, a win for the NHL, and most importantly, a win for the fans.

"This deal reflects the reality of what the media world is looking like now. Everybody knows that cord-cutting and streaming platforms are growing dramatically, this is an opportunity for our younger fans to give them what they want on the places where they go for content," he says.

Financial terms were not officially disclosed. But industry sources and multiple reports pegged the pact as worth more than $2.8bn (€2.35bn) over the life of the seven-year agreement. The roughly $400m average annual value represents a significant increase over the yearly average of $200m NBC Sports had previously paid for its NHL rights that expire with the end of the current season, along with about $100m ESPN had paid for its prior digital rights that now also fold in to this new pact.

This Disney deal, however, is just the "A" package that the NHL is selling. The league is still marketing the other portion of its primary domestic rights, something that Bettman says NBC Sports, among others, is still very much interested in obtaining. And once that deal is struck, the league's total domestic rights for the new term could exceed $600m per year.

But for ESPN, the NHL pact represents a further refinement and expansion of emerging corporate strategy in which the streaming rights are central to the overall programming strategy, and more broadly, the entire fortunes of Disney's business. That future approach will likely be seen within a matter of just weeks as ESPN is also reportedly on the cusp of completing large-scale rights renewals with both the National Football League and Major League Baseball.

"As we move forward, every deal that we are contemplating, every discussion that we have has an ESPN+ and digital component," says ESPN chairman Jimmy Pitaro. "As we move forward, you can expect to see more of this. This deal is really a template of things to come and will be how we evaluate things, looking through both a linear lens and a direct-to-consumer lens.

"This deal is really a first of its kind, particularly if you look at the amount of national exclusive inventory that's going to live on a direct-to-consumer platform, this hasn't been done before," he says.

Also crucial to ESPN was the ability to improve its own demographic reach and strike a deeper relationship with the younger, more technologically savvy fans the NHL has been able to attract in recent years.

"The NHL has a young demographic and one of our top priorities is audience expansion," Pitaro says. "As we look to attract the younger generation, we think NHL content and live games are going to significantly help us."


(Getty Images)

Internal Boost

Beyond the strategic shift for ESPN in rights acquisition, the return of the NHL to the network's linear airwaves also represents an immediate and sizable jolt to company morale, particularly as the company in recent years has undergone a series of layoffs and other staff cutbacks, not unlike what has happened at many other media outlets both large and small.

Ever since ESPN did not renew its domestic television rights with the NHL coming out of the league's 2004-05 lockout, many company employees have openly called for a rights reunion. And within hours of news of the new rights deal first becoming publicly known, Pitaro said he was flooded with messages of congratulation, elation, and inquiry regarding potential NHL-related opportunities at the network.

ESPN's much-beloved NHL theme music is confirmed to be returning, but no decisions have yet been made regarding any key on-air positions.

"My inbox is absolutely flooded at the moment," Pitaro says. "I have people on the inside [at ESPN] reaching out to me, people on the outside reaching out to me over the past 24 hours. And it's not surprising to me how many people want to be attached to this product."

The new ESPN pact will not present a programming shift for the NHL Network, and that outlet will maintain its own separate package of live games. But operational control of that channel that had been with Disney Streaming Services will now shift back to the league as a result of the latest deal.


Jimmy Pitaro, ESPN chairman *(Steve Zak Photography/ FilmMagic)*

"NHL Network was controlled through Disney Streaming Services," Bettman says. "It's reverting back to us to operate. We're going to continue to explore ways to increase its carriage, but the NHL Network will still be in existence and will still carry its usual slate of games."

NBC Sports, meanwhile, says it is still interested in maintaining its long-standing relationship with the NHL, even as Brian Roberts, chairman and chief executive of corporate Comcast Corp., recently said "tough decisions" await the company's sports portfolio in the wake of an expected NFL rights renewal. And Bettman says the company remains in a strong potential position to gain the league's "B" package now being offered.

"NBC is under consideration [for the second package]," Bettman says. "They've been good partners. As we move forward, we're going to continue our dialogue with them, and see if we can get it all together and continue what has been a very productive relationship for both of us." ◆

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John Barton, Director of Sponsorship Sales at TEAM Marketing and FIFA Master Alumnus

ADVERTISING FEATURE

John Barton, originally from the UK, is Director of Sponsorship Sales at TEAM Marketing, UEFA's exclusive commercial agency for its club competitions. He attended the first edition of the FIFA Master, 20 years ago, and since then, has forged an outstanding career in sport.

Prior to taking the masters programme, he worked as a lawyer, in London, specialising in shipping litigation. After the Masters, he worked at FIFA for one year in the Player's Status Department, before joining the legal department at TEAM Marketing, where he spent three years negotiating media and sponsorship contracts.

In 2005, John moved to Sunderland FC as Club Secretary for one season before re-joining TEAM Marketing in 2006, where he has remained ever since. From 2006 onwards, he spent a number of years working on the commercial event delivery of UEFA Champions League season matches and also UEFA Europa League and UEFA Champions League Finals. John gradually moved across into a more commercial role and for the last few years has worked on the sale of sponsorship rights for UEFA's club competitions.

When John applied for the first edition of the programme, there wasn't much information about it. He recalls: "I was very keen to move away from shipping litigation and had been looking into taking an MBA to help me achieve this. I randomly saw a short article in the Sunday newspapers about a new sports programme that was starting in September 2000 and just managed to apply in time. I figured that the course might be able to help me to move into an industry that I knew I would be passionate about".

And it couldn't have worked better. John says that taking the FIFA Master was "absolutely vital" for his career. He explains: "it helped me achieve the objective of working in sport and, without it, I am not sure that I would have managed to do that. In addition, I remember we had a 2-day session during the course on the key elements of media contracts and, without that knowledge, I don't think I would have got a job in the legal department at TEAM".

What is your job like, as Director of Sponsorship Sales at TEAM Marketing?
It consists of three main aspects - working with our internal strategy department and with UEFA to develop sponsorship concepts for UEFA's club competitions, discussing those sponsorship opportunities with both incumbent partners and other brands in the market and, finally, reaching agreement with brands to become partners of the competitions and processing those deals on UEFA's behalf.

What is the thing that you love about your job? And what is its biggest challenge?
People working in the sports industry are usually very good to meet and share a passion for sport, so I really enjoy building relationships with the multiple stakeholders that we deal with. The biggest challenge in my current role is that, just when you think you have a path towards completing the sales process, something happens that throws you off course - but, that also keeps it interesting!

Which aspects of the FIFA Master helped you most in your career?
The FIFA Masters has a broad focus across the humanities, business and law relating to sport. There are often a wide variety of interests and stakeholders to take into account when working in the industry (sporting, political, commercial etc) and I think that the Masters gives you a good appreciation and understanding of the various areas that need to be considered.

What are your fondest memories of the FIFA Master?
I really enjoyed the last semester in Neuchatel, Switzerland. By then, we all knew each other well and we had some really enjoyable nights out as a group in the lovely old town.

What advice would you give to the current (or future) students of the FIFA Master?
Make the most of it from the first day to the last, as it goes very quickly. Take the time to get to know all of your fellow classmates and learn from their experiences and backgrounds. Also, fully engage in all of the topics that are covered in the course as you never know when they may come in useful later in your career.

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Peacock assumes more prominent role within Comcast

Comcast Corp. chairman and chief executive Brian Roberts (l) with Jeff Shell, NBCUniversal chief executive. (Alberto E. Rodriguez/Getty Images)

- NBCUniversal's streaming service grows its US sign-ups by half in just three months
- Company sees extensive crossover in Peacock user consumption between sports, other genres
- Optimism remains high of Tokyo Olympics remaining on revised schedule this summer

By Eric Fisher

It's been a frenetic period of activity at Peacock, NBCUniversal's streaming network that is still less than a year old.

In the matter of just a few days, Peacock was the center of a series of major industry announcements that includes the planned influx of sports content with the forthcoming shutdown of NBC Sports Network, a landmark licensing pact with World Wrestling Entertainment for the WWE Network, the development of a second-screen betting broadcast with the PGA Tour, and the addition of IndyCar content to the service.

That was all followed up with the fourth quarter earnings report for corporate parent Comcast Corp., which detailed Peacock reaching 33 million sign-ups in the United States, a figure up by half since the last Comcast earnings report in late October.

But Comcast and NBCUniversal executives said the flurry of recent moves for Peacock is merely the beginning of an emerging strategy in which Peacock is fully at the center of their corporate emphasis as streaming becomes more critical, not only within Comcast, but all major media companies.

"We're really pleased with how fast Peacock has exceeded [expectations] this year, even without the Olympics [last summer] that we hoped was going to be the big launch moment," said Brian Roberts, Comcast chairman and chief executive. "I think the team is doing an outstanding job and giving us the best start that I think everyone would want."

Comcast's heightened emphasis on Peacock is similar to the heavy streaming focus also being adopted by the Walt Disney Company.

From a financial standpoint, Peacock remains a loss leader in its early days for NBCUniversal and Comcast as a whole due to its startup costs. In Comcast's latest earnings report, the company detailed Peacock revenue of more than $100m (€82m) for 2020 and a loss of nearly $700m in earnings before interest, taxes, depreciation, and amortization, with those EBITDA losses in 2021 expected to add another $1.3bn.

But despite those heavy losses, company officials remain particularly bullish of Peacock's long-term prospects, in part through the sports programming strategy that notably distinguishes the streaming service from other entertainment-focused rivals such as Netflix and the Disney-owned Hulu. And while there are three different subscription tiers to Peacock, including a limited, free level, advertising is and will remain core to the service's overall revenue model.

"We are up significantly over all our metrics versus what we anticipated going into the business," said Dave Watson, president and chief executive of Comcast Cable, of Peacock's early performance. "We launched this on Comcast [cable] just over nine months ago and nationally just over six months ago, so we're at the very beginning of this business. But we are very confident based on the small amount of time that the business is exactly the right business model. People are signing up, they are using what we have expected. And advertisers are very interested in buying it."

> *We're really pleased with how fast Peacock has exceeded [expectations] this year.*
>
> **Dave Watson** | president and chief executive, Comcast Cable

WWE a 'perfect property'

Jeff Shell, NBCUniversal chief executive, said the recent WWE deal represents a key window into the company's future sports programming strategy for Peacock, as the streaming deal builds materially on a long-standing television relationship between the wrestling property and Comcast-owned USA Network.

"WWE is kind of a perfect property for us," Shell said. "We have a big investment in WWE at USA on our linear networks. So this kind of perfectly fits into our model of operating the business as a whole and cross-promoting and selling advertising clients on one platform, one solution."

The heavy sports presence on Peacock also is already proving to have a notable effect on viewers of live games then migrating to scripted entertainment within the service, and vice versa.

"We've talked in previous quarters about how [the Premier League] has really worked for us, how those viewers also came in, and to our surprise, a much greater percentage of them then turn to watching other things like Yellowstone or comedy," Shell said. "So we believe there's kind of an ecosystem here."

Hopeful For Tokyo

Comcast, meanwhile, remains decidedly hopeful of the Tokyo Olympics remaining in place in their rescheduled slot this summer, despite the ongoing Covid-19 pandemic, a company stance mirroring optimism in recent days from the International Olympics Committee.

The Olympics, of course, remains a critical piece of programming across the entire company, and will be in part featured on Peacock. NBCUniversal in 2014 signed a $7.6bn deal with the IOC to retain Olympics media rights in the US through 2032.

"Sitting here today, I believe there will be an Olympics," Roberts said. "I hope there will be an Olympics, and I think that's our best intelligence at this time. I think it can be done in a variety of ways, as we've seen sporting events all over the world take place from Premier League to the [National Football League], and many others with limited spectators, no spectators, or wherever the world may be, come July. That'll be up to the host country and host committee.

"If in the event it doesn't happen, we have another Olympics coming in Beijing, seven months later or so. We're very hopeful and believe that they'll find a way to safely and successfully have the Olympics, which for us is a television event and would be an amazing moment for the world to come back together, post what we've all globally been through, which is so unprecedented. So, we're super hopeful and optimistic," he said.

Shell said advertiser confidence similarly remains high of the Tokyo Olympics happening.

"I think in the last earnings call I said we were up over where we were a year ago when we thought the Olympics would be a year ago," Shell said. "That gap has grown even further as advertisers kind of jumped in to buy. Anything can happen in this Covid world. But we're pretty confident that the Olympics is going to happen, and advertisers are kind of jumping in and agreeing with Brian's sentiments."

New York sees big potential in online sports betting, but operating model unclear

(Jeenah Moon/Bloomberg via Getty Images)

- Jurisdiction seen as potentially the best in the United States for legal sports betting
- Political debate centered on multiple-operator model versus one with a single authorized online sportsbook
- Pressure rises as neighboring New Jersey continues to set industry records

By Eric Fisher

Joseph Addabbo Jr., New York state senator, has no plans to personally place a wager once legal online sports betting becomes a reality in the Empire State. But the veteran legislator nonetheless sees enormous, and likely industry-pacing, possibilities.

"I'll probably never do a mobile sports bet," said Addabbo Jr., who has represented part of the Queens borough of New York City since 2008. "But it's not about me personally. It's about the big picture for the state, both short-term and long-term."

Addabbo Jr., also the chairman of the state senate's committee on racing, gaming, and wagering, has long advocated for a broader roll-out of legal sports betting in the state that is the fourth-most populous in America and home to the country's largest media market.

He's also seen, much to his frustration, neighboring New Jersey race out to a series of industry records, including nearly $1bn in legal sports betting handle in that state last month and more than $6bn in handle for all of 2020, in part through the robust activity of New York residents traveling into the Garden State to place bets. An estimated 30 per cent of New Jersey's current sports betting activity comes from New York residents.

"New York should have been out front," when the United States Supreme Court in 2018 allowed individual states to set their own rules regarding legal sports betting," Addabbo Jr. said. "New Jersey, to its credit and to Governor [Phil] Murphy's credit, took the ball and ran with it. And they've done very well."

Nearly three years after that Supreme Court ruling and New Jersey's initial moves to quickly stake a leadership position in American legal sports betting, New York is now poised to at last follow suit and introduce later this year online sports betting in the state, with state Governor Andrew Cuomo recently signaling a critical new interest in enacting new sports betting legislation.

Joseph Addabbo Jr., New York state senator and key advocate for mobile sports betting in the state. (Joseph Addabbo Jr.)

Such a move would build materially on sports betting activity in New York that up to now has been limited to a set of upstate brick-and-mortar casinos well out of easy reach of the metropolitan New York City area. And if and when New York is fully online with mobile sports betting, legislators expect the current, record-setting numbers in New Jersey to be quickly dwarfed, particularly given New York's 19.3 million residents are more than twice the 8.9 million in New Jersey.

"And with the tourism that's here, the leagues that are here in New York and so forth, if done correctly, we eclipse New Jersey in a very short period of time," Addabbo Jr. says. "The potential here is massive."

But the "if done correctly" in Addabbo Jr.'s comment carries significant and potentially industry-altering weight, and what constitutes being done correctly means different things to different people.

Single operator

Just as Cuomo similarly said, "New York has the potential to be the largest sports wagering market in the United States," he also has expressed a clear preference for a single-operator model in the state that would have just one authorized online sportsbook operating in concert with the New York State Lottery.

The model, aimed at giving New York far more direct control over the operation and revenue flow of online sports betting, would materially differ from the multiple-operator model used in most other American states with legal sports wagering, most notably New Jersey where there are more than 20 sportsbooks operating. Facing a $15bn state budget deficit, Cuomo argues the single-operator model is the most expedient way to use sports betting to help close that gap.

"The question isn't whether or not we do mobile sports betting," said Cuomo last week when presenting his proposal for the state's Fiscal 2022 budget. "The question is more how and who makes the profit. This is very lucrative. One proposal is we allow casinos to run mobile sports betting. That's very good for casinos and the people who support casinos.

"The second alternative is to have the people of the state of New York actually get the profits from mobile sports betting and run it the way we run the state lottery. That's where it's state-run and the state gets all the revenue. I'm with the people. I believe the people of the state should get the revenues. This is not a moneymaker for private interest to collect just more tax revenue. We want the actual revenue from the sports betting," Cuomo said.

The governor's stance has quickly drawn rebuke from around the gaming industry, with many executives pointing to the lack of documented success with Cuomo's vision in other jurisdictions. The District of Columbia, likely the closest comparison given the presence of a large and wealthy urban market with multiple local pro teams like New York City, has generated just over $1m in tax revenue for the state with a single-operator model since going online early last year.

New Jersey, conversely, has seen nearly $100m in tax revenue flow to the public coffers over the last two-plus years through its multiple-operator model.

> *"New York has the potential to be the largest sports wagering market in the United States."*
>
> **Andrew Cuomo** | Governor of New York State

More broadly, larger states that have legalized sports betting thus far have leaned toward the multiple-operational model while the model Cuomo champions has generally been limited to smaller states such as New Hampshire and Rhode Island.

"Wherever I go around the country, I try to be a chameleon and really understand what's happening in each state and change my messaging accordingly," says Stacie Stern, government affairs director for the FanDuel Group. "But I'm just having a difficult time understanding the thought process behind the single-provider [proposal in New York]. I do certainly understand the enticement of a 50 per cent tax or revenue share of single-provider. But I don't think [Cuomo] grasps just how successful New Jersey has been."

How New York ultimately lands with legal sports betting will send ripple effects throughout the entire American gaming industry and political landscape.

"Leave it to Cuomo to throw a curveball. But New Jersey will be laughing all the way to the bank if New York still can't get out of its own way," says Sara Slane, founder of gaming consultancy Slane Advisory and former senior vice-president of the American Gaming Association. "New York really does need to look around and realize that in order to be competitive with neighboring states, you not only need to put competitive policies in place, but you also need to empower the industry. Right now, that's not happening."has been a very productive relationship for both of us."

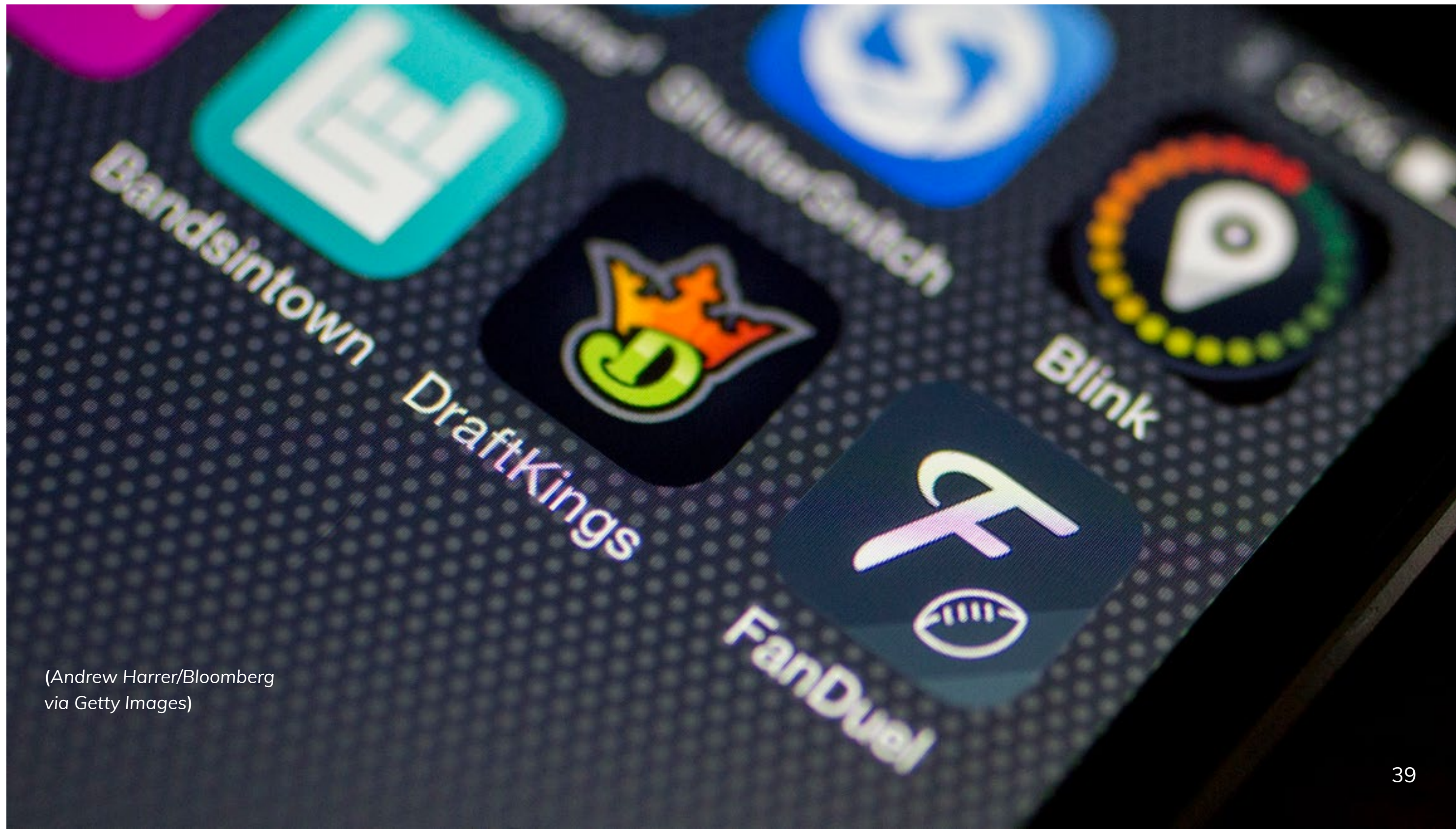
Legislative Wrangling

The New York online sports betting debate will now play out over the course of the state's current legislative session, which began earlier this month and is set to run through into June. In the middle of that, the state's new fiscal year will begin April 1, and that is when New York's new budget must be adopted.

Not surprisingly, the online sports betting issue will largely center on economics, and if advocates for a model based on multiple providers will prevail in changing Cuomo's mind, it will begin with making a clear and unassailable case that far more tax revenue for the state treasury can be generated by not running mobile sports betting through the state lottery.

That process began in earnest last week when the New York state senate and general assembly each voted out of committee online betting bills backed in part by Addabbo Jr. and Assemblyman Gary Pretlow, and those parallel bills are continuing to proceed through the legislative process.

The bills are based on a model in which each of the



(Andrew Harrer/Bloomberg via Getty Images) state's four current full commercial casinos and three tribal operators would be allowed to partner with a pair of mobile sportsbooks, theoretically allowing 14 sports betting operators in the near turn. That number could then increase if downstate casinos much closer to New York City that have long been debated become a reality.

The legislative proposals call for each of the online sportsbooks to pay a one-time $12m license fee, translating to a potential $168m in state revenue before any bets are placed that would generate further tax revenue. Those online bets would be taxed at a 12 per cent rate while retail ones would be at an 8.5 per cent rate.

The situation in New Jersey, fast-growing sports betting states such as Pennsylvania, and newly online ones such as Michigan are all also instructive.

But Addabbo Jr. and others acknowledge they must make those scenarios apply to the particularities of New York. And ultimately, the situation will come down to negotiations between Cuomo and the state's legislative branch.

"The numbers are all there, and the numbers tell a story," Addabbo Jr. says. "So over the next eight-to-10 weeks [prior to the new fiscal year], we will try impress upon the governors' office how our vision for mobile sports betting is a far better financial mechanism and is better for job growth and helping fund education."

Those legislators will likely be getting help from not only major operators such as FanDuel and DraftKings and their respective lobbying functions, but also their large customer bases.

"We'll be reaching out to our [New York] customers and have them make the case they want to use their FanDuel app in New York, and that they're tired of having to go to New Jersey," says Stern, who is also the chair of the Fantasy Sports and Gaming Association.

In the early days of legal sports betting following the 2018 Supreme Court ruling, the notion of a sportsbook paying an eight-figure license fee to get access to a state would have received lots of pushback, no matter how big or populous the state. But better-than-expected gaming revenues in many states such as New Jersey have quickly changed minds. Pennsylvania levied a $10m license fee on its mobile sportsbooks, but still has seen rapid increases in its overall sports betting activity in recent months, setting a record there in December 2020 with $548.6m in handle.

"A lot depends on the entire package and what it turns out to be," Slane says of the New York situation. "What is the license fee? How many will there be? What are the [market] access points? What is the tax rate? That will weigh a lot on the operators' willingness to pony up for the license fee.

"There a lot of different variables. But this will all likely come down to compromise," she says. ◆


30,000 fans safely enjoyed the 2020 AFL Grand Final at the Gabba in Brisbane

How Queensland rose to the Covid-19 challenge

Australia's Sunshine State successfully staged numerous top-tier sporting events during 2020, adding momentum to its long-term hosting credentials.

The selection of Brisbane in February by the International Olympic Committee (IOC) for "targeted dialogue" in relation to potentially hosting the 2032 Olympic Games represented a significant step for Queensland on a journey that has been several years in the making.

In its feasibility assessment for Brisbane 2032, the IOC noted strong support from all three levels of government, the private sector, the public, a "very advanced Games concept" with between 80% and 90% of the Olympic venues either already existing or set to be temporary, and "very good experience in hosting major international sports events".

Hosting experience

That hosting experience is borne out of a considerable long-term effort to bring sport's biggest events – and most influential decision-makers – to the Sunshine State.

The Gold Coast 2018 Commonwealth Games provided a thorough test of the state's facilities and event-organising capabilities, featuring more than 6,000 athletes and officials from 71 countries. Ahead of the Games, Queensland benefited from A$200m of investment in new and redeveloped sports infrastructure to equip the state for national and international events for years to come.

A year after staging the Games, Gold Coast hosted the SportAccord World Sport & Business Summit, which welcomed over 1,700 of the global sports industry's most important executives. The event was secured through a collaboration between Tourism and Events Queensland (TEQ), Tourism Australia, Gold Coast City Council and Destination Gold Coast.

Then, of course, 2020 arrived. However, even the disruptions of Covid-19 could not scupper Queensland's efforts to boost its credentials as a top sports destination.

Covid-19 challenge

When it became clear that major domestic rights-holders were looking for a state that could rise to the challenge of delivering events at short notice whilst satisfying strict pandemic protocols, Queensland leapt into action, with the support of state and local governments.

For the likes of the Australian Football League (AFL), Netball Australia and Basketball Australia, Queensland's response to Covid-19 and its availability as a flexible and willing event host in times of need made a vital difference.

With community transmission of Covid-19 in Queensland under control by July, the state ended up hosting the bulk of the 2020 AFL season and the entire Super Netball and Women's National Basketball League (WNBL) 2020 campaigns, with a 'hub' system deployed to keep players, officials and the general public as safe as possible.

"The Queensland Government, via TEQ, were highly supportive a played a key role to ensure a hub could be created successfully in Queensland," Netball Australia chief commercial officer David Lee says. "With Covid-19 restrictions gradually easing, Queensland also offered the ability to host matches in front of a 50% capacity crowd."

Without the support of the Queensland Government and TEQ, Lee says that it is highly likely the 2020 Super Netball season would have been scrapped, which would have been "a catastrophic outcome, not just for the league, but the sport of netball as a whole".

He adds: "The way in which Queensland handled their response to the pandemic minimised the stress for us as a rights-holder. Knowing that we were centralised and in a location that was keeping Covid-19 under control gave us a high degree of confidence in delivering the season.

"For the athletes and teams themselves, Queensland was the preferred destination when we conducted our initial consultation and remained that way throughout the course of the season. Queensland has always been a passionate sporting state and a prime location for conducting major sporting events, and 2020 only served to further enhance this reputation."

Enhanced reputation

For Basketball Australia CEO Jerril Richter, the speed at which Queensland was able to execute the WNBL campaign plan within a hub setting was especially impressive.

"It was a white-knuckle ride, as we announced the plans in October and then tipped off in November, but we worked hand-in-glove with our partners in Queensland to handle the complexities," Richter says.

"We were in talks with several governments and we had specific criteria for the proposed hub in terms of looking after player safety and wellbeing. We also wanted a season that wouldn't be forced into lockdown.

"It quickly became clear that Queensland had developed a strong system and had great relationships across departments, including the health department, which was very important. We then worked with Queensland and three of the state's councils – in Cairns, Townsville and Mackay – to deliver an incredible six-week season."

Melbourne Vixens – 2020 Suncorp Super Netball champions

The entire 2020 WNBL season was staged in North Queensland

Basketball Australia worked closely with the state to make life as easy as possible for the teams and players within the 'bubble'.

"The set-up allowed players to go out into the community on their days off, which was a real benefit of being in beautiful Queensland," Richter adds. "Our partners in Queensland were really responsive and, with restrictions being eased, we were able to have a sell-out crowd for the final, which was fantastic."

Returning crowds

In October, Brisbane's famous Gabba also welcomed nearly 30,000 spectators – the maximum allowed under Covid-19 restrictions at the time – for the first AFL Grand Final to take place outside the Australian state of Victoria in 123 years.

The occasion marked the culmination of a shortened season for the AFL, which established its primary playing bubble in South East Queensland after pausing the schedule following the campaign's first round in March to develop Covid-19 protocols with the support of clubs and players.

"Queensland has a number of really good elite training facilities and excellent options to house clubs and their players, as well as two AFL-standard stadiums, which was important with the number of games taking place. The climate in Queensland is also fantastic for training and recovery," Travis Auld, EGM finance, clubs and broadcasting, says.

"From the time we spent there and from talking to our clubs and athletes, they would certainly support South East Queensland as a wonderful place for elite athletes to train.

"We've been working closely with Queensland for a number of years, but Covid-19 allowed us to deepen those relations. The opportunity to play so many games in Queensland – which is a really strong market for our sport and where participation is growing, particularly with women and girls –gave us the opportunity to supercharge growth."

Queensland's roadmap of events will continue this year with a near full calendar of "Covid Safe" events scheduled. Highlights in 2021 will include the National Rugby League Magic Round at Brisbane's Suncorp Stadium, the Cairns IRONMAN Asia Pacific Championship, the Gold Coast Marathon and the Nitro World Games in Brisbane. Whilst the state's long-term ambitions stretch to the 2032 Olympics and beyond, it is clear that Queensland is keen to maintain momentum by continuing to deliver successful sporting events in the years to come. ◆

US sports industry looks to retool executive search, vetting in wake of Porter, Callaway incidents

Mickey Callaway, shown while still the manager of the Major League Baseball's New York Mets in 2019. Now pitching coach for the Los Angeles Angels, Callaway has been suspended by the club. (*Mark Goldman/ Icon Sportswire via Getty Images*)

- MLB updates anti-harassment policies following two high-profile situations involving club leaders
- Search firms increasingly looking at digital footprints, "moral compasses" when filling roles
- Club executive cite need to treat employees like "first-round draft picks."

By Eric Fisher

In an offseason full of hope and optimism for Major League Baseball's New York Mets stemming from the arrival of new team owner Steve Cohen in a record-setting transaction, the December hiring of new general manager Jared Porter was designed to be just another piece in that broader narrative of resurgence.

Porter, 41, had previously been part of four World Series-winning teams with the Boston Red Sox and Chicago Cubs, and after another stop with the Arizona Diamondbacks, arrived in Queens with seemingly sterling credentials and recommendations.

"Jared had proven himself at every level and in every position he had held, earning respect from his peers throughout baseball," said Mets president Sandy Alderson at the time of Porter's hiring. "He is deeply knowledgable in all aspects of the game has worked with several accomplished baseball executives. Jared is prepared for this next challenge."

But just five weeks later, Alderson and the Mets were conveying a very different narrative. After an ESPN report detailed a history of sexually explicit and unsolicited text messages and images Porter sent to a female reporter in 2016 while working for the Cubs, the Mets on January 19 fired Porter. And Alderson acknowledged the saga represented a "wake-up call" for the organization and highlighted a pressing need to improve the vetting of potential employees.

"It clearly suggests that something like this can be out there in connection with anyone," Alderson said after the Porter firing. "We have to do our best to make sure we know about that information, but there are limits to what we can actually get."

But broader than the Mets or even MLB, executive search firms from across the sports and entertainment landscape are also using incidents such as the one involving Porter to retool their recruitment and vetting processes and go deeper than before in an effort to avoid more situations such as this.

And more than three years after the Me Too movement brought a dramatic reckoning to Hollywood regarding executive conduct and the behavior of men in power, the sports industry is going through its own redefinition of how leaders should be screened and selected, particularly in the United States.

"Clearly, we've had discussions internally about really making sure we're looking at and speaking to all avenues. It's really important," says Scott Carmichael, founder and chief executive of Prodigy Search, a leading boutique executive search firm based in New Jersey. "These are things that probably open everybody's eyes."

> *"We need to treat employees like first-round draft picks."*
>
> **Jed Hoyer** | president of baseball operations, Chicago Cubs

"Look, it's a changing world, and it should be. We all learn from the unfortunate situations that are involved with those hires [like Porter], and it dictates to us and our daily recruitment the need to look at our protocols and how we're looking at candidates on behalf of our clients," he says.

The need for more thorough background investigations for leadership candidates in both on- and off-field roles was again brought to bear shortly after the Porter saga when the Los Angeles Angels earlier this month suspended pitching coach Mickey Callaway after multiple allegations of sexual harassment spanning roles with three different teams were detailed in a report in The Athletic. The Angels have an investigation into Callaway still pending.

Similar to Porter, the Callaway situation involved a series of unwanted and inappropriate text messages sent to multiple female reporters.

"As we go through this year and go into next hiring season, we will definitely have a plan in place on how to better vet the individuals that we are discussing as far as hiring," says Perry Minasian, Angels general manager, who did not offer specifics on the planned changes.

Corrective Action

Within MLB, the Porter and Callaway incidents have quickly generated a series of corrective and preventative measures for current employees at both the league and team level. The league is mandating anti-harassment and discrimination training for club executives that will be held during Spring Training.

MLB also has developed a new third-party anonymous hotline, entitled "Speak Up," to allow for the reporting of incidents of harassment, and is mandating a flier be posted in all clubhouses detailing MLB's zero-tolerance policy for harassment and availability of the hotline.

"If wrongdoing is found to have occurred, remedial action will be taken," the flier reads in part. "Depending on the severity of the situation, remedial action may take the form of a warning, a suspension, a termination of employment, or any other measures available to a club or the commissioner."

But for future and incoming employees, properties and search firms are also looking to make several changes in how recruitment and vetting processes operate.

Some of that will be very simplistic and merely involve giving potential front-office employees the type of initial time and attention typically paid by teams to a highly touted player prospect.

"I read a quote from [Cubs president of baseball operations] Jed Hoyer that I thought made a lot of sense, that we need to treat employees like first-round draft picks," Minasian said. "You know, it's doing the extra work with all employees, similar to what we do with players.

"Obviously, there are certain things you'll never know until you work with somebody, and there are things you can't necessarily look into, but we're in the process of discussing our current hiring practices, and we will definitely make some changes and add to that process to make sure we vet as well as we can," Minasian said.

Many search firms are also extensively looking at candidates' social and digital media footprints to look for potential red flags, and will continue to do so.

"We are forensically looking at things that are said,

Jared Porter, who was abruptly fired by Major League Baseball's New York Mets after news surfaced of a series of explicit text message he sent in 2016 while working for the Chicago Cubs.

where they're said, trying to find various traits and habits, and look for any inappropriate behavior and head off recommending somebody for a role [who shouldn't be recommended]," says Tony Simpson, partner with global executive search firm Savannah and head of the firm's sports and media practice.

Alderson acknowledged in the wake of the Porter firing that the Mets did not speak to any women during the vetting process, something that also definitively needs to change and, sadly, also speaks to the male-dominated state of the sports industry, particularly in the US. And just as race remains a highly troubling issue across the industry, so does gender representation.

"There was not one single recommendation [of Porter] from a woman, and that's a reflection of the demographics of the game today in the front offices," Alderson said. "That says something very loudly."

Simpson similarly said that his efforts, and those of the broader sports industry, are still fighting through what he described of a "locker-room mentality" operating in many boardrooms. But he says his firm's searches are looking heavily at candidates' "moral compasses."

"We look at that as much as anything," Simpson says. "When I look at filling major roles, I always look as well at what candidates are doing when they are not working, and I'll absolutely try to ascertain what values they have."

But even amid all these procedural shifts, both now and potentially in the future, a key portion of improving the results of executive searches still lies in the willingness of women who have been wronged coming forward, something that remains highly difficult across society and not just sports, particularly with often-prevailing fears of backlash and retribution.

"The challenge is finding people will talk in depth about this," Carmichael says. "The tough thing for people like us when we're doing calls and checks is being able to dig things like this up. It's obviously not a given that something like this will surface in a references check."

MLB's new hotline is an attempt to encourage women to come forward when necessary. But league and team officials are also well aware that punishment and deterrence are critical, and that wrongdoing will actually be addressed in order to break cycles of harassment, and in turn, improve future leadership searches.

"In my initial press conference, I spoke about the importance of integrity and I meant it," the Mets' Cohen said after firing Porter. "There should be zero tolerance for this behavior." ◆


(David Price/Arsenal FC via Getty Images)

How to engage with your fans in real time

A variety of innovative real-time engagement features can support rights-holders and broadcasters that deliver sports content to increasingly demanding fans who are seeking tailored viewing experiences.

The rise of over-the-top (OTT) streaming as a medium of choice for an increasing number of sports rights-holders has provided new opportunities for real-time engagement with fans.

The global growth of OTT was relentless long before Covid-19 struck, inside and outside sport. For example, a February 2020 report by Nielsen found that 60% of Americans subscribed to more than one paid video-streaming service.

However, the expansion has accelerated due to the pandemic. Global revenue for OTT video platforms surged by 26% in 2020, according to PwC, with the total projected to continue rising sharply in the coming years, almost doubling from $46.4bn in 2019 to $86.8bn in 2024.

Fan walls

With events such as this year's Olympic Games in Tokyo going ahead without overseas spectators, many sports rights-holders have already turned to innovative solutions to address the challenge of how to bring fans closer to the action.

For example, the likes of Premier League football clubs Manchester City and Tottenham Hotspur have erected digital 'fan walls' in their empty stands. With the viewers reacting to the action on the field in real time, the players have an authentic experience of playing in front of a crowd, while the fans are given a virtual front-row seat.

In the broader entertainment space, the Grammy Awards also recently featured a fan wall.

Examples like this show how unique experiences that are not available offline can be delivered to an increasingly tech-savvy audience.

Virtual watch parties and virtual tailgate parties

On a human level, friends and families who have been unable to meet in person have opted to connect more frequently on digital platforms over the past year, providing the behavioural foundations for a seamless transition to a more social OTT experience via digital watch parties.

These virtual gatherings on services like Scener – which is powered by Agora, an interactive and live-streaming technology provider – provide a true social experience, allowing friends and family to tune in to watch an event, such as a sports match, and interact with each other through the platform, with these 'social video' capabilities supporting the drive for real-time engagement.

Similarly, online tailgate parties, replicating their namesakes from the US major leagues, give fans a platform to connect and mingle on a face-to-face basis with others in real time before games, bringing the usual offline festivities and atmosphere of such an occasion to an online setting.

Moreover, these virtual solutions, which provide viewers with a platform for interactive user-generated content, actually break down the travel and time barriers that can prevent people from congregating physically in a single location.

There are other key benefits attached to the online setting versus the offline experience.

Virtual talk shows

In sport, rights-holders have the opportunity to introduce a multitude of additional content options. These can range from unique camera angles in live broadcasting to pre- and post-match interviews and behind-the-scenes footage, as well as live 'talk shows' driven by user-generated content and providing exclusive virtual access to key figures.

These options, only available online, help to drive even greater personalisation, which can be boosted further through gamification, whether through quizzes to test a viewer's knowledge or prediction competitions to test their luck.

These cost-effective gamification features can be presented as live game shows during breaks in the live sporting action.

Sony Pictures, Kumu and Live Play Mobile are among the platforms to embrace the possibility of having these types of viewer interactions via digital gamification offerings.

Playing these games can provide a rights-holder with a key point of differentiation in a competitive landscape, helping to drive conversations and, simultaneously, interest in the output on the screen in real time.

Additionally, although gamification is increasingly seen as a viable tool to drive engagement in a various entertainment sectors, integrating gamification into a field that already has natural competitive elements, such as sport, provides a uniquely powerful proposition.

This level of engagement can translate into significant monetisation opportunities for rights-holders.

Monetisation

When real-time engagement is introduced, transactions over the content – such as virtual tipping, e-commerce and live betting – become mainstream, helping the OTT platform to monetise its traffic.

As an example of a use case, e-commerce can be integrated into the OTT viewing experience, alongside tipping functions and premium subscriptions, by allowing members of the audience to purchase items that are relevant to the action on the screen.

A viewer could click through options to buy tennis equipment without needing to leave the platform during coverage of a tennis match.

The rights-holder can make a commission on every item purchased, and can also make their own merchandise available – or products from their sponsors – with sophisticated algorithms ensuring their relevance.

"With the help of artificial intelligence-based recommendations, these products can be tailored to the user's interests, preferences or behavioural history," says Brighton Shi, Senior Product Marketing Manager at Agora.

"These algorithms are able to predict a specific user's preference in relation to an item, based on their profile."

The broader benefits of big data in this context will lead to an enhanced understanding of the user.

Big data, the next goldmine

With social media features having been integrated into the rights-holder's streaming platform – rather than sitting outside it on a third-party website – essential viewer data is retained in-house.

As a result, with more data feeds, artificial intelligence (AI) can build a more accurate picture of a viewer and, in parallel, more accurate recommendations to enable a customised experience, direct from the rights-holder.

"The big data and AI-based content recommendation engine is like a clever and experienced salesperson who grasps the needs, tastes and requirements of the user. It is able to make knowledgeable decisions about recommendations that are beneficial and most relevant to the client, and training the recommendation engine usually requires lots of user data," Shi adds.

"However, with real-time engagement providing the foundations, social networking data will be vital in illustrating the user and training the recommendation engine for the e-commerce product offering, to deliver better monetisation methods through a personalised offering, and a higher conversion rate."

Rights-holders can pick and choose the real-time engagement use cases that work for them, with Agora providing advice about the features that have delivered results for other clients with similar characteristics.

Agora also offers a proof-of-concept process that can typically last for between one and three months, allowing the client to mature the technical solution and fine-tune their digital offering. This flexible approach can provide a launchpad for successful future content delivery.

Therefore, with data underpinning the increasingly personalised experience, viewers and rights-holders can benefit from a tailored approach to real-time engagement in the digital space.◆

To learn more about how RTE can transform your business, email: **shiliang@agora.io**

Washington Spirit seeks new relevance with Clinton, Bush Hager among new investors

(Jeenah Moon/Bloomberg via Getty Images)

- NWSL club brings in 30 new investors, mainly from political and business backgrounds
- It is hoped new owners will secure awareness, new sponsors and higher-caliber players
- Washington Spirit following successful template set by Los Angeles-based Angel City FC

By Bob Williams

National Women's Soccer League club Washington Spirit is looking to gain new relevance on a local, national, and international level by bringing in an expansive group of investors headlined by US presidential daughters Chelsea Clinton and Jenna Bush Hager.

The Washington DC metropolitan-area team is following a template set by Los Angeles-based expansion club Angel City FC, which immediately thrust the NWSL into the global spotlight with its star-studded investor group, which includes Hollywood actress Natalie Portman, and Reddit co-founder Alexis Ohanian and his wife, tennis superstar Serena Williams, among many others.

Angel City's landmark move has since been followed, to an extent, by North Carolina Courage, which recently brought in Japanese tennis star Naomi Osaka as a minority partner, and Kansas City NWSL, where Brittany Matthews, the fiancée of Kansas City Chiefs star quarterback Patrick Mahomes, is an investor.

Elsewhere, the Tacoma, Washington-based OL Reign has former San Antonio Spurs point guard and four National Basketball Association champion Tony Parker, a French-American, as a minority partner, with the club having been acquired by OL Groupe, the parent company of French women's soccer team Olympique Lyonnais Féminin.

Washington Spirit, which is majority-owned by local technology investor Steve Baldwin, has deliberately ensured that its 30-plus new investor group has a distinctly local feel, including various public figures from the worlds of politics and business.

Providing the most stardust are Clinton and Bush Hager, the respective daughters of former US Presidents Bill Clinton and George W. Bush. And both women are well-known public figures in their own right. Clinton is a global health advocate and author, with over three million Twitter followers, while Bush Hager is a co-host on NBC's

Today program.

Other club investors include former US senator Tom Daschle, former Obama White House spokesman Jay Carney and his wife TV journalist Claire Shipman, Michael Jordan's long-time business manager Estee Portnoy, and Olympic medal-winning gymnast Dominique Dawes.

They join Y. Michele Kang, the founder and chief executive officer of healthcare IT company Cognosante, who joined the club's ownership group in December.

Baldwin remains Washington Spirit's majority owner, having acquired the team in 2019 from Bill Lynch, who retained a small stake in the club.

The size and valuation of the new investment has not been disclosed, while Baldwin, Kang, and Lynch will remain the controlling partners.

"We had a strategic approach to this. We wanted to build an ecosystem of highly talented experts across sports and entertainment, technology, finance, education, marketing and communications, public policy, and philanthropy who were prepared to support the club and players with their time," Baldwin told *SportBusiness*.

"Our club is going to be the premier women's sports property in the world. We have great sponsors now and we will be bringing many more into the mix. The same goes for players. We want to be the best place for players on and off the field and are committed to making it happen," he said.

Chelsea Clinton
(Isabel Infantes/AFP via Getty Images)

New investors follow move to new stadium

The arrival of these high-profile investors is the latest move by Washington Spirit to take the club to a new level of prominence both on and off the field.

It follows a long-term arrangement with Major League Soccer's DC United to play home games at the 20,000-seat Audi Field and 5,000-seat Segra Field, the home of DC United's USL affiliate Loudoun United FC.

In August 2019, following the Fifa Women's World Cup, Washington Spirit drew a franchise-record crowd of 19,871 for their 2-1 victory against the Orlando Pride at Audi Field. The attendance was more than double the team's previous record of 7,976, which was recorded the previous year, also at Audi Field.

Last month, the club selected Trinity Rodman, the daughter of former NBA legend Dennis Rodman, with the second overall pick in the 2021 NWSL Draft. Aged 18, she is the youngest player ever selected in the history of the draft.

Rodman's name recognition has already given the club significant publicity in recent weeks, as have off-season additions Kelley O'Hara and Emily Sonnett, both USWNT internationals.

This week the club also brought in former NWSL vice president of business development Lindsay Barenz as its new president of business operations.

In her previous role with the NWSL, Barenz led the sale of the league's broadcast rights to CBS Sports and Twitch. She helped secure several league-wide corporate partnership deals with companies including Google, Verizon, Secret Deodorant, and Barkbox.

The club has clearly come a long way since a low point in September 2016, when USWNT superstar Megan Rapinoe publicly branded Lynch, the former majority owner, homophobic for playing "The Star-Spangled Banner" while the players were still in the locker room, thus not allowing the civil rights activist to knee for the anthem in support of former San Francisco 49ers quarterback Colin Kaepernick.

Lynch vehemently denied the accusations, which caused a national controversy.

The arrival of Baldwin as majority owner in early 2019 has significantly improved the mood within the club, strengthened its finances with a series of local sponsorship deals and the move to Audi Field, and enhanced its stature within the game as a desired player destination, mirroring the broader growth of the NWSL.

The arrival of these investors for the Spirit is the next step on the club's journey to heightened relevance.

According to Baldwin, it is no coincidence that the Washington Spirit has followed a similar path to Angel City in regard to bringing in a sizeable number of high-profile, predominantly female, investors in the club.

"Angel City has done a remarkable job and I'm very excited about their involvement with the league. I have

(Getty Images)

> *"This is a great time for people to get involved in women's sports."*
>
> Steve Baldwin | technology investor

the highest respect for Julie [Uhrman], Alexis, and their group," he adds. "In early 2019 Alexis tweeted about the possibility of buying an NWSL club and following that we had several conversations. We had very similar views of the women's sports landscape related to the unequal media coverage and corporate sponsorships.

"We both felt there was a different approach needed in women's sports and have taken similar steps designed to bring more attention to our clubs. I love what they are doing and hope they feel the same about us," Baldwin says.

Washington Spirit expects the new investors to support the club in one of four key areas: strategy and development; content, media and technology; community; and player experience. The investors' significant social media platforms will also become a key tool for the new partners to provide their support for the club and players.

Baldwin believes that the recent investment in Angel City, North Carolina Courage, and now Washington Spirit further shows how the NWSL is a league on the rise in the US sporting landscape.

"This is a great time for people to get involved in women's sports," he adds. "We are the only soccer league in the USA that can claim to be the best in the world. Every Fortune 1000 company should want to be part of it."

Setting aspirational example to young girls

Also among the new Spirit investors is Briana Scurry, who is one of the greatest goalkeepers in US Soccer history.

In a Hall of Fame career, Scurry played 173 internationals for the USWNT between 1994 and 2008, including victories in the 1999 Women's World Cup and the 1996 and 2004 Olympic Games. In 2017, Scurry became the first female goalkeeper and the first Black woman inducted to the National Soccer Hall of Fame.

As well as being a team investor, the former Washington Spirit assistant coach is working as a mentor

Briana Scurry (r) (Getty Images)

for Rodman. Scurry's wife, Chryssa Zizos, who is a public relations executive, is also a team investor.

"I am thrilled about being in this investor group. This group is about elevating the status of women and impacting the lives of kids in a positive way. This group is an amazing collaboration of people who are not only providing capital but their time as well to support the club," Scurry tells *SportBusiness*.

"When you have this many people who are experts in their field, you can really tap into that to be able to help the squad and the club become one of the best women's sports clubs in the world – and that's what we're trying to do here. It's an evolution of how you can do ownership, how you can grow a club and how you can invest in the wellbeing of a club," she said.

The NWSL is actively selling itself as a league in which women invest in women. Scurry believes that it is important for young girls to be able to see that women – and especially women of color – are able to secure leading front-office and ownership roles in sports organizations.

"It's monumentally important, it's a statement. Now is the time and I think women and women of color are coming to the forefront to take positions of leadership, of power and of responsibility and this is one way we're doing it," she adds.

"We're doing it, as are Angel City and North Carolina Courage. I think it's very exciting. One of the things that is so intriguing about our group is when you come to games – once we're able to [amid the Covid-19 pandemic] – you will see in the investor box someone who looks like you. I think young girls need to see that. It's one thing to see that on the pitch but it's also so relevant and important to see that in the front office and as an investor as that is a whole different area of leadership," she says.

Scurry also believes that the new investor group will further encourage leading players to come to Washington Spirit and companies to sponsor the team.

"I feel that this showing of intent and ability to bring together all these people in the community who have great skillsets and putting skin in the game really shows the commitment to the Washington Spirit. It's going to make it a favored destination for players which wasn't always the case," Scurry says.

"I think since Steve has taken over the reins, he has really changed the way our club is perceived. I'm thrilled about that and it matters that players want to come here and they see we are making steps and doing work to provide a flagship club, not just in the league but the world. It's a new chapter in what we're able to do," she says. ◆

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The Premier League waits for sun to shine on chilly UK media market

- Premier League domestic media rights tender expected to be delayed until April or May
- Experts believe limited UK competition is producing ‘downward pressure’ on value
- Amazon, Disney and DAZN thought unlikely to battle with Sky and BT

By Callum McCarthy

UK sports rights experts say the English Premier League will delay its domestic media rights auction until April or May, with a view to having deals in place prior to Euro 2020, which begins on June 11.

Experts say the league made the call to delay in the hope that lockdowns and vaccinations will reduce the prevalence of Covid-19 in the UK, thus yielding a clearer picture of when normal matchday attendance – and Saturday 3pm blackouts – might resume.

This is crucial for the Premier League to package its rights with confidence. In the current three-season cycle, from 2019-20 to 2021-22, the league intended to make 200 matches available to broadcasters in each season. However, since matches have been played behind closed doors since May 2020, the league has been forced make all matches available via their broadcast partners at no extra cost.

If there is any doubt whether a similar situation could occur in 2022-23, this would leave bidders uncertain about the number of matches that would eventually be made available to the market and doubtful over the true value of the packages on offer. Any bidder would be hesitant to pay for a package containing fifth-pick matches should sixth-, seventh- and eighth-pick matches later be made available for free.

By bumping the auction to the spring, the league is looking to avoid any additional factors that could negatively affect the process, especially given the existing pressure on the value of its rights. Competitive tension between key UK sport broadcasters Sky and BT is at an all-time low as both telcos are thought to be satisfied with their current inventory.

Sky reduced its spend to £1.193bn (€1.349bn/$1.638bn) per season at the last Premier League auction in 2018, a reduction of almost £200m per season, while retaining roughly the same amount of matches as in the 2016-19 cycle. BT’s overall outlay of £325m per season for the 2019-22 cycle remained roughly the same as the previous cycle, once all packages were sold.

UK market experts say there is little motivation for Sky or BT to increase their spend on Premier League rights or fight to take packages away from one another. A cross-carriage agreement between the two telcos in 2017 all but nullified any ambition to do so at the previous auction and, providing that alliance remains intact, most UK broadcast industry executives expect the per-season value of Premier League rights will either remain flat or decrease by between five and 10 per cent.

In the current cycle, the overall value of domestic media rights to the Premier League fell by about 10 per cent, from £1.712bn per season in 2016-19 to about £1.533bn in 2019-22.

The law of diminishing returns

Barring another resurgence of Covid-19 in the UK, it is thought unlikely the Premier League will significantly increase the number of matches made available to the domestic market from 2022-23. Most experts predict little change at all.

The 200 matches per season the league intended to offer in the current cycle was 32 per season more than in the 2016-19 cycle. At the time, experts said even this increase was a defensive measure to relieve pressure from the UK's communications regulator, Ofcom, which was pushing for all 380 games to be made available.

Most experts argue the league sees additional television games as subject to the law of diminishing returns, and the evidence of the last tender bears this out.

The league had difficulty selling two smaller packages, F and G, that each contained an extra 20 matches across two match weeks. BT acquired one of the packages for £30m per season, while e-commerce giant Amazon acquired the other for a price now thought to be as low as £15m per season.

After striking deals for Packages A to E, the per-match value of Premier League rights stood at £9.3m. The deals for Packages F and G brought this down to £7.67m.

The league is also mindful of the brief, unsuccessful attempt to monetise the extra matches that were broadcast while Covid-19 kept fans out of stadia in autumn 2020.

While broadcasters initially received rights to show extra games for free, the Premier League clubs wanted to maximise revenue and an agreement with the broadcasters saw matches that would not have been included in the original broadcast packages made available via pay-per-view at £14.95.

The first 10 pay-per-view fixtures shown in October 2020 were reported to have earned a total of £5.8m, an average of just £580,000 per match. And the consumer backlash at the high price point brought the experiment to a swift end.

(Visionhaus)

> *"UK market experts say there is little motivation for Sky or BT to increase their spend on Premier League rights."*

One broadcast industry veteran tells *SportBusiness*: "In the past, the league's trick was to add more games. The fact Sky and BT didn't really want the extra games this season and put them on PPV at a price nobody would pay for, effectively took them out of the marketplace. If you have more Wolves v West Broms, it doesn't really add any value. There's a risk it's oversaturated and it certainly feels like Covid burst the bubble."

Another expert with extensive experience of Premier League rights auctions says: "You could say, with some confidence, that the cost per game will go down either by virtue of an increase in the volume of matches sold, or even if they sell the same amount of matches. Either way, the cost per game is going down, or the total absolute sum goes down, depending on how many games they sell."

Could Amazon yet inject life?

With Sky and BT's ambitions largely identified and the value of additional matches considered negligible, experts believe any hopes of an overall increase in value lie with Amazon, the Premier League's third rights-holder.

In the current cycle, Amazon acquired 20 matches per season at a cut price in a deal finalised four months after the league's initial auction. The e-commerce giant acquired the rights as a cheap method of driving Amazon Prime subscriptions, of which there are now thought to be between eight and nine million in the UK.

Despite entering the sports broadcasting space in 2017, the company's overall UK sports rights strategy remains the subject of fevered speculation among sport business executives. It is clear, however, that Amazon has thus far been happy to make focused acquisitions in key sports, testing the response among different demographics rather than making a big splash.

Premier League football is by far the most appealing regular sports content in the UK, but one expert said that as Amazon Prime's churn rate is incredibly low in comparison to pay-television, it has little need to make the major content acquisitions – and bid the commensurate fees – that have underpinned the UK's pay-television business since the 1990s.

Another broadcast executive thought Amazon would seek to renew a small package of rights should one be available, but doubted it would reach for a bigger piece of the pie.

"Why does Amazon really need any more games? They got their marketing benefit out of it," the executive explains. "They seem more likely to pick up bits and pieces from other sports that bring in different demographics. We saw what they did in rugby union, acquiring the autumn internationals. Does that mean they're going to bid big for the Six Nations? I don't think so.

"I can't see why Amazon would throw huge amounts of money at a problem that doesn't exist."

Despite the likely limit to Amazon's interest, keeping a third player in the game – or at least the threat of one – will be crucial if the Premier League is to keep Sky and BT honest in their bidding for the bigger packages. But while the league would ideally want to stoke competition between the three incumbents, experts say it needs to be careful in doing so.

"It's risky to pit Amazon against Sky and BT, because the telcos might just say 'OK, we know what's happening here, let them have it,'" one agency executive notes. "Vice versa, I don't think Amazon would come in to bid at high levels for a package that would attract competition between Sky and BT. I think you can sometimes be a bit too clever for your own good."

'The three Ds'

In auctions past, the spectre of competition has often provoked Sky and BT into bidding against phantom foes: for example, the fear of aggressive entries by pay-television broadcaster beIN Sports or media conglomerate Discovery helped fuel aggressive bids in 2015, when the value of Premier League rights increased by 70 per cent.

This time around, it appears the left-field possibilities are simply too green to have any significant impact on the auction – the likes of Disney, Discovery and DAZN are all considered highly unlikely to bring a serious threat to Sky and BT's doors.

Disney is looking to bolster its Disney Plus offering in the United Kingdom, but experts say any involvement in the auction would be opportunistic.

"They would only pay Amazon-type levels for Premier League content," says one UK-based executive. "They've had to sacrifice so much cash from dissolving their channels across Europe and have no money coming in from carriage. They've put everything into Disney Plus, so I can't see them being aggressive."

Discovery also has a nascent streaming service, Discovery Plus, that could use a small Premier League package to promote the service. Like Disney Plus, Discovery Plus focuses on distributing content owned and produced by the parent company rather than aggregated content from other sources. Industry executives believe that like Disney, Discovery would not bid aggressively.

Global streaming service DAZN is considered to be the likeliest non-incumbent to enter the fray, but insiders say it is highly unlikely to bid aggressively. Its global boxing platform, which launched in the UK in December, is currently priced at £1.99 per month. While its primary purpose is to show boxing content, experts say its secondary purpose – to collect data on consumers around the world – is almost as important.

Ultimately, none of these platforms are considered a threat to Sky and BT but could compete for smaller packages with Amazon, creating a separate category of competition for platforms wanting to use the Premier League as a marketing tool. ◆

VAR sponsorship included in Lega Serie A category revamp

(Gareth Copley/Getty Images)

- Serie A becomes the first European League to build a sponsorship asset around VAR
- League looks to build on current deals with global brands Coca-Cola and Sony as it prioritises international appeal
- Process of fixing the basics provides platform for new-look sponsorship portfolio and strategy

By Matthew Williams

The next phase of Lega Serie A's plans for commercial restructuring will see it add several new sponsorship categories, including a technology partner which will be associated with its Video Assistant Referee (VAR) and goal line technologies (GLT).

In the market at the time of writing, a successful sale will make Serie A the first major European football league to offer sponsorship of VAR and GLT to brands.

The league is also in the process of forming its own company to manage its commercial interests moving forward. Lega Serie A and its clubs recently accepted a €1.7bn ($2bn) offer from private equity companies including CVC Capital Partners for a 10-per-cent stake in the new entity.

The hope is the new vehicle, and supporting investment, can accelerate the league's attempts to unlock more of its commercial potential and reach its aim of becoming – says commercial and marketing director Michele Ciccarese – "the most beautiful league in the world".

Ciccarese and his team have been working over the last year to completely restructure the commercial and marketing operation at Lega Serie A, particularly its approach to sponsorship.

Fixing the basics

"Without fixing the basics you can sell nothing," Ciccarese tells *SportBusiness*. "Our main job has been to clearly define the sponsorship inventory, create new layers and add value within it."

This will manifest itself in a central portfolio comprised of eight sponsor positions, including title rights to the four main competitions Lega Serie A manages: Serie A, Supercoppa Italiana, Coppa Italia and eSerie A, plus four other possible designations: Official Partner, Official Timekeeper, Official Technology Partner and Official Monthly Most Valuable Player (MVP) Partner.

Each of the brands which take up the competition title rights or specific category-based designations will become Official Partners. There is also a final ‘Official Partner’ association not directly linked with a competition or asset but enjoying access to other assets such as IP rights and the newly developed Serie A Legends program.

Of the eight positions, four are currently filled in deals expiring at the end of the current 2020-21 season. Serie A title rights are held by Telecom Italia in a €15m-per-season agreement. Tim’s deal also covers title sponsorship of the U19 Primavera league and the newly launched esports competition eSerie A Tim.

The Italian firm is joined in the portfolio by Coca-Cola as an Official Partner and Sony’s PS5 brand as title sponsor of the Supercoppa.

In addition, licensing-based partnerships continue with Nike as the Official Ball of the league and long-term “historic” Official Partner, stickers and trading card licensee Panini. Ciccarese points to Panini’s resonance with Serie A fans, built on its long-term presence in football, starting as an Italian brand and spreading globally.

New categories break fresh ground with VAR asset

The Official Technology Partner, Official Timekeeper and Official MVP Partner designations all represent new additions to Serie’s A portfolio.

Behind their addition is the work by Ciccarese, his head of partnerships Niccolò Tomio and head of marketing Alberto Elia, using a range of new research tools to assess the inventory and measure levels of engagement with its fanbase.

“Now that the inventory is well defined, we want to create long-term partnerships which can give us clear vision for the future. The technology, timekeeper and official MVP categories are absolutely progressing in this way,” he says.

The Official Technology partner designation is notable because it is here that rights around VAR and GLT are included.

Previously, there has been scepticism in the industry about the potential of VAR as a sponsorship asset due to the controversy that surrounds the technology and its frequent unpopularity with fans. But Lega Serie A believes brands will be interested in the opportunity to tell a story of innovation through an association with VAR, as well as the less divisive GLT.

AC Milan’s Zlatan Ibrahimovic with the Monthly MVP award. (Emilio Andreoli/Getty Images))

Ciccarese says: “In our mind, the perfect partner for VAR and GLT is a global brand with a strong brand equity that want to exploit football’s potential through TV graphics, global visibility and a powerful innovation-related storytelling.

“Lega Serie A is in the middle of a transformation process and we strongly think that we could be the perfect partner for brands that want to communicate themselves as a potential ’transformation enabler’ of football.”

Meanwhile, the MVP Partner will be based around the league’s monthly MVP award, which was introduced by the commercial team in 2019-20 as they sought to add new layers of inventory.

Unusually for a league’s player of the month award, it is not voted for by fans but based solely on Opta data.

The commercial team is currently in the market looking to fill these new designations. In addition, the league will look to add to its existing regional sponsorship portfolio, which currently includes International Presenting Partner deals with brands 1xBet (Europe, Africa, the Middle East, North Africa and the Americas) and Yabo Sports (Asia).

Less is more

Ciccarese indicates that a “less is more” approach continues to guide the league, and that it is targeting bigger deals with globally recognised brands, rather than looking to add new sponsors in great volume.

“In comparison to others such as the Premier League and LaLiga, we are arriving a bit later on the commercial side, but this allows us to apply key learnings from the other players and that’s why we’re looking for a select number of meaningful, engaged partners,” he says.

“What we’re trying to do is create sponsorships that mean something for our fans and moreover can be embraced by our 20 clubs, because everything we do should be for their benefit.”

One deal the league believes resonates with fans is Telecom Italia’s long-term title sponsorship of Serie A, mainly because of the longevity of the agreement. The current three-year, €15m-per-season deal is set to expire at the end of the 2020-21 season and talks are underway regarding a renewal.

The brand has already gone on the record as being keen to extend, and the league is understood to be looking for an uplift toward a €20m per season contract.

Ciccarese says going without a title sponsor is a long way off for the league: “This is a potential strategy when you reach a certain level of maturity on the commercial side. When you have a history of 22 years with a sponsor like TIM, throwing that away because you want to jump from A to Z without passing through the other letters, that might be a mistake.”

Domestic cups

The designation of the title rights for the 2020-21 Coppa Italia is yet to be confirmed. Coca-Cola paid about €5m for the position in the 2019-20 season.

SportBusiness understands the soft drink multinational has the option to take up the rights again for the 2020-21 season but has yet to make its final decision with its sport sponsorships currently still under review.

The brand is an existing Official Partner of the Serie A itself for the 2020-21 season, with its investment in the league rights amounting to just under €1m per season.

Its sponsorship of the Coppa Italia last season is Ciccarese’s ideal model for how the Lega can engage with global brands.

“The Coppa Italia Coca-Cola was an example of how we want to work with global brands in innovative ways, with the virtual fans used to try and tell a story of engagement from home with people not allowed to visit Stadio

Olimpico for Juventus versus Napoli.

"So we worked with Coca-Cola and our broadcaster to engage fans before during and after the game via social media and to virtualise their presence at the stadium."

Coca-Cola's initial sponsorship involvement with the league came through its title sponsorship of the 2019-20 Supercoppa Italiana, from which it saw a strong ROI on a €250,000-€500,000 investment.

For 2020-21, Sony has taken up the Supercoppa title rights, activating with its PS5 brand to see the competition named the 'PS5 Supercup'. The deal secured the league an uplift to between €500,000-€1,000,000.

"Brands like Coca-Cola and like PS5 need no introduction and are very powerful on a global level, which gives us a great deal of value," says Ciccarese. "The PS5 [console] is the most desirable object in the world in this very moment with Generation Z.

"Some fans now start interacting with Serie A through PlayStation before becoming a fan of a club and we have to speak to them at the right time."

Regional sponsorship

Outside of its core categories, Ciccarese says the league will also attempt to secure more regional sponsors.

The league claims its global broadcast audience grew by 23 per cent during the 2019 season, when it was broadcast in 181 countries via 61 different broadcasters.

As part of its international development strategy, it plans to open offices in China, the US and the Middle East.

In setting up global offices in its key international markets, Lega Serie A follows a path LaLiga and the Bundesliga have taken in recent years.

"Any official Serie A hub should have two main objectives: one is to boost the relationship with [local] broadcast partners and the other is to generate revenues with local sponsors," says Ciccarese.

"This doesn't mean only sponsoring the league, it means the creation of engaging activation, such as local events, something that can provide the league a platform to grow its fan awareness and brand."

While the Covid-19 pandemic has delayed the opening of these offices, the league has already moved to increase its footprint in its key market by opening social media accounts in English, Spanish, Arabic and Chinese.

> *"The spread of Italy is all over the world, inside culture, food and fashion and that's what we can build on through Calcio globally."*
>
> Michele Ciccarese | commercial & marketing director, Lega Serie A

Virtual Stands complete with Coca-Cola branding were used for the 2020 Coppa Italia final. (*Lega Serie A*)

When pressed on whether Lega Serie A is looking to extend ISG's deal beyond its July 2021 expiry date, Ciccarese says: "Opening regional offices does not mean ending the relationship with partners who are and have been important in the history of Lega Serie A.

"The opening of regional offices will strengthen the local presence by favouring the daily dialogue with official broadcasters and potential local partners."

Five-year plan could be accelerated by CVC investment

Ciccarese says the league expects to see evidence of progress in its sponsorship strategy in five years but believes the injection of investment from CVC Capital partners and other private equity firms could help accelerate the process.

"The interest of private equity in our media and sponsorship rights is confirmation of the value and potential we have which we need to exploit via a strategy, which is what we started one year ago. "

The star power brought by the continued presence of Cristiano Ronaldo and the return of Zlatan Ibrahimović is also a factor the league will look to build on in developing its brand.

In addition, the league wants to build on its own past and Italy's wider cultural heritage, building its operation around the slogan "We are Calcio". Ciccarese says that Calcio, the Italian word for football, is used internationally with connotations of Italian history, passion, strategy, and technique.

"If we develop our We are Calcio approach in the right way, with the right partners, building the brand will become easy," he explains.

"The spread of Italy is all over the world, inside culture, food and fashion and that's what we can build on through Calcio globally." ◆

LaLiga drives youth engagement through Twitch content creators

LaLiga has expanded its partnership with Twitch by engaging online influencers to deliver alternative match commentaries to new generations of Spanish football fans across the globe. The early results are encouraging for LaLiga, its content creators, and the digital service.

LaLiga became the first European sports league to join Twitch in October 2020, but the Spanish football league operator is already expanding the initiative with an innovative new strategy to super-charge engagement until the end of the 2020-21 season, and potentially beyond.

LaLiga Casters, a community of Twitch influencers, has been established by the league to provide alternative match commentaries and tailored content to the digital service's predominantly young audience.

The approach has quickly garnered impressive results. The first nine LaLiga Casters alternative match commentary streams reached an accumulated audience of more than 4.8 million viewers.

Whilst the initiative is strengthening the bond between the league and existing fans of Spanish football, it is also engaging new generations of followers, including the hard-to-reach Generation Z demographic. According to Twitch, nearly half of the service's users are between the ages of 18 and 34, while more than one in five are between the ages of 13 and 17.

"Twitch has become one of the most popular platforms for Gen Z, so naturally it attracted our attention, but what has been particularly relevant to us is the partnership that has been offered," LaLiga's digital strategy director, Alfredo Bermejo, says.

"We are always keen to work with partners who are interested in creating new activations or experiences. These help us to show the full extent of LaLiga and bring people closer to our competition. Twitch wanted to be bold, inventive and try something that hadn't been done before, which ticks every box from our point of view."

Bold vision

The alternative commentary streams allow viewers worldwide to watch the reactions of the influencers to the action on the pitch – and hear their words – without the match footage itself being displayed on the screen. The influencers provide a relaxed and fan-friendly guide for those unable to watch the action, but also an option for those who are watching live coverage of a game to access a different voice.

LaLiga is working with some of Spain's most prominent online streamers, including Ibai Llanos, Ander Cortés and Ulises Prieto, with the option of expanding the community of LaLiga Casters content creators into new markets.

"The project began with a handful of streamers based in Spain, but we are working with Twitch to review other candidates," Bermejo adds.

"The first few matches have been successful, which shows us that the idea is worth developing further. These streamers have a global profile among Spanish-speaking audiences – particularly Ibai Llanos, who is one of the world's most influential streamers – and the alternative commentary can be found on televised matches in Spain. In the future, it is possible that we could see this expand to other markets and languages."

Alternative voice

Llanos, one of the world's most popular streamers, is one of the online influencers who has been part of LaLiga's association with Twitch since the league first started using the service to show its competitive gaming competition, eLaLiga Santander, in 2017.

Having provided commentaries for the esports tournament on Twitch, the progression of Llanos – and others in the streaming community created by LaLiga – to provide running coverage of real-life fixtures, was a natural next step.

"Streamers offer something different to the world of football commentary and they bring a young and highly engaged audience along with them," Bermejo says. "I think we will see more of these kinds of influencers entering the world of live sports and we should be excited by this. A wider range of voices attracts a more diverse audience, which for us is fundamental.

"We work with streamers who have built a significant audience and have a clear interest in LaLiga and football in general. Having a love of football ensures that the content is truly authentic, which makes people more likely to watch and listen to it.

"In many cases, the streamers have already done commentary work with our gaming competition, eLaLiga Santander, so we know they understand our competition and are able to keep their audiences entertained over the duration of a match."

Control

Some rights-holders could be wary of handing over the commentary microphone to online influencers, given the potential for something inappropriate to be muttered in a pique of excitement.

However, Bermejo plays down such a possibility by highlighting the professionalism of LaLiga Casters' content creators and insists that attempting to exert too much control over the output would be

Alfredo Bermejo, digital strategy director, LaLiga counterproductive.

"You don't start working with influencers like these and then hand them a script," he says.

"Their natural passion and enthusiasm for what they do is the whole reason they have built their audiences. The streamers we work with are selected for their love of football and we want to hear their unique insights on the game.

"There are obvious restrictions around language or harmful content that any streaming provider or broadcaster has in place, but the streamers are already on top of this. They are consummate professionals."

Channels

Twitch initially established itself in the online marketplace as a popular destination for gamers, and the service enjoyed a bumper 2020, with many turning to the Amazon-owned service for entertainment during the pandemic-enforced sporting lockdown. According to the TwitchTracker website, the number of worldwide active streamers rocketed from 3.75 million in February 2020 to 9.24 million in December.

Given the growing audience for LaLiga content on Twitch, some rights-holders would assume that combining esports and sports content into a single channel would provide a more powerful proposition. However, coverage of LaLiga's esports competitions will continue to be shown on a separate Twitch channel, as Bermejo explains.

"We study audience data across all our digital platforms and find that their preferences are very specific; it does not follow that a fan of football gaming is automatically a fan of real football, and vice versa," he says.

"Audiences are looking for deeper and more specific content in their chosen areas of interest rather than greater breadth, and this is certainly what we see on Twitch. If we saw behaviours changing, we would adapt, but this is not the case yet. Ultimately this data analysis is what informs our entire strategy at LaLiga."

Data focus

A focus on data persuaded LaLiga to launch LaLiga Casters halfway through the 2020-21 season, rather than waiting for the start of the 2021-22 season later in the year. With Spanish football fans – like many followers of sport across the world – still barred from attending games in person, digital initiatives are continuing to play an even more important role in fan engagement.

"Our initiatives are guided by fan behaviour rather than when the season starts. We have been interested in the Twitch service for over five years and have been closely monitoring its growth to determine when and if we should introduce LaLiga," Bermejo adds.

"We began broadcasting our competitive gaming competition through Twitch in 2017 as this was what the audience was looking for. In recent months, interest in football content on Twitch has increased, which led to LaLiga Casters, an initiative that combines sports broadcasting and streaming to meet the needs of a new generation."

Having established its reputation as a hub for gaming activity, Twitch created a new standalone sports vertical in July 2020 after agreeing deals with four top European football clubs, including LaLiga giant Real Madrid. The creation of the sports vertical helped to pave the way for LaLiga's deeper commitment to the digital service.

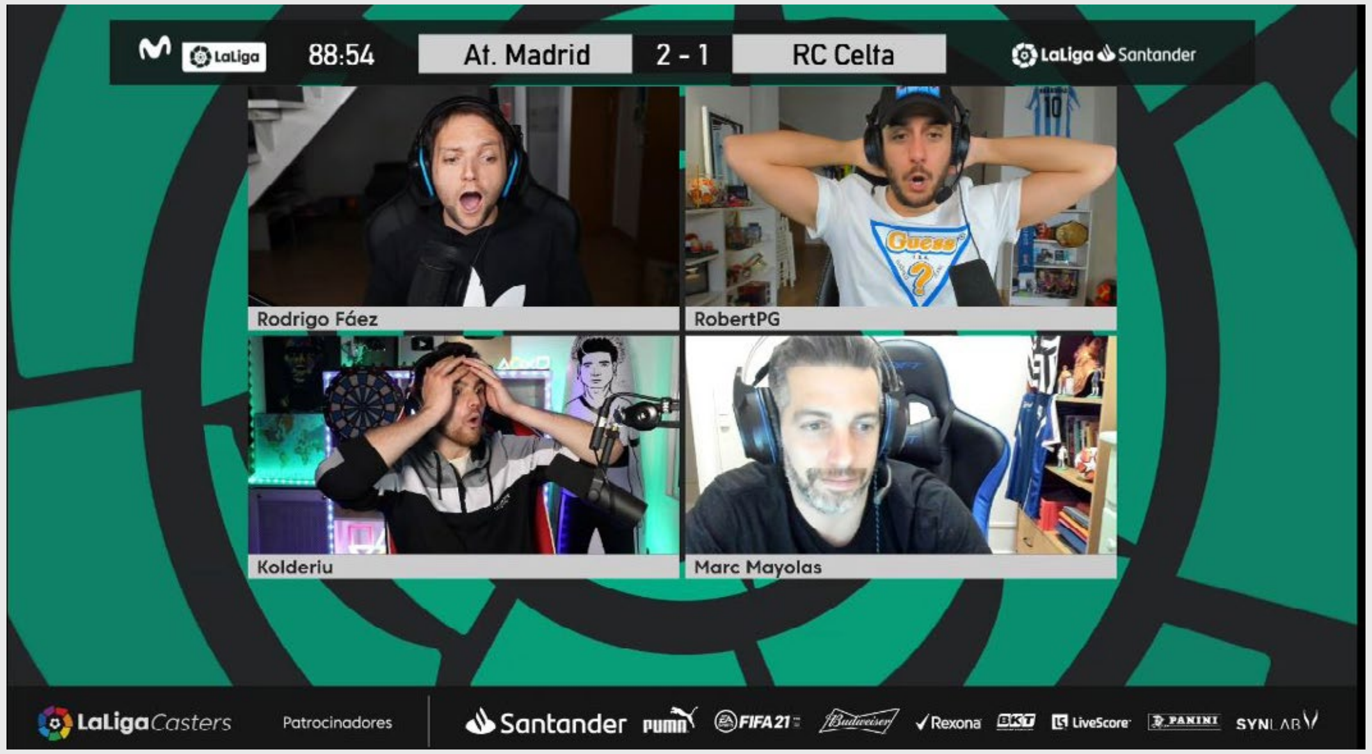
Farhan Ahmed, strategic partnerships manager at Twitch, says: "What is exciting about this kind of strategic partnership is working with a partner that clearly has huge expertise in the traditional area, but that is looking to build a community on Twitch to provide the audiences we have with something authentic and relevant. They're working with some of our endemic talent to build those content experiences.

"The idea is quite innovative. For some people in sports, if you're not watching the live event then you might say, 'how is that going to generate audience interest?' But it clearly is. It works if you activate in the right way and use the right personalities."

Hands-on partner

According to Bermejo, Twitch has played an active role in the LaLiga Casters project, helping to make the introduction of the initiative as seamless as possible, whilst providing the launchpad for a fruitful collaboration that can support future endeavours.

"Twitch has been an excellent and hands-on partner, helping facilitate



contact with the streamers where necessary and giving us creative licence to build the LaLiga Casters idea," Bermejo says.

"It is a relationship of mutual benefit: while we build closer ties to Twitch's audience, they are adding content from a top global sports property to their service, which helps to develop their dedicated sports channel."

For Twitch, the chance to work with a sports rights-holder that has carved out a reputation for digital innovation represents an ideal opportunity to develop its dedicated sports vertical.

Ahmed adds: "Being able to work with one of the biggest – if not the biggest – leagues in the world is great for everyone. It helps bridge that gap between sports and the content that we have on our service.

"Something fundamental we look at is how we can continue to support and help grow the creators on our service. It's great when we work with companies and entities who look to service that."

Discussions are already underway regarding the possibility of expanding the initiative next season, with Ahmed viewing the partnership as an opportunity for Twitch, its content creators and LaLiga to benefit in the long term.

"We hope that everyone wins," he says. "The creator wins because they're growing their community and have some exciting additional content to stream, LaLiga is reaching a new audience, and it is generating great excitement for our community on Twitch."

Commercial opportunity

The partnership could also lead to further commercial opportunities, given the impressive worldwide reach of the project so far.

LaLiga is certainly confident that LaLiga Casters will generate a positive return on investment as the number of youngsters following the unique content continues to grow.

"The idea is particularly cost-effective, because it's about bringing together two elements that already existed. The streamers simply need to allocate time to the match they are commentating on, while for broadcasters it is simply about enabling an alternative commentary channel," Bermejo says.

"In return, both sides reach a wider audience: younger audiences are engaging with football matches and the streamers are receiving more notoriety through TV broadcasts. Aside from our agreements with the streamers, there is very little additional cost involved.

"Our priority is to build a highly engaged and loyal community on all our digital platforms. Our objectives are focused on this because if the content is not right, the commercial opportunities will not follow.

"As the community continues to build, we will study audience behaviours and preferences which will create natural opportunities for brands to introduce relevant offers. This is the only way to approach monetisation on digital channels; anything else destroys the authenticity you're trying to create."

With influencers delivering the excitement of LaLiga to a global following of youngsters, establishing a flourishing audience on this engaging streaming service through credible content – rather than seeking immediate commercial returns – remains the priority. ◆

"We succeed or we fail together" Inside CVC's $100m volleyball deal

- Venture capital firm CVC Capital Partners has invested $100m in Volleyball World commercial vehicle
- The equity value is divided between CVC and the FIVB on a one-third to two-thirds basis
- The FIVB aims to generate operating revenue of $100m per year

By Matthew Glendinning

The International Volleyball Federation (FIVB) has raised $100m (€82.4m) from its partnership with venture capital firm CVC Capital Partners and aims to re-invest the money to drive innovation and growth in volleyball around the globe.

The investment in Volleyball World – the commercial vehicle set up by the FIVB to manage the commercial rights to its global volleyball competitions – values the entity at $300m. The equity value of Volleyball World is thus divided between CVC and the FIVB on a one-third to two-thirds basis. Volleyball's sporting and regulatory responsibilities remain 100 per cent within the FIVB's remit.

Volleyball World contains hosting, media, sponsorship, hospitality, merchandising and other commercial rights across all the existing FIVB properties, including indoor volleyball and beach volleyball assets such as the Volleyball Nations League, the World Championships, Club World Championships and Olympic Qualifiers.

It could also become the vehicle for continental volleyball federation and national volleyball league rights further down the line. It is understood the partnership model for new rights-holders is flexible and that any league or federation could come on board as equity partners, like the FIVB, or simply as collaborators on, say, media rights.

"Volleyball World is about developing a community around FIVB assets, but other leagues could come on board when we have created a platform," Fernando Lima, FIVB general secretary and chair of the new entity, tells *SportBusiness*. "The FIVB and CVC see an opportunity to integrate the fans, about 800 million people around the world who are interested or very interested in volleyball."

FIVB objectives

The move represents a major step forward for a federation that has already modernised key rights packages into a centralised model, while growing its digital capabilities, and now aims to ramp up fees from event hosting and

(Ezra Shaw/Getty Images)

media and sponsorship rights in particular.

FIVB president Ary Graça's overall vision for the sport, as outlined in the 2018 FIVB World Congress, is to increase the federation's various revenue streams and take control of production and digital content for all major events, so as "to elevate volleyball to be one of the biggest sports in the world".

As CVC is a long-term partner and the FIVB the majority shareholder, the FIVB will be the biggest single beneficiary of revenue increases, explains Nick Clarry, the investment group's head of sports, media and entertainment.

"We will build Volleyball World together with FIVB, led by a visionary president Ary Graça, working together as a team, and if the business does well, then everybody does well," he says.

"It's very much an aligned model, where we succeed, or we fail together. The dividend distributions from Volleyball World will be close to 100 per cent of the results every year and will go back out to FIVB and CVC shareholders.

"The FIVB has $100m from CVC to reinvest in the sport right now; and as we grow the Volleyball World business, they will get 67 per cent of the cash flow to reinvest into the sport.

"We're building the brands, key tournaments, media products, and other commercial business lines to grow revenues and enable higher reinvestment back into the sport for the benefit of fans, players and teams around the world."

Commercial journey

According to Lima, volleyball has suffered from a historic lack of fan development which, paradoxically, leaves it ripe for growth. The FIVB believes there is a huge potential fanbase for volleyball – as evidence it points to indoor volleyball and beach volleyball's combined status as the most-watched sport in terms of hours and audience at the 2016 Olympic Games in Rio, with 2.6 billion viewer hours globally.

Lima explains: "Most international sport federations, like basketball and football, or even market-specific sports like rugby and cricket, found ways to connect with fans in the last century via different platforms and media. Volleyball missed that trajectory – its mission was to deliver the events and competitions, hand out the medals and then we'd all go home. We didn't create a strong brand."

In recent years, the FIVB has taken steps to rectify this problem, framing a vision specific to volleyball to grow the sport's popularity and commercial structure.

Lima points to how the IMG agency was charged with changing the Volleyball World Grand Prix/World League model, with its localised rights, created in the 1990s, to the Volleyball Nations League, starting in 2018, with a centralised rights model. Moreover, the format is now the same for both the men's and women's competitions, allowing the FIVB to further centralise the product.

The results have been immediate, with FIVB media revenue alone increasing from between $4m and $5m per year to about $17m per year thanks to the new centralised rights model.

Sponsorships rights fees have also increased by up to $10m per year across FIVB properties in the last five years, while hosting fees such as those attached to the World Championships have increased significantly, connected to the performance of volleyball at the Rio Olympic Games.

Graça said at the FIVB World Congress this month that Volleyball World aims to generate operating revenue of $100m per year under the new CVC partnership. This may seem ambitious given the federation's total income was about $30m as recently as 2015, but SportBusiness understands that another Graça target – of $66m per year in annual income, set in in 2018 – was easily exceeded in 2019, thanks largely to the steps described above.

Raising capital

For all its recent success, the FIVB's desire to move more quickly towards its objectives required further investment.

A pivotal broker in the CVC deal was sports consultant Michael Payne, the former head of marketing at the International Olympic Committee and now chairman and chief executive of Payne Sports Media Strategies. Payne has advised the FIVB since Graça became president in 2012, and was initially advising both the federation and CVC, with which he has been associated since CVC's acquisition of Formula 1 in 2005.

Two years ago, Payne and the FIVB began to outline a strategic direction to strengthen the federation's commercial business operations and to decide on whether to separate the commercial areas from the political and sporting governance side of the sport.

Lima says the popularity of the sport and its commercial potential in Asia, South America and Central European countries has not always been recognised

(Marco Bertorello/AFP via Getty Images)

by western investors, which is why the FIVB wanted a professional partner with experience from both a funding and sporting perspective.

This brief opened the way for private equity, banking and agency groups to view the property. Payne moved aside from the FIVB role to advise CVC, which eventually defeated interest from sports and entertainment group Endeavor – the owners of the IMG agency – and private equity firm Silver Lake to land the deal.

Why CVC?

According to Clarry, the FIVB's decision to look beyond traditional sports agencies for funding addressed some fundamental problems in the agency management model: "Until now, a lot of sports partnerships have been done through agencies, and the agency deals are three-year or five-year deals where, if you like, the agency rents or borrows the assets for three to five years, resells them and then takes a cut and gives back to the sports whatever is produced.

"That's a little bit of a misaligned model because the agency is trying to make money over, say, three years before they lose the rights, and the sport is trying to be a custodian of the sport for 10, 20 or 100 years, as they're a long-term owner of the sport.

"It's slightly misaligned, whereas our partnership is envisaged to be at least 10 years of partnership. This is about building a business together as entrepreneurs. It is not a takeover and it's not even an acquisition, this is a partnership involving the best of FIVB and the best of CVC."

Clarry says CVC was attracted to volleyball because of the strong performance of FIVB in recent years in terms of its event and rights management, and he believes CVC can succeed with the sport for multiple reasons.

"Firstly, it's the laser focus we can bring on commercial execution in Volleyball World working with the highly professional and credible team at FIVB, which hitherto hasn't really been the priority, because what typically happens in the businesses of sport is that there's so much to do in regulating and organising the sport, that the commercial side, particularly in smaller sports, inevitably has to take second place.

"The second thing we will bring is new managerial talent, if it is required. We think that by working in partnership, we can attract new talent to the sport that perhaps was not inclined to go there otherwise. A good example is our chief executive, Finn Taylor, previously the head of Cirque du Soleil's global touring show business, who will be the chief executive of the new Volleyball World business.

"He has got a lot of experience running a commercial global entertainment business, which is very analogous

(Fred Lee/Getty Images)

to what Volleyball World aspires to be when its key tournaments, the World Championships and Nations League, are back on the road; and then in order to support him, we've also got Simon Denyer as a non-executive director, the founder of [digital sports content group] Perform and [sports streaming platform] DAZN, who has a long history in data and media and, of course, led a world-leading sports OTT platform. He is one of the few people in the world that has walked the walk of building digital and OTT businesses.

"Finally, we have a lot of experience of owning big sports operations including Formula 1, MotoGP and rugby, and we are also the capital providers for Bruin Sports, run by industry veteran George Pyne. Bruin Sports owns Deltatre, the world leading OTT technology business, Two Circles, the digital marketing business and TRM, the sponsorship business. When we make an investment, we're also able to bring sports tech capability from the Bruin Sports family to support execution of the business plan.

"CVC also has a global network of 25 offices that can support Volleyball World to grow in China, Japan, Italy, Poland, Brazil and the US, which are all key growth markets."

Areas of revenue growth

Clarry says Volleyball World will "drive innovation and greater fan engagement, which will accelerate growth and allow for substantial reinvestment back into the sport". The areas of revenue development he envisages are particularly around event hosting, fan experience, media, data/digital opportunities and sponsorship.

- **Event hosting:** *SportBusiness* understands this has been identified as an area of upside because of the variety of event hosting models contained within the portfolio and the presence of strong markets such as Japan, China, Brazil, the US, Italy and Poland, where there is a critical mass of interest in the sport. The World Championships is a premium World Cup-style event, while the Volleyball Nations League final can be viewed as an opportunity similar to hosting a Uefa Champions League final, and beach volleyball can be hosted in the centre of a city.

- **Fan experience:** Over the last decade, volleyball has been at the forefront of spectator fan engagement with the aim, says Lima, to be a 'Volleyball du Soleil', using music and entertainment based on ideas from the Cirque du Soleil entertainment company. Under the new entity, and with Taylor's oversight, the presentational aspects of the competitions will be consolidated and enhanced across FIVB events.

(Juan Mabromata/AFP via Getty Images)

- **Media:** While some key volleyball markets are well served by free-to-air television networks paying strong broadcast rights fees, this is by no means universal, with just one or two strong country markets on each continent. Despite Formula 1's strategy of selling media rights to pay-television under CVC's watch, Lima says free TV deals will come first, followed by cable television, online streaming and the sport's own OTT streaming platform, serving different levels of the sport to reach fans.

- **Digital/data:** It is acknowledged that free-to-air television will not universally serve the grassroots of the sport, hence the FIVB's creation of digital OTT platform VolleyBall TV in 2018, in partnership with IMG. After the CVC investment, VolleyBall TV is considered an important means of supporting sponsorship value and accumulating fan data.

- **Sponsorship:** Lima expects sponsorship revenue to "multiply significantly on current rates". Volleyball sponsorships are undervalued, he says, but the sport has growth potential because of its universal appeal around lifestyle, team sport and its strong women's profile.

Agency integration

The CVC deal does not imply agency involvement in the sport will be axed.

Although one major deal has been terminated – with Red Bull Media House, the media subsidiary of the energy drink brand, which came on board in 2015 to distribute broadcast rights to the Beach Volleyball World Tour – the FIVB has an ongoing contract with IMG and will continue to work with Dentsu in Japan.

Lima adds: "We will, of course, continue to have agency relationships; and I would fully expect IMG to remain an important player in the market. Nobody pretends you can run everything on your own. There is an important role for agencies and experts. For example, if you want to do things in Japan, you know, there are very few people who can get things done without the support of an agency."

That said, it is likely that as the business develops, Volleyball World will build more capabilities in-house, with the amount of work for agents decreasing over time. ◆

'The aim is to speak to a truly global audience' Why Fifa is getting into the podcast game

- Governing body partners with Universal Music Group to develop insight around music and entertainment
- Fifa launching new podcast series, PlayOn, hosted by One Direction's Liam Payne
- Series is the first part of a new overarching entertainment-focused strategy, Fifa Sound

(FIFA.com)

By Adam Nelson

The launch of Fifa's first podcast series, PlayOn, a new music-focused show fronted by British presenter Jaydee Dyer and One Direction superstar Liam Payne, is the first foray of a new initiative that the governing body hopes will help it to capture new audiences and expand football's appeal even further.

"The core of Fifa's vision is to make football truly global," the Switzerland-headquartered organisation's marketing director, Jean-Francois Pathy, tells *SportBusiness*. "That includes football's cultural relevance at the global level, something that we've maybe not covered so well in the past." The new strategy, Fifa Sound, "is an overarching approach to connecting with our audience through culture and music," he says. The move has been launched as part of a strategic collaboration with Universal Music Group, who will help identify artists to work with and provide guidance on Fifa's push into music and culture.

It may not seem as though the world's most popular sport has any need for new initiatives to draw fans in, with over 1.1 billion people worldwide tuning in to watch the last Fifa World Cup final, but Pathy says that evolving with the times and finding new ways to engage especially younger demographics is crucial to future success.

"Our audience has new expectations and new ways of consuming and living their passions," he says. "Technology is obviously driving a lot of this, so we recognise that digital is completely changing the dynamics of how we engage with audiences and how they want to receive their content from us. So that's why a big chunk of the new strategy will be based on digital initiatives. It's clear that millennials and Gen Z are core target groups for this strategy. They represent the future of our game and it's super important that we nurture that emotional connection by tapping into their existing passions."

PlayOn will attempt to achieve that by having the two hosts, Payne and Dyer, joined each week by two guests, one from the world of football and one from music or entertainment, discussing "key moments throughout their careers and the soundtracks to those moments."

Despite the timeliness of releasing a new podcast series to an audience who is largely still stuck at home due to the pandemic, Pathy says the strategy is not "an opportunistic reaction to Covid", and in fact dates back to the last World Cup, in Russia in 2018.

"We've used music and entertainment as part of our offering as a while, with the official song for each tournament and the opening ceremonies," he says. "I think after 2018, we felt the concept was maybe a bit tired and needed some rethinking. We started to look at new ways of using those connections with our audience and then we entered into discussions with Universal around a year ago."

Data is key

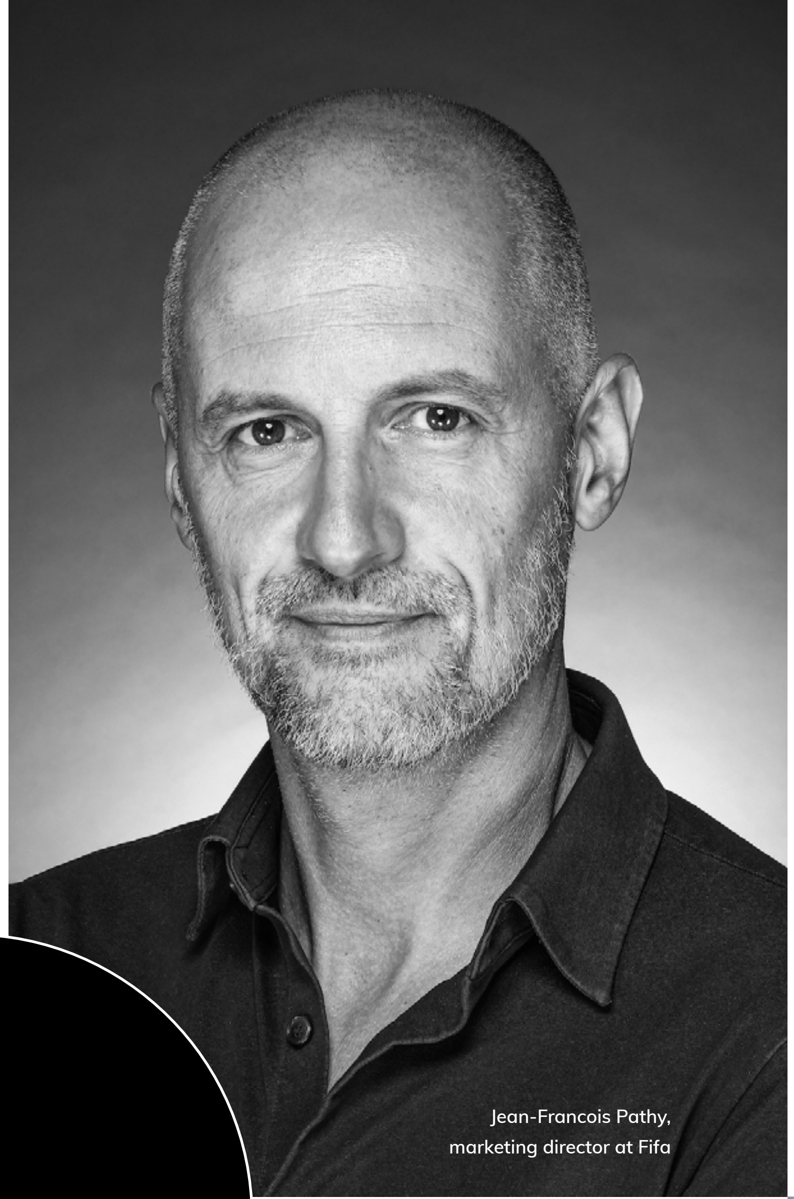
One element that Universal will provide Fifa is data on which of its artists see the greatest overlap with football fans among their social media followings, while the data received from hosting the podcast and learning who is listening – as well as where and how they are listening – will be crucial to the development of the strategy.

"Data is important, but data isn't our strategy," Pathy says. "Data is here to help us improve our strategy. We'll use data to improve our product, we'll use data to better engage with our audience, like any good digital activation. We need to be able to use data to improve our initiative."

Data helped to inform the decision to appoint Payne as the series' main host, says Pathy, noting that he was the perfect choice for a show which aims at a "generalist audience which is interested in all sorts of things," rather than being a football-heavy show necessarily aimed at hardcore fans. Universal (which owns Capitol, Payne's record label) was able to provide data which suggested he would play well with the target demographic. "He's got a very diverse profile – he's not just boxed into music but he's got interests in fashion, art, he's very engaged on social and on digital. We also found that his audience on those channels is young and very balanced on gender and in terms of interest, and geographically as well, he's got a global popularity."

On both the football and music sides, the announced guests so far have a deliberately international feel, with guests from Colombia, Croatia, Nigeria and the US joining the British hosts. "That's what we are," says Pathy. "Fifa is a global entity and has a global role to play. When we started on this journey, one of the core criteria was to make sure we were going fully global in terms of profile and I think over the course of the first series we've got people from every continent. We've got every sort of gender represented, and people at different stages of their career as well. The aim is to speak to a global audience and bring in fans from around the world."

While not primarily a commercial play, Pathy says that the strategy is never the less "part of the commercial



Jean-Francois Pathy, marketing director at Fifa

ecosystem" at Fifa and that in the long term, bringing commercial partners on board will be "part of the metrics on which we will judge the success of the initiative." Those are likely to be existing Fifa sponsors who wish to engage the different audience that is attracted by the multimedia play, but further down the line Pathy hopes that by becoming a player in the entertainment sector, it could help draw in a different profile of sponsor for Fifa.

"The commercial structure is evolving and we will move into a new commercial cycle following the 2022 World Cup in Qatar," he says. "The plan is to have Fifa Sound contribute to to partnership value offerings as we move into that new cycle. But for the short term at least it's definitely not the prime objective. The prime objective is fan engagement."

Events evolution

While at launch Fifa Sound is purely digital effort, the long-term plan for the strategy will see live events developed, with a particular eye on expanding the Fifa Fan Fests that the body has offered alongside games at its major events since 2002. They have traditionally been focused on providing a big-screen viewing experience for fans unable to get tickets for matches, but Pathy says the relationship with Universal and its artists will be leveraged to "turn it into much more of a festival platform," with the intention being to attract a wider audience to these events even if they're not interested in the games.

The physical, events-led side of the strategy is likely to ramp up over the course of the next few years, at the men's World Cup in Qatar next year and the women's in Australia and New Zealand the following, with Pathy suggesting that the 2026 men's World Cup, which will be hosted across Canada, Mexico and the US, will see the fullest realisation of the expanded fan festivals.

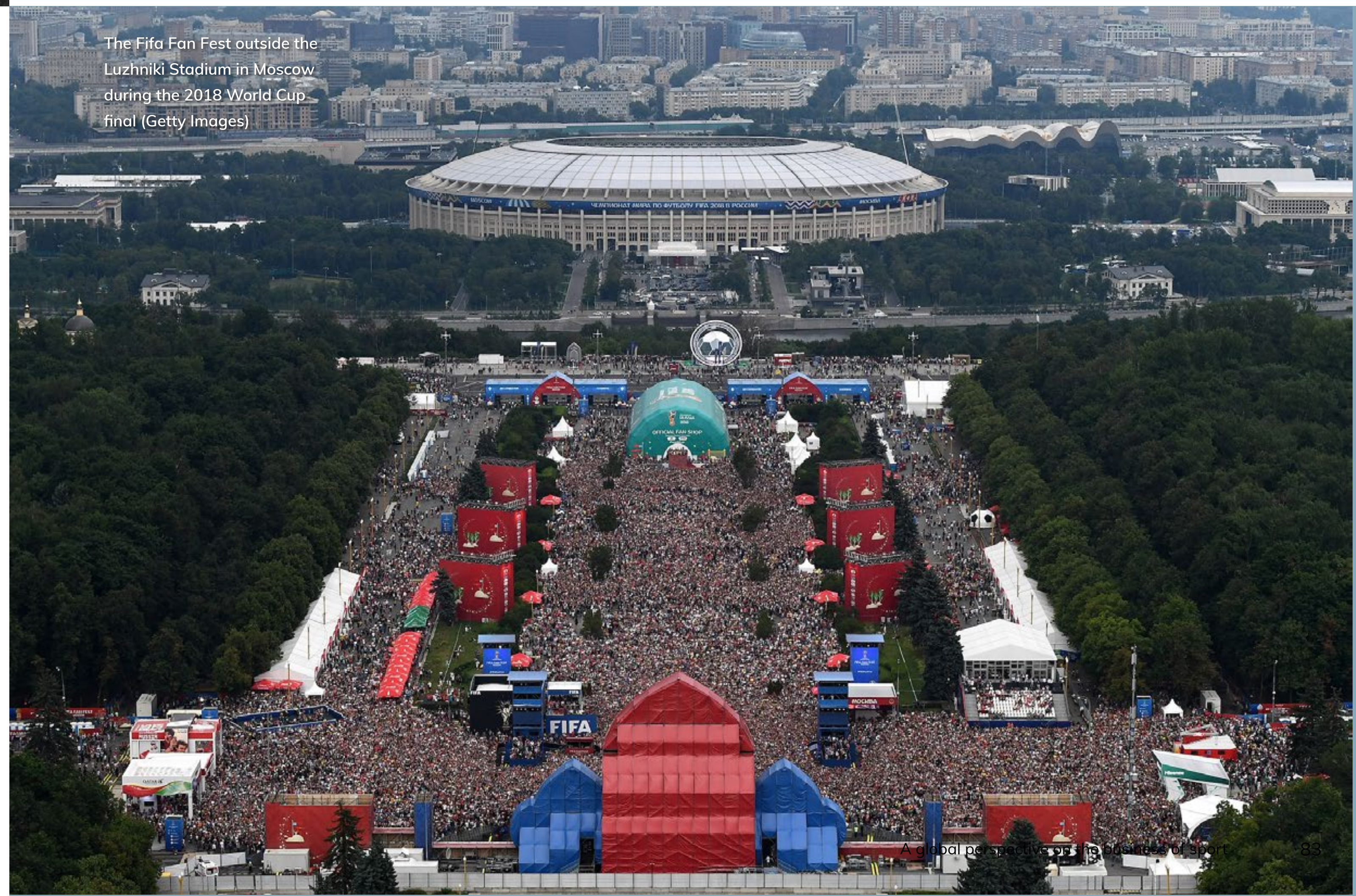
"Another important piece is that we want to include a strong music component at our esports events and have more of a festival feel around them," he adds. "It's really something that goes across all of our event portfolio. There won't be a Fifa event that isn't in some way affected by this strategy."

Esports' integration with the surrounding cultural interests of its audience was also one of the key influences on the development of the strategy, Pathy says, pointing to things such as Travis Scott's concert performed within the Fortnite video game, and League of Legends' partnership with Louis Vuitton.

> *"Fifa is a global entity and has a global role to play."*
>
> **Jean-Francois Pathy** | marketing director, Fifa

"We looked at those kinds of interesting crossovers for inspiration, we're always keeping an eye on all crossover marketing initiatives around the world, including esports. The NBA is obviously also a leader there, they've done a tremendous job in becoming a cultural phenomenon in the US all the way back to the Olympic Games in Barcelona with the Dream Team and really connecting the sport with entertainment culture.

"But we're not doing a copy-paste here. We're humble in our approach, but we're also very ambitious in our approach. Football is the most popular sport in the world, and we play on a true global scale. So I think we have all it takes to position football as the most culturally relevant sport in the world, and that's really the goal."



The Fifa Fan Fest outside the Luzhniki Stadium in Moscow during the 2018 World Cup final (Getty Images)

CVC will instil more collective mindset in Six Nations, says deal advisor

- PE firm to pay up to £365m to Six Nations unions over 5 years, for 14.3-per-cent stake
- Unions already thinking more collectively about sponsorship rights
- Silver Lake's NZR deal threatens CVC's attempts to corner global rugby market


(Shaun Botterill/Getty Images)

By Ben Cronin

Private equity involvement in the Six Nations and other rugby properties will help to instil a more collective mindset in the sport and bring it to the same level of commercial sophistication as the US major leagues, according to the investment consultancy that advised CVC on its acquisition of a stake in the European competition.

Rugby union has been the focus of intense interest from the PE house recently, with CVC finally closing a deal to acquire a 14.3-percent stake in the Six Nations worth up to £365m (€425.7m/$509.3m) in early March. The investment firm already holds a 27-per-cent stake in England's club top tier, Premiership Rugby, worth £200m, and acquired a 28-per-cent stake in the Pro14 cross-border club rugby league in May last year.

The PE firm's CVC Fund VII has bought a 14.3-per-cent share of the Six Nations and will work alongside the rugby unions of England, France, Ireland, Italy, Scotland and Wales, which together retain a 85.7-per-cent share. A £305m investment will be paid to the unions over five years while a further £60m is dependent on achieving performance objectives for the financial years 2025-26, 2026-27 and 2027-28. At the same time, the unions will receive a 6/7 share of profits generated by the exploitation of the competition's commercial rights. The six unions will retain sole responsibility for all sporting matters as well as majority control of commercial decisions.

Doug Harmer, partner at Oakwell Sports Advisory, which has acted as CVC Capital Partners' global advisor on all its rugby investments, described the PE firm's investment in the Six Nations as a "minority active stake" that would bring commercial expertise as well as capital to the rugby property. He suggested the PE firm would need to hold onto the share for "two to three media cycles" to generate a return, both for itself and the member unions.

"We've seen these ever-increasing media cycles in terms of value, and it's been very easy for sports rights owners and governing bodies just to go back to their agents and say: 'go get me another 25 per cent on my media value and sponsorship value'. And what's happened is that a lot of the underlying business models have been neglected," he told *SportBusiness*.

"On top of that, the landscape for sports media is changing, the way people consume media is changing. Your pay TV, linear TV, free-to-air model is changing, cord cutting, all of that sort of stuff, is impacting what consumers do and [the ways] they will continue to consume sport in the future. Bringing in capital not only brings capital but also brings expertise – that capital can invest in the underlying business model of the future."

The Six Nations were reported to have been in discussions with CVC before the Covid-19 pandemic struck, but the health crisis is not thought to have changed the value of PE firm's investment.

(Speed Media/Icon Sportswire via Getty Images)

Ripe

The perception in investment circles is that rugby is ripe for PE involvement, having failed to fully evolve since turning professional in the 1990s. There is also interest in southern hemisphere rugby properties, with the Luxembourg-based firm reported to be interested in buying a stake in the South African Rugby Union, while American PE firm Silver Lake has been linked with a NZ$465m ($335m/€279m) purchase of a 15 per-cent stake in the New Zealand All Blacks. Rugby Australia has also now approved a pathway for private equity proposals.

CVC's investment thesis appears to be based around the way the US major leagues used support from institutional investors at the turn of the century to become sophisticated commercial operations.

Andrew Umbers, partner and rugby specialist at Oakwell, said: "Rugby is a classic over-50, white, male, middle class sport and it needs to create a different generation of support. It has an attractive proposition as a game, but it isn't explained well. There's no real engagement, there's no investment in engagement and content, and these are absolutely fundamental aspects of sport."

The PE firm believes the Six Nations unions would realise significant economies of scale if they centralised elements like procurement, merchandising and the sale of sponsorship rights.

"There is no investment in collective bargaining on ticketing, on hospitality, on procurement, on shirt sales, on all of these things that would be seen as best practice in the States. When you look at MLB, NBA, and the NFL, and equally their approach to D2C [direct-to-consumer platforms], and you look at what basketball has done, they've created engines of value and that's been done through investment.

"If you were to pool resources, you'd get much better outcomes. If you look at the NBA's TMBO [Team Marketing & Business Operations] and what they've done in terms of centralised commercial strategies, they now have a 100-strong team advising the franchises and how they should commercially-orientate their businesses because as a league you're only as strong as your weakest franchise."

Collective

In an interview with *SportBusiness* in 2019, Six Nations Rugby Ltd chief executive Ben Morel expressed his frustrations with the protectionist approach of the individual nations in the competition, which often sought sponsorship deals that directly competed with central sponsorship assets. The criticism had more impact coming from Morel, who as the NBA's former managing director, EMEA, was well-versed in the benefits of a coherent centralised sponsorship programme.

Even before the CVC deal was officially signed off, industry insiders say its influence has already brought about a notable change in the way the unions think about their sponsorship rights, with the six individual nations acknowledging the need to think collectively. "I cannot emphasise enough the change in language and the change in approach," said one source.

"Everyone has been talking about how they have to act differently, they have to behave differently, because that's what CVC is looking for."

The same source suggested a significant hurdle was surmounted when the French Rugby Federation gave its consent to the CVC deal in January. The source said the FFR had long acted as 'part of the Six Nations camp while never quite wholly operating by their rules', and their agreement with the deal meant this was likely to change. Case in point is the union's long-running sponsorship deal with the Societe Generale banking group, which was at odds with the Six Nation's previous title sponsorship deals with Royal Bank of Scotland and Lloyds TSB.

Clearly CVC has guaranteed the FFR a significant enough share of the initial £305m investment to justify relinquishing this sort of unilateral approach. Figures reported by the Guardian, which *SportBusiness* has been unable to verify, indicated CVC will pay the RFU – the largest union with the biggest audience – £95m over the five-year period, with the Welsh Rugby Union receiving £51m, the Irish Rugby Football Union £48m and the Scottish Rugby Union £44.5m. That would leave roughly £66.5m to be shared between the FFR and the Italian Rugby Federation (FIR), with the FFR likely to receive much the larger allocation of the two.

Media rights

But the widespread belief is that the most significant immediate impact of CVC's investment will be to push the Six Nations behind a television paywall in some of its most lucrative markets.

In its last UK deal media deal, the Six Nations opted for wide coverage from free-to-air broadcasters, rejecting a larger offer from pay-television broadcaster Sky.

Public service broadcaster the BBC and commercial broadcaster ITV shared the rights in a deal reported by *SportBusiness Media* to be worth an average of £50m a year from 2018 to 2021, although sources close to the Six Nations claimed the value was higher.

The committee chose the BBC/ITV bid ahead of Sky's £60m per year offer. Local experts said at the time the £10m per year premium was not enough to justify moving the Six Nations to pay-television, and that any pay-television broadcaster would have had to offer at least £70m per year to win the rights.

However, with union finances heavily impacted by the Covid-19 pandemic, and CVC focused on maximising the commercial potential of its asset, there is a perception that the competition will be more willing to accept a pay-TV deal in the next UK cycle.

"Let's be honest, even if an extra £6m was offered, meaning a million each per union, per year, I think they would have to accept it because they are dire straits," said one well-placed source, arguing that continuing to show

(Ramsey Cardy/Sportsfile via Getty Images)

the sport on BBC and ITV would go against CVC's ambition to attract a younger and 'more diverse' fanbase anyway.

"If you're targeting a younger audience, the critical element of any media partnership is what access clip rights you've got, highlights programming and content that you can use on your own digital channels – that's the key. And what are your broadcasters doing to actually promote the sport to a younger audience? It's not where it's being shown live because the young audiences today are not tuning in like audiences of old."

Six Nations Rugby paused the sales process for the UK broadcast rights to the Six Nations and Autumn Internationals in April last year as a consequence of the pandemic, but this is now understood to have resumed.

In an interview with the Guardian shortly after the deal was announced, Six Nations Rugby chief executive Morel said a decision would made in 'a few weeks' and suggested the parlous state of the union's finances was likely to be a factor. "It's not just about the men's Six Nations but the women's Six Nations, the under-20s and the autumn internationals," he told the newspaper. "It's about striking the right balance between exposure, active promotion of the tournament and financing, especially at a time when it's a difficult situation for everybody."

> *"CVC's strategy appears to have been to acquire enough club and national team assets that it can have a greater say in the rugby calendar."*

Some suggest a compromise would be to put the lion's share of the competition on Sky while sharing a small amount of coverage with free-to-air broadcaster Channel 4. The two broadcasters have previously shared coverage of Formula 1 in the UK and the final of the ICC Cricket World Cup.

Sky and telco BT are both thought to have submitted bids for the Six Nations in early 2020

Ben Morel, CEO of Six Nations Rugby (©INPHO/Bryan Keane)

and the rights-holder hopes that tech giant Amazon could provide further competition after it acquired rights to last year's Autumn Nations Cup competition. The tournament – featuring the Six Nations countries as well as Fiji and Georgia – was conceived to take the place of the Covid-disrupted Autumn Internationals in which the home unions normally play touring sides from the southern hemisphere.

Autumn internationals

In another sign that the six unions were beginning to think more collectively, even before the CVC deal, they agreed to pool the rights to the Autumn Internationals and other international matches together in the latest UK sales process having previously sold these separately.

The matches were another area in which chief executive Morel has previously identified room for improvement, calling for more of 'a narrative' between the autumn games and the spring Six Nations tournament.

CVC's strategy appears to have been to acquire enough club and national team assets that it can have a greater say in the rugby calendar, which has always been badly fragmented because of competing interests. Reports the PE firm is also interested in acquiring a stake in South African Rugby suggest its ambitions stretch beyond cornering the European game.

Adam Sommerfeld, head of sports investments at international capital raising firm Certus Capital Partners, told *SportBusiness*: "I think CVC knew this first off. The only way it works is if you have perhaps five, maybe ten, well-known brands in the game, be it France, Australia, New Zealand, be it Premiership Rugby, be it teams, be it rights. With those brands, then you've got yourself an industry."

Governing body World Rugby has struggled in its own attempts to create a more coherent global calendar, recently announcing that a long-called-for revamp of its international schedule, to increase 'interest and value', would not come into force before 2024. An almost £5bn proposal with the Infront agency to create a 'Nations Championship', pitting northern and southern hemisphere teams against one another in a more meaningful series of annual fixtures, also foundered on a failure to find consensus between individual unions.

"You've got Sanzaar [South Africa, New Zealand, Australia and Argentina Rugby] versus the Six Nations, you've got the northern hemisphere against the southern hemisphere and World Rugby rather sit in the middle as a governing body and have tried to create a unilateral calendar," said Umbers. "But what they've not been able to do successfully so far is put a calendar together that gives economic benefits everyone can see.

"The Infront deal failed because they had done no economic analysis of the underlying P&L [profit and loss] that a union would have made from each individual game following changes in that calendar. They had calculated a media value – it doesn't matter whether it was tested or not – but they calculated a media value and were effectively guaranteeing that income stream based on that valuation. That's fine, but it's not 100 per cent of the revenue of a union. There are attendances, there's hospitality, sponsorship, there's data, there's all sorts of other moving parts."

England's fly-half Owen Farrell (L) shakes hands with Italy's lock David Sisi (R) at the end of the Six Nations rugby union tournament match between Italy and England (*Filippo Monteforte/AFP via Getty Images*)

> *“The New Zealand men’s team, the All Blacks, is arguably the strongest brand in the game.”*

Silver Lake

If CVC is trying to corner the global rugby market with a view to creating a global championship along similar lines to the Infront proposal, things could be complicated by Silver Lake’s ambitions regarding New Zealand Rugby. The New Zealand men’s team, the All Blacks, is arguably the strongest brand in the game.

One source, who did not wish to be named, suggested such a deal could undermine CVC’s attempts to ‘bash heads together’, and its efforts to gather a complete dataset of rugby fans.

“I think the threat is that you’ve got a competing private equity player that sees value in a different way,” the source said. “Everyone wants to find out more about the All Blacks, so you could have this parallel strategy where you’ve got CVC trying to control the end user, and you’ve got Silver Lake that are trying to do the same.”

But there was also a belief in other quarters that pragmatism would eventually prevail in such a scenario.

“If CVC are going to have rights over some of the European games, you’ve got people thinking, let’s go to the southern hemisphere and give ourselves a place at the negotiating table via having a stake in the All Blacks or Rugby Australia,” said Sommerfeld. “When the calendar and the media rights are being negotiated, that kind of ticket with a southern hemisphere side gives Silver Lake something influential to negotiate with.”

However, Umbers suggested Silver Lake and CVC would make for “very good bedfellows” because they would have a mutual interest in creating a more meaningful series of fixtures between northern and southern hemisphere teams.

He added: “I only say that because if you think about our own Autumn nation series of rugby here in the Northern Hemisphere, what’s the value of a bunch of friendlies versus a competition?

“You’re going to make your money on the single acquisition strategy [for the Six Nations] and then the cream on the top, the icing on the cake, is going to be the aggregation,” he said. ◆

(Sandra Ruhaut/Icon Sport via Getty Images)

The view from

SINGAPORE

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Beijing 2022 Sponsorship activations disrupted but tech firms add dynamism

(VCG/VCG via Getty Images)

- Tokyo postponement has hampered Beijing 2022 activations
- But domestic sponsor roster includes some intriguing new tech entrants
- Alibaba says it is “pulling out all the stops” for the Winter Olympics

By Kevin McCullagh

The pandemic has taken the wind out of the sails of what should have been an extraordinary couple of years for Olympics-related sponsorship and sports marketing in Asia. A Tokyo Olympics that set records for its domestic sponsorship sales should have finished six months ago, leaving a buzzing, reinvigorated Japanese sports sponsorship sector in its wake. Activations for Beijing 2022 should have now been underway, building excitement for an event that promises to lay the foundations for a vast new winter sports market.

Tokyo is set to go ahead amid a still-gloomy pandemic picture and a wary Japanese public. Sponsorship activation has been muted, with brands reading the room and declining to make much noise about their associations.

But the Beijing Games might yet take place in a world that has emerged from the worst of the pandemic, and is more conducive to the positive and uplifting marketing messages typical of Olympics sponsorship. This time next year, the Beijing Games will have just finished. To find out what we can expect to witness in terms of the sponsorship activity around the Games, *SportBusiness* spoke to sports marketing experts in China. Several of the experts chose to speak off the record due to their involvement with Beijing 2022-related projects.

Slow start

Beijing 2022 sponsorship activation has been hindered by the pandemic, Chinese sports industry insiders say. Activation and marketing work has been kicked back to the end of this year. The postponed Tokyo Olympics is eating up time and budget in 2021 that would otherwise have been allocated to China’s first Winter Olympics. And, as is the case for many marketing campaigns at present, Beijing sponsors have been cautious about making a splash within China while the pandemic continues to rage.

"Given the pandemic, given the regulations from the government, people are concerned and [brands] are hesitant to spend money – they are not that active," one local sports industry expert told *SportBusiness*.

Basic activation such as the use of Olympics logos and imagery on products and packaging is taking place, but little beyond that yet.

Given the trying context that Beijing 2022 will take place within, some marketers expect messaging by sponsors to focus on the assistance they are providing to make sure the Games go ahead. A second local sports industry expert said: "How they [the sponsors] helped, during this hard time, when there is an expectation from the world and from the IOC that the Chinese people will deliver the Games – that could be something sponsors can use as leverage in marketing campaigns."

The pandemic has made sharper a fundamental challenge for brands targeting the Chinese market via the Winter Olympics – winter sports are still niche pastimes in the country, despite massive, government-driven investment aimed at getting more than a fifth of the population participating. So generating powerful marketing messages around the Games is all the harder.

"Winter sports are relatively small and new to China," one of the industry experts quoted above said.

Domestic successes at Beijing 2022 will generate excitement, but China has few medal prospects – one recent study predicted the country will win eight medals, after winning nine at the 2018 Winter Olympics in PyeongChang.

However, China has at least one notable ace in its hand when it comes to marketable winter sports stars – freestyle skier and fashion model Eileen Gu. The 17-year-old rising star – who was born in and represented the US before switching citizenship to China in 2019 – already has endorsement deals with Red Bull, Oakley, ski maker Faction, Beats by Dre, and Chinese sportswear brand Anta. Gu has said she wants to inspire people in China to take up skiing and is destined to be one of the faces of Beijing 2022.

Domestic deals

Beijing 2022's domestic sponsorship sales programme has produced 38 deals and, if reports are to be believed, some large sponsorship fees. Industry insiders that *SportBusiness* spoke to had heard unconfirmed reports of fees around $20m (€16.8m) to $30m per year, over two or more years in some cases, for some of the larger deals.

The deals have been agreed in four tiers. Starting with the top tier and moving down, there are 11 Official Partners, 11 Official Sponsors, nine Official Exclusive Suppliers, and seven Official Suppliers.

The logos of the 2022 Beijing Winter Olympics are seen at the venue of Yanqing Ice Festival (*Lintao Zhang/Getty Images*)

Eileen Gu of China attends a press conference as she becomes a spokesperson for Chinese dairy Bbrand Mengniu on December 22, 2019 in Beijing, China. (*Fred Lee/Getty Images*)

A large proportion of the sponsors are state-backed companies who were sure-fire bets to back a project of such national importance. Many of the brands were also sponsors of the Beijing 2008 Summer Olympics, including: Air China, Bank of China, China National Petroleum Corporation, State Grid Corporation of China, People's Insurance Company of China, Sinopec, Yili, TsingTao Beer, Jinglongyu, Hengyuanxiang, EF Education First, and PwC.

A couple of the deals stand out as indicating potential future growth areas for sports sponsorship in China, local experts say.

Online education company and Beijing 2022 Official Sponsor Yuanfudao has boomed during the pandemic, helping Chinese students continue their studies while under lockdown. The Tencent-backed company became the most highly valued 'ed-tech' firm in the world last year when a $2.2bn funding round gave it a $15.5bn total valuation. It became the Official E-learning Services Sponsor of Beijing 2022 in a deal announced last July.

Yuanfudao is not the only Asian ed-tech unicorn using sports sponsorship as a marketing platform – Indian firm Byju's, the world's second-most valuable ed-tech company, has become a significant sponsor of cricket.

Another Beijing 2022 sponsor to signal a burgeoning industrial sector is China Three Gorges Corporation. The state-owned company grew out of the world's biggest hydroelectric dam project, the Three Gorges Dam, and specialises in hydropower and other sustainable energy and ecological projects.

CTGC is part of a new breed of Chinese companies aimed at shifting the focus of the country's economy from low-cost manufacturing towards higher-value, specialist manufacturing and services.

As one sports industry insider put it, the company represents something "new and fast-growing, close to sustainability and Agenda 2020 (an IOC project, part of which focuses on making the Olympics more sustainable) and close to Beijing 2022's sustainable development strategy...

"It's not a 'Made in China' brand...With global manufacturers moving from China to places like Vietnam, Indonesia, Mexico, in the future China may want to change its brands to high tech, green energy and areas like that."

This thinking fits with an industrial policy China introduced in 2015, called "Made in China 2025", aimed at developing the country's high-tech industrial capacity.

The Alibaba-designed torch for Beijing 2022. (*Alibaba*)

> *"We are committed to pulling out all the stops for Beijing 2022, when the Games returns to China after 14 years."*
>
> **Chris Tung** | chief marketing officer, Alibaba Group

Alibaba's big stage

Olympics TOP Partner Alibaba looks set to be the most prominent Chinese sponsor at Beijing 2022. Next year's Games is a major focus for its 11-year deal with the IOC, running from the PyeongChang Winter Olympics in 2018 to the Los Angeles Summer Olympics in 2028. Unlike many of the internally-focused domestic sponsorship partners for Beijing 2022, Alibaba looks at a global market – it is aiming to serve 2 billion consumers by 2036.

"We are committed to pulling out all the stops for Beijing 2022, when the Games returns to China after 14 years," Alibaba Group's chief marketing officer Chris Tung tells *SportBusiness*. The company is looking to make the best out of the challenge posed by the Tokyo postponement, and is planning a period of activation starting with the Summer Olympics and continuing through to the end of Beijing 2022.

Tung says: "The covid-19 pandemic has presented many challenges to both the organisers and sponsors, but it has also created a unique opportunity for us to be even more innovative when combining the two activations (Tokyo 2020 and Beijing 2022) into what we call a 'Super Olympic Campaign', given the two activations are only a few months apart. We have a lot of exciting plans not only for each of the Olympics, but also the few months in between the Games, so athletes, sports fans and broadcasters can ride on the momentum, getting the most value out of this unique situation."

Alibaba's partnership with the Olympics extends deep into supplier territory – the company is providing extensive and potentially game-changing IT infrastructure for the Beijing organisers, to showcase its prowess in its central product areas of cloud computing and ecommerce.

"Alibaba really want to be part of the games, and truly empower them with its technology. Rather than simply putting up billboards, or launching TV commercials, they want to have more of a legacy, that something that is really valued," one local industry insider said.

Some of Alibaba's main Olympics projects will be on show at Tokyo 2020, before being rolled out at Beijing 2022. One of these is OBS Cloud, which involves cloud computing services for broadcasters at the International Broadcast Centre. It is working with Olympic Broadcasting Services, the Olympics' in-house host broadcasting unit, and IT firm Intel to deliver the project. Among the advantages that cloud computing abilities bring in the realm of television production is less hardware being required onsite, with production teams getting the ability to carry out various tasks using computer terminals alone.

"We are aiming to bring digital transformation to the Games, starting from Tokyo 2020," Tung says.

Another major project at Beijing will be around ticketing – full details are yet to be revealed but the company is expected to replace traditional physical tickets with a fully digital version. The company has launched special stores on its market-leading Tmall ecommerce platform in China for the Olympics, with dedicated designs and gaming features for Tokyo 2020. And Alibaba was even involved in the creation of the Olympic torch for Beijing 2022, which was designed by a team from the company.

Countdown

There were a series of low-key, one-year-to-go countdown activities in China for Beijing 2022 at the start of February, including the positioning of a clock by official timekeeper Omega in central Beijing and a special TV programme about the Games on state broadcaster CCTV. IOC president Thomas Bach gave a video message during the broadcast, saying that Beijing 2022 would "transform the global scene for winter sports".

For sponsors and other Beijing 2022 stakeholders, much now depends on how the pandemic alleviates between now and next February. There are other hurdles ahead for sponsors too. Not least is the question of how to navigate their partnerships amid growing friction between China and Western powers, and in particular calls from American politicians to boycott the Games in protest at Chinese government activity in Xinjiang, Hong Kong, and other flashpoints. The compressed activation period and uncertainty over the scale of Chinese public interest in the Games also pose difficulties. Some partners may yet shy away from significant activation in light of the challenges.

But, with some luck, Beijing 2022 will be taking place in a more optimistic world, in which the end of the pandemic is in sight, and in which commercial stakeholders have space to flourish. ◆

"One big, complicated event" Cricket Australia's CEO on its toughest season

Nick Hockley (Mark Evans/Getty Images)

- Interim CEO Nick Hockley steered Cricket Australia through its Covid-stricken 2020-21 season
- 'Agility', contingency planning and knowledge sharing help CA deliver a full season of cricket
- CA had good fortune in the timing of its season, and Australia's relative openness

By Kevin McCullagh

In terms of preparing for the impact of Covid-19, the Australian cricket season could hardly have been timed any better. It was limited consolation, given the blow inflicted by the pandemic, but it gave the organisation valuable runway that helped it deliver the 'full summer of cricket' in 2020-21 that it promised to stakeholders.

Nick Hockley, now CA's interim chief executive, was at the beginning of last year the chief executive of T20 Women's World Cup in Australia, which finished on March 8. He recalls the moment his organisation's 'Covid journey' started.

"We were very fortunate to be able to complete the Women's T20 World Cup in its entirety. Reflecting back, we were very close to not being able to complete that event. The following morning [after the final], I got a call at 7:30am from the chief executive of the Melbourne Cricket Club to say that they had a [Covid] case in Bay N42."

What should have been a celebratory period following the delivery of a major tournament became the beginning of CA's efforts to grapple with the pandemic.

In the tumultuous year that followed, Hockley rose to become interim chief executive of CA, after his predecessor Kevin Roberts stepped down following criticism of the organisation's early efforts to tackle the pandemic. Roberts was the third senior executive of an Australian national sports body to lose his job in a brutal 2020, after Todd Greenberg at the National Rugby League and Raelene Castle at Rugby Australia.

Hockley had to quickly unite the sport, many of whose leading figures and stakeholders had become divided over the reaction to the pandemic. He oversaw the introduction of tough measures to address the financial hit – the day after his appointment, CA announced a A$40m ($27.5m/€24.7m) cost-cutting programme, that included 40 job losses. Then it

Headlines in Australian newspapers reporting the victory by India in the 4th Test Match against Australia (Philip Brown/Popperfoto via Getty Images)

was onto the job of delivering the 2020-21 season and saving Australian cricket from further financial hardship.

Preparing

The Australian domestic season's finish just before the pandemic arrived allowed CA to learn from the experiences of other sports bodies.

"We had the benefit of being able to watch and learn from cricketing nations in the Northern Hemisphere," Hockley says. When Australia toured England and Wales in August and September last year, the ECB was "extremely generous in sharing all their learnings and their protocols". CA also drew on the experiences of local sports organisations, with its medical advisors getting input from those working for the Australian Football League and the National Rugby League, whose seasons ran through the middle of last year and were heavily disrupted.

The willingness of other sports organisations and CA's partners, from sponsors to governments, to share knowledge and support each other during the difficult time was critical, Hockley says: "Everyone's been empathetic to each other's situation, there's been a great deal of collaboration."

In one example, CA and airline Qantas adjusted their sponsorship agreement towards value-in-kind instead of cash. CA needed chartered flights to move its teams around safely, within bio-secure bubbles – Qantas's business had been hammered by the halt of travel but it had plenty of airplanes sitting idle.

"They've provided a lot of charters, which has been of enormous value," Hockley says. "It's been a year in [which] it's been a case of sitting down and actually working out what we each need to achieve, and working together to deliver the season.".

Learning

The importance of that knowledge-sharing and collaborative approach was one big lesson from 2020, Hockley says. Two other key lessons were the importance of having contingency plans "for a whole range of event eventualities", and the creation of 'agile' working arrangements.

CA's contingency planning for the highlight of next summer's season, the Ashes tour by England, covers "a whole range of scenarios, including whether we're going to have the current quarantine arrangements, or whether through vaccines and vaccine passports we're able to reduce that."

Agile working last summer meant setting up new, specialist teams, such as a quarantine management team, and using new staff in different parts of the country when CA's staff were cut off by regional lockdowns, including Melbourne's tough, 111-day lockdown in the middle of last year.

Hockley says: "The bulk of Cricket Australia staff are based in Melbourne, and they were unable to leave their homes. So we had to enlist the support of local resources in different geographies for the Big Bash League, the Women's BBL, for women's and men's internationals.

"What we're thinking about now is how we take those learnings, that agile model, and see if we can deploy that going forward to drive some efficiencies."

Hockley's experience working on major events – he previously held senior commercial roles at the London 2020 Olympics and the 2015 Cricket World Cup in Australia – was good preparation for the year's challenges, he says: "Essentially, we looked at the entire summer as a really big, complicated event."

In the end, CA was able to deliver the most valuable parts of its domestic season, including the men's and women's Big Bash League T20 competitions, and bilateral men's tours by India, New Zealand and the West Indies.

The one major casualty was the men's T20 World Cup, originally scheduled for October-November and now set to return to Australia in 2022.

Boosted by a partially captive audience, and a thrilling India Test series that went down the wire, CA enjoyed strong television ratings this season.

"We were up four per cent year-on-year across the whole of BBL and we were up 11 per cent on the last time India toured for a Test series," Hockley says. "There was obviously lots of sport being postponed, so there was this real craving and latent demand."

These accomplishments have not quite been enough for one of CA's major media-rights partners, domestic free-to-air television rights-holder Seven. The two parties are locked in a legal dispute in which Seven claims the value of its rights were diminished by changes made to the season as a result of the pandemic.

Accounting

The extraordinary measures required to pull off the 2020-21 season came at significant cost – an incremental A$30m on top of usual costs, Hockley says.

"Normally, if you wanted to book hotel accommodation, or transport, you go through the travel agent and away you go – it would be one person's job here. [This summer] we were setting up for end-to-end biosecurity plans, from arrival at the airport, by charter flight, all the way through to hotel, to training, to match. That was for the playing group, the staff, the match officials, all of our broadcasters, and the media. So the scale of the operation was significantly significantly bigger."

Charter flights and booking entire hotels to create bio-secure bubbles accounted for the bulk of the extra cost, Hockley says. At one point during the season, CA had exclusively booked three hotels in Sydney Olympic Park – one for a group of arrivals from India comprising the Indian men's squad and Australian the players returning from the Indian Premier League, and two for the eight WBBL teams. The entire WBBL was played in a bio-secure bubble in the Olympic Park. Further fully exclusive hotels were required in each city that hosted matches on the India tour.

At the same time, CA's earning potential was squeezed by restrictions on how many tickets could be sold. The board was able to play all but one of its matches this summer in front of crowds, although most were limited to either 25 per cent or 50 per cent of venue capacity. Hockley acknowledges that, in a global context, the board was "very fortunate" to be able to admit such numbers, but points out that Australia's relative openness comes at a price:

"In Australia, we're very fortunate that, with the Covid incidence, we're looking at a really strong return to crowds. But on the flip side, border control is very, very tight in order to keep those Covid cases low. And therefore we're looking at significant exceptional costs for charters and for exclusive use of hotels."

Not if, but how

Looking ahead, Hockley is "very optimistic" about CA's ability to deliver another full summer of cricket next season, although has concerns about the international calendar: "Cricket economies depend on a really strong and vibrant international cricket calendar. A range of international tours have been postponed, and there's quite a backlog now and congestion in terms of being able to play those...When you compound that with mandatory quarantine periods, international touring becomes much more challenging."

On the home front, he says it is increasingly a question "not if we do things, but how we do things".

One project from the previous season that gave him particular pride was the sale of 'virtual seats' for the annual charity Pink Test. The match raises money for breast cancer nurses charity the McGrath Foundation. A Covid outbreak in Sydney reduced the seating capacity for the event to 25 per cent.

"We thought, 'There goes our fundraising,'" Hockley says. In an effort to revive the charity drive, CA and the McGrath Foundation began selling virtual seats – fans would pay for a ticket and show off a picture of their seat on social media, even though they would not attend. More than 150,000 seats were sold online, raising over A$3m.

This contained an important lesson for Hockley, that encapsulates the challenge currently facing CA and other rights-holders around the world: to make the best of the meagre opportunities that are facing them.

"Innovation was born out of the restriction," Hockley says. "Because things are much harder than normal...you think about how you do them in a different way."

It is a suitable mantra for sport in the time of Covid. ◆

The Australian players gather for a group photograph in their pink caps as part of the McGrath Foundation media opportunity (David Gray/AFP via Getty Images)

The Athletic seeks new markets for football and US sports coverage

- Subscription sports journalism service to launch in two or three new markets this year
- Company has beefed up business development team with ex-News Corp and DAZN executives
- Expansion of video planned but live rights out of the question

By Kevin McCullagh

Subscription sports journalism service *The Athletic* has beefed up its international business development team in recent months amid plans to export its brand of paid-for sports coverage to new markets. Former News Corp man Simon Greenberg was appointed last September to lead the international expansion. In another notable appointment, ex-DAZN senior vice-president Alex Peebles was hired last month to lead efforts in Apac.

The Athletic was launched in January 2016 by American founders Alex Mather and Adam Hansmann, former colleagues at fitness app Strava, and is currently available in the US, Canada and the UK. The company has raised around $150m (€124.77 m) from investors, and the last fundraising round valued the business at $500m. Last September, it claimed to have hit one million subscribers.

CNBC reported last year that the company makes more than $60m from its main subscription revenue

> *A strategic partnership could lead to the ability to have rights-based highlights on The Athletic.*
>
> Simon Greenberg

stream, but has not yet broken even. One of the next steps towards break-even is to seek new customers, in new markets, for its in-depth coverage of globally-popular sports properties, particularly the English Premier League and the US major leagues.

"Global expansion in selected territories that we think *The Athletic* has opportunities in is an absolute key strategic priority for the business in the next three to five years," Greenberg told *SportBusiness* last week.

The Athletic is attempting a new, entirely digital model for sports journalism – subscription-based, advertising-free, and sold on the strength of its reporting. It has recruited more than 450 experienced editorial staff in its launch markets, North America and the UK, at significant cost.

Peebles said: "From a unit economics point of view, those costs are sunk. Being able to monetise those with the fans outside the core markets, package the product differently, market it differently, distribute it differently...is an obvious first port of call."

Simon Greenberg

New markets

Two to three new market launches are planned for mid-to-late this year. The first will be a pan-regional launch "not in Asia-Pac", according to Greenberg, who would not be drawn on exactly which markets are coming next.

Peebles will focus on the Asia-Pac region, where the obvious markets for the service would be English-speaking Australia and New Zealand, and Southeast Asia. The latter region has large numbers of English speakers, and English and European football is highly popular. There are also hotspots of interest in major US sports, such as basketball in the Philippines and baseball in Taiwan.

"We think that Asia-Pac is one of those regions of the world where there are significant opportunities for *The Athletic* with its current content set," Greenberg said.

The lower barrier to entry in English-speaking markets means that Asia's three biggest markets – China, Korea and Japan – are not likely to be early targets.

As well as the English language and popularity of *The Athletic*'s main sports, the company has been assessing target markets by looking at metrics including smartphone penetration, how well-developed their video subscription streaming market is, and the expected propensity of consumers to subscribe.

Greenberg and Peebles said all options are on the table in terms of market entry strategies, including building up local editorial teams and 'disrupting' sports news journalism as they did the US and the UK. Other options include translating existing content into local languages, and agreeing content distribution deals with partners such as telcos, broadcasters and brands.

"We're still working out country-to-country how we'll execute on that," Peebles said.

Both Greenberg and Peebles have been deeply involved in multi-territory sports content products in Asia-Pacific – Greenberg with News Corp's BallBall and Peebles with Perform and DAZN's stable of services – and are acutely aware of the need for a market-by-market approach there, and in other regions.

"The biggest mistake would be to just think we can launch a subscription business in all these markets as we have done in the US and the UK. Alex and I are experienced enough to know that that's not the right approach, that you have to take a country-by-country approach in Asia and in other regions, and you have to adapt and be flexible."

The Athletic plans to add more members to its international business development team, but it will stay relatively small overall, Greenberg said: "We're not going to have massive operations in multiple countries...it also depends on the partnerships that we sign up to and how those need managing...It's a small team, but with a lot of firepower."

Video ambitions

The Athletic will not be getting into streaming live video, but it is keen on expanding into other types of video and a smaller experiment with sports highlights is not out of the question.

"A strategic partnership could lead to the ability to have rights-based highlights on *The Athletic*," Greenberg said.

One video avenue the company is definitely moving into is recordings of its 30-strong portfolio of podcasts.

"Increasingly, you will see more video on *The Athletic*, and all of that will be video versions of our podcasts," Greenberg said. "We've had numerous approaches from broadcasters, pay-TV operators, about vodcasting our podcasts. It's clearly very easy content, and I think that's a really interesting area, and we're increasingly capturing that on video."

This opportunity has been enhanced by the pandemic, he said, which "has changed completely the quality of production that people are willing to accept...Now it's just completely commonplace to have three or four people talking on the screen via Zoom."

The Athletic has another hand in video via its UK-based football video and podcasting brand *Tifo Football*, which it acquired last year.

Distribution of podcasts and video to third parties is an opportunity for the publication, primarily in terms of generating awareness for its subscription product, Greenberg said, although the company is also assessing the revenue opportunity: "You will see we do more off-platform as a way of driving awareness and engagement to our subscription business – so podcasting and vodcasting. And our *Tifo* animated video business, I think, is going to be huge for us...And, as production values are reassessed and people are not spending so much money on content, I think there's a great opportunity for us to be a content provider to lots of businesses."

Alex Peebles

Bet on quality

The Athletic remains a bet on an unproven model, with the central question being whether enough sports fans around the world be willing to pay enough to sustain such a high-quality and expensive sports editorial operation.

Greenberg, a former journalist, believes wider trends are favouring high-quality B2C subscription journalism: "There is a whole variety of factors that have gone into that, including the erosion of trust in institutions and so forth. You could talk about what's happened in American politics and a flight to trusted sources. I think the pandemic has played a role...I believe that the desire of people to pay for trusted, quality content is increasing all the time."

The "great success stories of journalism", the New York Times and the Wall Street Journal, are models for *The Athletic*, he said, adding that his firm was quicker than either of those to reach the one-million-subscriber mark. Some media industry observers have questioned the meaning of that number, given that *The Athletic* has used aggressive discounting to entice new users. But it arguably indicates a growing propensity to pay for journalism, at least in North America and the UK.

Now comes the rest of the world. Greenberg said: "We've invested hugely in our journalism. And now we're well placed to take that journalism global." ◆

Khaled Desouki/AFP via Getty Images

India, Iran, Qatar and Saudi Arabia set out their stalls for 2027 AFC Asian Cup

- India, Iran, Qatar and Saudi Arabia are bidding to host the 2027 Asian Cup
- Each country is a developing football nation, at different stages of their journey
- The bidders have detailed their goals and strategies in their bid books

By Tom King

The Asian Football Confederation has received bid books from four member associations who will vie to host the 2027 Asian Cup – the All India Football Federation, the Football Federation of the Islamic Republic of Iran, the Qatar Football Association and the Saudi Arabian Football Federation. *SportBusiness* has delved into the books to identify some of the key aspects of each bid.

The quadrennial, 24-team Asian Cup is Asia's national team championship. The United Arab Emirates hosted the last edition, in 2019, and China will host the next, in 2023.

Bidding for the hosting rights for the 2027 edition began last year, and bid books were submitted in December. The AFC plans to conduct inspection visits to the four bidding nations in the first half of this year, and to prepare an evaluation report by May. The date for the final decision on the host has not yet been revealed.

Until last week, the Qatar and Saudi Arabia bids had an added edge, taking place against a background

Saudi Arabia fans show their support during the 2018 Fifa World Cup. (Robbie Jay Barratt – AMA/Getty Images)

of sharp political rivalry with Saudi having imposed a diplomatic, trade and travel embargo against Qatar since 2017. However, Saudi Arabia, along with allies the United Arab Emirates, Bahrain and Egypt, have agreed to end the three-and-a-half-year blockade, raising hopes for positive knock-on effects for sport in the region.

Qatar and Saudi Arabia also recently competed to host the 2030 Asian Games. This ended in a double award by the Olympic Council of Asia, with Doha to host the 2030 Games and Riyadh the 2034 edition. The potential for a similar scenario or even a joint bid from two well-resourced hosts could be an appealing prospect for the AFC and the Asian Cup.

Iran's bid is considered the weakest, requiring a large amount of infrastructure spending which is likely to be difficult for the country to achieve by 2027. Its sporting infrastructure lags far behind the others, hampered in recent years by the political environment, international sanctions on Iran's economy, and the government having more pressing demands for its attention and resources.

HOSTING VISIONS AND STRATEGIES

India

The AIFF's bid emphasises India's population of 1.3 billion, potential as a growth market for football, event hosting record, and government support. The bid motto is "Brighter Future Together". The country has never hosted the Asian Cup before.

The bid book says: "As the world's fastest emerging football market, an AFC Asian Cup in India would accelerate the development of the game, unlock new commercial opportunities and leave a tangible and enduring legacy. The surging popularity of the sport in India coupled with the country's previous experience hosting successful and well-supported major sports events, provides a unique opportunity to share the Asian Cup with more than a billion fans."

The AIFF says the tournament would boost its efforts to increase grassroots participation and improve the performance of the youth, men's and women's national teams. It has been aiming to host major football tournaments every two years, to help move towards these goals. It hosted the Fifa U17 World Cup in 2017, attracting 1.34 million spectators in total, and will host the Fifa U17 Women's World Cup and the AFC Women's Asian Cup in 2022.

"We launched the Mission XI Million program in parallel to the Fifa U17 World Cup in 2017 and connected 11 million children with the beautiful game," the bid book says. "For the Fifa U17 Women's World Cup in 2022, we are working with the governments of all host states to launch U13, U15 and U17 leagues for women in all districts, as well as focusing on increasing the number of licensed female coaches. Similar long-term legacy initiatives will also be implemented for the AFC Asian Cup 2027."

The AIFF says it would need no major infrastructure to host the 2027 Asian Cup, thanks to the preparations already made for men's and women's U17 World Cups.

Matches would be played in cities dotted around the country and those taking part in the tournament would travel by air between them. The AIFF says the proposed host cities are well-connected by air links and are home to modern airports. The host cities include some of India's biggest and most developed, such as New Delhi, Kolkata, Navi Mumbai, Kochi and Hyderabad. The AIFF said these have good public transport including metro rail services, that would make it relatively smooth for fans to travel around them. Several smaller cities are included in the bid, whose public transport relies on buses.

The AIFF says the bid "has full unwavering government and state support", including the support of Prime Minister Narendra Modi. It says: "The Government at present is driven by a mission to make India a global sporting nation and a destination for hosting major international sports events. To support India's development into a sporting powerhouse, the Government has launched Khelo (Play) India and Fit India. Both movements involve major investment from central government to improve grassroots sport participation, sporting infrastructure and talent identification pathways across the country.

"Football, in particular, has been earmarked as a sport for special focus, given its global popularity and growing following among the youth of the country."

Saudi Arabia

The Saudi bid claims it can elevate football not just in the host country, but across Asia: "It will be the next step forward for Asian football, presenting Asia to the world and further positioning the AFC as a global leader in the sport."

The bid book emphasises that the bid is aligned with Saudi Arabia's Vision 2030 national transformation plan. The country has never hosted the Asian Cup.

Saudi Arabia says its tournament would be a showcase for innovation and technology – so much so that it would host a full-scale, 24-team test tournament the year before the Asian Cup. This test tournament may be an expanded version of the AFC Solidarity Cup, a tournament for the confederation's smaller nations.

The bid book says: "This will ensure that all AFC Member Associations benefit from an AFC Asian Cup 2027 in Saudi Arabia, not just those that compete at the tournament, truly providing a new experience for these teams, while ensuring that our preparations for the Asian Cup in 2027 are both truly innovative and tested.

The SAFF says it wants the tournament to be a forum for the exchange of ideas among AFC members associations, about football development in Asia and the creation of new tournaments. The country plans to arrange annual workshops for technical and tournament directors from AFC nations to discuss these matters.

Further, Saudi Arabia has plans for a regional "football centre of excellence", that could be opened as soon as this year. This centre: "will focus on doing research and providing a wide-ranging sports business and operations curriculum. Once the center has been established and has started its operations, we could imagine engaging in talks with AFC about potential recognition as an official AFC Centre of Excellence for Sports Management."
One of the programmes on offer in the centre will be

Praful Patel (L) president of the AIFF and Kiren Rijiju, minister of state of the Ministry of Youth Affairs and Sports launch their bid for the 2027 AFC Asian Cup. (Mone7 Sharma/AFP via Getty Images)

Key figures in the bids

India
Praful Patel, president of the All India Football Federation and Fifa Council member.

Iran
Heidar Baharvand and Mehdi Mohammad Nabi, president and general secretary Islamic Republic of Iran Football Federation respectively.

Qatar
Hamad bin Khalifa bin Ahmad Al Thani, president of the QFA; Mansoor Al-Ansari, general secretary of QFA.

Saudi Arabia
SAFF president Yasser Almisehal, SAFF vice president and AFC executive committee member Khalid

Althebity, SAFF board member Ahmed Eid Al Harbi, SAFF General Secretary Ibrahim Alkassim.

the arrangement of internships within leading Saudi companies for young marketing professionals from AFC member associations.

The bid book says hosting the tournament would also be a spur for Saudi Arabia to create new women's and youth football development programmes, within the country and also across the Gulf region and wider Asia.

Qatar

Qatar's bid emphasizes the country's strong event hosting history, and most notably its hosting of the Fifa World Cup in 2022, which will leave it with virtually no infrastructure to create for 2027. The bid book says Qatar "is the perfect example of a plug-and-play host for the AFC Asian Cup 2027", meaning the host can concentrate on "the most important reason for its bid from the outset – leaving a meaningful legacy for the AFC, its Member Associations and generations to come."

The bid book notes that hosting the Asian Cup aligns with the Qatar National Vision 2030, the country's plan "to transform Qatar into an advanced society capable of achieving sustainable development by 2030". It also aligns with the country's goal to be "a global leader in sport". Qatar has staged the competition twice, in 1988 and 2011, and its team is the current Asian Cup champion.

For Qatar, the tournament would be an opportunity to extend its 2022 World Cup legacy programmes, which the bid book says involve stimulating "social, economic, ecological and sporting development across Asia, benefitting more than one billion young people and aligning with QNV 2030 goals". The bid book also says Qatar "is ready in 2021 to share its knowledge, experience and facilities with all Member Associations in the years leading up to the AFC Asian Cup 2027, and help boost and further professionalise football in Asia."

Qatar says that the interests of all tournament stakeholders, including commercial partners, Member Associations and their teams, the media and the fans, would be considered by an Engagement & Vision Working Group, set up as part of the organizing committee.

Qatar emphases its advantageous geographic position and high quality travel infrastructure. "Fans from all participating Member Associations will...benefit from a seamless integrated experience. They will travel, sleep and watch football in total comfort." Once in Qatar, 90 per cent of all proposed venues will be within a 20km radius, and all stadiums would be less than an hour's drive from the AFC's Qatar offices.

Iran

The FFIRI bid book emphasises football's position as Iran's most popular sport, the country's young population, and the federation's good relations with government.

The bid book lists four hosting objectives:

1. Improving "football and urban infrastructure... including technical and technological facilities in the proposed host cities" by constructing or renovating stadia and training facilities

2. Promoting the image of Iran abroad and boosting tourism by hosting matches in cities with historical, cultural and geographical significance attractions in each proposed host city. Through hosting the Asian Cup. Along the same lines, a separate objective is listed to showcase Persian culture

3. Promoting football and social development initiatives across the country, involving football legends and other celebrities

4. Establishing partnerships with domestic and international sponsors, media, and other stakeholders affiliated with the AFC. ◆

Ahmad Bin Ali Stadium in Doha, Qatar. (Qatar 2022/Supreme Committee via Getty Images)

Event hosting history highlights

India
Asian Games – 1951, 1982
Commonwealth Games – 2010
Cricket World Cup – 1987, 1996, 2011, 2023.

Iran
Asian Cup – 1968, 1976
Asian Games – 1974

Qatar
Fifa Club World Cup – 2019
Asian Games – 2030
FIFA World Cup – 2022
MotoGP – annual since 2004
IAAF Diamond League – annual
WTA Tour – annual since 2008

Saudi Arabia
Formula E events
Formula One night race for the next 15 years, beginning 2021
Dakar Rally in 2020, 2021
Asian Games – 2034

All Blacks Experience puts fans in the shoes of their rugby heroes

- Attraction took eight years to conceive and build
- Joint venture between New Zealand Rugby and tourist board
- Visitors can ‘face’ the haka via a 4m-high screen

By Tom King

Few national sports teams could be considered iconic enough to have a major tourist attraction built around them. A newly-opened facility in Auckland hailing New Zealand rugby union’s All Blacks, however, does just that.

After seven years of planning and more than a year of building, the All Blacks Experience was officially launched earlier this month. The attraction celebrates the history and cultural influences of New Zealand rugby union, and has been supported by the national government which gave it NZ$2.28m ($1.62m/€1.33m) in funding.

Dame Julie Christie, chair of the board of the All Blacks Experience, the company created to operate the venture, tells *SportBusiness*, “The All Blacks are New Zealand’s most famous international brand and interest in how they came to dominate the world of rugby has always been high, so we decided to bring the story…to the wider public.”

Design and build

New Zealand Rugby, the country’s rugby union federation, is the majority shareholder in the All Blacks Experience, and Ngāi Tahu Tourism, the national tourist board, a minority shareholder. Ngāi Tahu Tourism is also the contracted management services provider for the facility and led the development process.

Development began in 2013, with market research in the form of interviews with international visitors to New Zealand. There were consultations with other stakeholders and partners, and an advisory group of former players was employed. This group included All Blacks players Ian Jones, Tana Umaga and Ian Kirkpatrick, Black Fern [women’s international] Sarah Hirini, the New Zealand Rugby Players Association, and two-time Rugby World Cup-winning captain Richie McCaw.

Ngāi Tahu Tourism took over the design and build of the project in 2017, and it was completed this year with the help of New Zealand-based experience design firm EQMade. The budget for the design and build was around NZ$14m.

Immersive experience

Visitors to the All Blacks Experience will engage in a series of activities that aim to replicate the experience of being a player, including sitting inside changing rooms and walking down the tunnel out onto the Test match pitch.

"We recently had some of the All Blacks go through the experience, and they were buzzing at how close people will get to experiencing what they did as players," Christie says.

Digital innovation, activation, event and content creation agency Satellite Media created RFID wristbands for each visitor to the attraction that allows them to play games and collect content, including a photo of themselves sitting in the All Blacks locker room with the players.

The centrepiece of the attraction is an opportunity to 'face' the haka, via a four-metre tall screen on which a larger-than-life video of the New Zealand team doing the famous pre-match ritual is projected.

The haka video was captured live on the pitch by Auckland creative agency Augusto, which has worked with the All Blacks, New Zealand Rugby, and their commercial partners for more than 10 years.

"The physical scale of the project was immense," says Augusto's head of production Simone Goulding. "We had to find the right balance between delivering an immersive and unique experience for visitors, while respecting the cultural environment in which the haka exists."

The Experience finishes with an interactive, hands-on skills area that gives visitors the chance to test their kicking, catching, agility, and lineout skills against the All Blacks and Black Ferns. There are also zones that test visitors' ability to make decisions under pressure and see whether they make the same ones the All Blacks did.

The attraction is not just an exhibition of the All Blacks' prowess on the field, but also of the technological capabilities of the companies that put it together, says Ed Burak, design director at EQMade. He says, "From the moment visitors enter the experience; our technology expertise is on show. From the haka to the interactive section, we have showcased not only the All Blacks, but the amazing capability of New Zealand technology to deliver."

A journey

The goals of the All Blacks Experience include educating visitors on the importance of rugby in New Zealand and giving fans a taste of what it is like to be an All Black, says Christie.

"For those who haven't played rugby, or might be new to the game, they'll be able to learn how rugby has become so closely tied to our national identity," she says. "During the guided tour, they'll follow the journey a player takes from childhood dreams to becoming an All Black or Black Fern...At the end of the experience, everyone will come away with a deeper understanding of what it means, and what it takes, to wear the black jersey."

Given the intense interest around the famous team, there could be considerable interest from visitors to New Zealand, once travel resumes after the pandemic hiatus. ◆