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Formula One closes North American rights cycle with Canadian fee rise



Formula One latest beneficiary of Nent's aggressive strategy in Nordics



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CRICKET

Star snatches Cricket South Africa rights in India from Sony

By Kevin McCullagh

- Star's move for one of rival's biggest cricket properties surprises market
- Value of each match v India has fallen from about \$8.5m to about \$4.5m
- Decline reflects changed conditions since previous deal agreed in 2011

Indian pay-television broadcaster Star is poised to strengthen its grip on cricket broadcasting in the subcontinent by beating incumbent Sony to the rights for Cricket South Africa content.

The deal, which runs from April 2020 to April 2024, is understood to be close to completion but has not yet been signed. The territory covered comprises India, the rest of Asia and the Middle East, which is identical to the geographical reach of Sony's deal. Most of the value of the deal is in India. Star only operates television channels in the Indian subcontinent but has a team capable of distributing the rights in other territories.

As with all international cricket board deals in India, almost all the value lies in India's tour matches, and the fee per India match is considered the key indicator of the overall deal value. One Indian cricket rights expert told *SportBusiness Media* that India matches generally account for 75 to 90 per cent of the value of such deals.

It is understood Star has agreed to pay a fee of about \$4.5m (€4m) per South Africa v India match. The previous deal with Sony is understood to have valued each match against India at about \$8.5m.

Only one India tour of South Africa, in December 2021 and January 2022, is currently programmed in the period covered by the new deal. It comprises six matches – three tests and three Twenty20s. But industry insiders expect more India matches in South Africa to be scheduled during the deal and that this would have been factored into the talks.

Although there are big differences in the durations of different types of cricket match, with test matches running to five days and T20 matches completed in about three hours, cricket rights experts say they attract similar audiences on average and so their value in India is broadly similar. Though Sony and Star – which controls the rights to India's home cricket matches – are

pay-television broadcasters, they generate a large proportion of their revenue from advertising, so audience figures remain highly important.

CSA's previous deal with Sony, which ran for eight seasons from 2012-13 and 2019-20, comprised 17 India matches. There were two India tours of South Africa during the deal: In December 2013, when the teams played two test matches and three one-day internationals, and a large tour in January-February 2018, when they played three tests, six one-day internationals and three T20s. That deal is understood to [have been worth \\$175m in total](#). At \$8.5m per match, India matches would have accounted for 83 per cent of the total value.

Rights to South Africa home cricket matches vs India in India, rest of Asia and the Middle East, 2012 to 2024 (\$ per match)

Buyer	Duration	Value
Star	2020-21 to 2023-24	4.5m
Ten Sports/Sony	2012-13 to 2019-20	8.5m

Source: SportBusiness Media Rights Tracker

Declining value

During the sales process, Sony is understood to have made a relatively weak \$3m-per-India-match offer.

The broadcaster's appetite may have been dampened [by its major recent deal for WWE wrestling](#) – its single most important sports rights property. After cricket, wrestling has the highest sports ratings on Indian television.

Insiders said the drop in the per-India match value was to be expected given trends in the market. In recent years, many sports properties have struggled to generate significant rights fee increases in India.

Values have generally been coming down from a peak several years ago when four pay-television broadcasters – Ten Sports, ESPN Star Sports, Sony and Nimbus Communications – were fighting for content. Now there are just two major players – Star and Sony.

The previous CSA deal was agreed in 2011 during that period of greater competition. Ten acquired the rights and was itself acquired by Sony in 2017. Nimbus, and its Neo sports channels, have essentially exited the market having failed to compete with its bigger rivals.

The Indian pay-television business has become tougher in the past year, after the government introduced regulations that allow customers to choose the channels in their bundles, rather than having the channel bundles constructed by pay-television platforms. This has put a greater squeeze on second-tier channels and content.

Star surprise

Star's acquisition of the CSA rights was a surprise as Star and Sony were thought to have reached a détente over the current share of cricket rights.

While Star has [spent heavily to take the most valuable properties](#) – Board of Control for Cricket in India rights, Indian Premier League rights and International Cricket Council rights – Sony had held its corner with the best of the overseas cricket boards. Aside from the CSA deal, it also has rights for [the England and Wales](#) and [Australia](#) boards. It also held rights for [the Sri Lanka board](#) until the recent expiry of that deal.

Experts had thought the marginal gains for Star in outbidding Sony for these 'away-from-home' rights were not worth the outlay. Star's acquisition of the CSA rights strengthens an already strong cricket hand somewhat but weakens Sony's involvement in India's most important sport significantly.

The deal also runs counter to another assumption that had taken hold in some parts of the market: that Star's new owner Disney would curb its sports spending. Disney's approach is considered more cost-conscious than previous owner News Corp. ○

MOTORSPORT

Formula One closes North American rights cycle with Canadian fee rise

By Alex Taylor & David Svenson

- Pay-TV TSN/RDS to pay \$7.5m-\$8m per year for rights in Canada from 2020 to 2024
- Rights fee up from previous 2015-19 cycle
- ESPN pays about \$4m per year for 2020-22 in US after paying no fee in previous cycle

Formula One Management, the commercial rights-holder of Formula One, has rounded out a successful North American rights cycle by increasing its fees in Canada, while also earning a healthy rights fee in the US.

SportBusiness Media understands TSN and RDS, the English- and French-language broadcasters owned by Canadian media corporation Bell Media, will pay in the region of \$7.5m (€6.9m) to \$8m per year combined from [2020 to 2024](#), for multi-platform English- and French-language rights across the country.

The fee is an increase on the [C\\$5m \(€3.2m, \\$3.5m\) per year](#) the pair paid for the same rights in the five-year cycle from 2015 to 2019. That deal was done in 2014, and the fee was equivalent to \$4.6m per year at the time. This would put the new deal at around a two-thirds premium to the previous cycle.

Formula One rights in Canada, 2015 to 2024 (\$ per year)

Broadcaster	Duration	Value
TSN/RDS ¹	2020 to 2024	7.5m
TSN/RDS	2015 to 2019	4.6m ²

Source: *SportBusiness Media Rights Tracker*

¹ These rights are non-exclusive with FOM's OTT platform F1 TV Pro due to launch when the 2020 season begins.

² Currency conversion made in 2014 on C\$5m per-year deal agreed that year.

The rights cover both the Formula 1 and Formula 2 properties from FOM's portfolio. It is thought neither TSN nor RDS were interested in acquiring Formula 3. Negotiations were handled privately.

Bell has said that the rights will be exploited on both broadcasters' linear pay-television

platforms as well as through the corporation's Multiplex platform, which gives access to both English- and French-language coverage.

The digital platforms will include four new feed options comprising on-board cameras, a pit lane channel, a driver tracker and a timing channel.

FOM's relationship with TSN and RDS is well-established with the pair having aired the F1 championship since 1992 and 1994, respectively.

F1 TV launch

For the first time, the broadcast rights will be non-exclusive, with the F1 TV OTT platform and its Pro premium subscription being made available in Canada this year.

The launch was due to coincide with the beginning of the F1 season on March 13, though due to the Covid-19 pandemic the first six races of the 2020 season have been postponed. The deal was agreed prior to the outbreak and it is currently unclear how this will affect this season's payment.

[FOM launched F1 TV in 2018](#). It is aimed at hardcore F1 fans and provides commercial-free live streams of each race, qualifying and practice session. It has two subscription tiers: F1 TV Pro and F1 TV Access.

F1 TV Pro is the premium subscription and features live races and more camera feeds than a traditional broadcast. All practice and qualifying sessions are also available, as well as press conferences and pre- and post-race interviews. Support series Formula 2, Formula 3 and the Porsche Supercup are also broadcast, and subscribers can personalise the content they view.

F1 TV Access is the second-tier subscription and provides live race-timing data and radio broadcasts, as well as extended highlights. It also includes archive video content.

FOM negotiates the freedom to operate the OTT service in each market.

Competition

The only serious alternative interest in the rights came from Quebec-based telco Quebecor, which wanted to acquire the French-language rights for its TVA Sports pay-television channel.

F1 is more popular in Quebec than in Canada's English-language territories; the Quebecois capital Montréal has been part of the F1 circuit since 1967.

Quebecor's interest was hamstrung by the lack of an English-language rights partner.

In the previous cycle, Quebecor submitted a joint bid with fellow Canadian telco Rogers Communications, presenting Bell with serious competition for F1 rights for the first time.

Market experts told *SportBusiness Media* that Rogers had no intention of entering a similar arrangement this time round as it no longer views the property as value for money. Without

Rogers as a prospective English-language partner, Quebecor could not match the attractiveness of Bell's offer.

US boost

FOM's new three-year deal with sports broadcaster ESPN in the US, which runs from 2020 to 2022, is worth about \$4m (€3.7m) per year. In the deal agreed last year, ESPN acquired exclusively English- and Spanish-language linear broadcast rights.

ESPN's free-to-air channel ABC will broadcast races from Canada, Mexico, Monaco and the US. All other coverage will be on the ESPN pay-television network – most on ESPN2. ESPN will continue to partner with UK pay-television broadcaster Sky Sports to use their presentation of F1 in the US.

Formula One rights in the US, 2017 to 2022 (\$ per season)

Buyer	Duration	Value
ESPN	2020 to 2022	4m
EPSN, Univision	2018 and 2019	n/a ¹
NBCUniversal	2017	3m

Source: *SportBusiness Media Rights Tracker*

¹ Neither ESPN nor Univision paid a rights fee.

There will be no coverage on the ESPN+ OTT streaming service because FOM retains US digital rights for F1 TV.

Neither ESPN nor pay-television broadcaster Univision, which held Spanish-language rights, paid FOM a rights fee for the 2018 and 2019 seasons. When the deals were agreed, FOM was happy to waive a fee for guarantees of broadcast coverage and the ability to launch F1 TV without restrictions.

Media group NBCUniversal, had held the rights in 2017, paying [about \\$3m](#) – the same per-year fee it paid in its four-year deal for F1 from 2013 to 2016.

The latest US deal was agreed in private discussions between FOM and ESPN. It is understood FOM approached ESPN in order to renew, but, this time, was seeking a rights fee.

In the 2019 season, F1 viewership across the ESPN network increased by 19 per cent from the previous year and was up 24 per cent from coverage on NBC networks in 2017.

FOM also approached Univision for the new rights cycle, but the broadcaster had not seen the same level of audience growth and walked away from negotiations, leaving ESPN free to acquire both English- and Spanish-language rights. FOM also approached Univision for the new rights cycle, but the broadcaster had not seen the same level of audience growth and walked away from negotiations, leaving ESPN free to acquire both English- and Spanish-language rights. ○

MOTORSPORT

Formula One latest beneficiary of Nent's aggressive strategy in Nordics

By David Svenson & Frank Dunne

- Nent to pay about \$65m per year for F1 rights across Nordics
- Value a 49-per-cent increase on current Nordic rights revenue
- Blow to Finnish incumbent MTV3, which could not match Nent's offer

Formula One is the latest rights-holder to benefit from Nordic Entertainment (Nent) Group's acquisitions strategy, as a new deal boosts the value of its rights across the Nordics almost 50 per cent.

The new three-year deal, from 2022 to 2024, agreed with Formula One Management, the commercial rights-holder of the F1 championship, is for rights in Denmark, Finland, Iceland, Norway and Sweden. It is worth about \$65m (€60.4m) per year.

Along with the top-tier Formula One, it covers the Formula 2, Formula 3 and Porsche Supercup support series.

Nent's 2022-24 deal will increase the value of the rights in the region by about 49 per cent over the approximate \$43.75m per season FOM currently receives from three deals across the five countries.

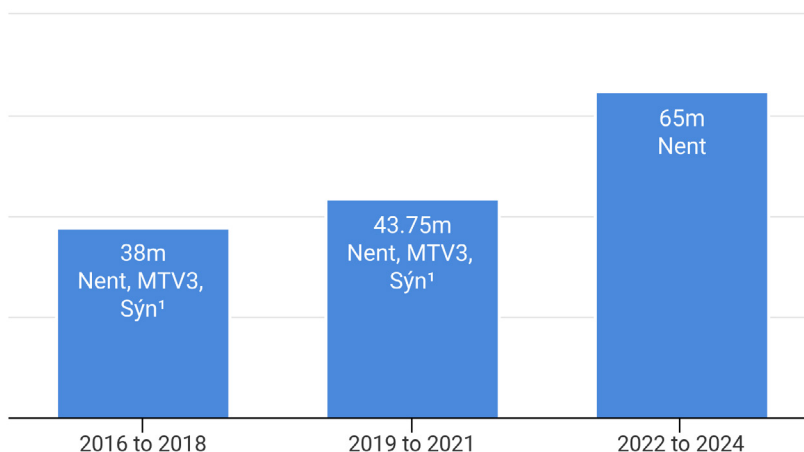
Nent already holds rights in Denmark, Norway and Sweden in a three-season deal from 2019 to 2021, [worth about \\$24m per year](#). In Finland, commercial and pay-television broadcaster MTV3, which is owned by Swedish media company Bonnier, holds rights in the same cycle in [a deal worth about \\$19m per year](#). Media company Sýn holds rights in Iceland, paying about \$750,000 per year.

Nent has said that it will broadcast each race on its Viaplay streaming service and Viasat pay-television channels. Highlights will be available on its free-to-air channels in the region. Nent does not currently have a free-to-air channel in Finland, and has no presence whatsoever in Iceland, but will launching in the latter this year.

The rights are non-exclusive as FOM's OTT streaming platform F1 TV will be available across all countries. From 2022, F1 TV Pro, the premium subscription of the platform which airs live races,

will be available in Finland for the first time. MTV3 had insisted that the F1 TV Pro subscription would not be rolled out in the country in the current contract.

Formula One rights in the Nordics, 2016 to 2024 (\$ per season)



Source: *SportBusiness Media Rights Tracker*

¹ Nent holds rights in Denmark, Norway, and Sweden; MTV3 holds rights in Finland; Sýn holds rights in Iceland

Tactics

There was no tender for the rights; the deal was done in private negotiations. It is thought Nent approached FOM with an offer giving it a short deadline in which to seek alternative deals.

The media group has used this tactic in several of its other deals over the last two years, giving its rivals little to no chance of making a bid. When Nent acquired rights to Fédération Internationale de Ski (Fis) World Cup events and the 2025 Alpine and Nordic World Ski Championships, the rights-holder only gave rivals [a week to respond with bids](#).

For Nent's recent [blockbuster six-season deal for English Premier League rights](#), *SportBusiness Media* understood at the time that Nent was the instigator of the Premier League's decision to go to market early, surprising its rivals just after the New Year.

FOM did approach MTV3, allowing it to bid for rights in Finland. Despite offering what was thought to be a significant increase, it was not enough to persuade FOM to carve out the country from a deal with Nent. There was no second chance to negotiate. It is thought that as part of MTV3's bid, it would have also allowed FOM to make F1 TV Pro available in the country.

Losing the rights is a significant blow to MTV3 as Formula One is extremely popular in Finland and is a successful pay-television product.

There was little competition for the rights in the other four markets.

It is yet another high-profile rights acquisition by Nent that has left rivals wondering how the media group plans on monetising its future sports-rights outlay. Its new deals with the English Premier League, FOM, Fis, Germany's Bundesliga, the International Ice Hockey Federation and the European Handball Federation all start in 2022 with a corresponding outlay of over €500m per year.

Nent is also likely to seek a renewal on its Uefa Champions League rights in Denmark, Norway and Sweden, [worth about a €85m per season](#). Rights from 2021-22 have been tendered by Uefa, with bids due on March 31. [o](#)

WRESTLING

Discovery favourite to pick up WWE in Italy after Sky Italia pulls out

By Frank Dunne

- Sky Italia drops WWE after 18 years due to falling audiences and lack of exclusivity
- Discovery expected to pick up rights after beating off limited competition from DAZN
- Rights fees across Italy, UK and Germany fall, but so do global WWE Network subscriber numbers

Pay-television operator Sky Italia has dropped the wrestling entertainment series WWE after broadcasting it for 18 years. The decision follows similar choices by Sky's divisions in the UK and Germany.

Sky's [most recent WWE deal in Italy](#) was for five seasons, from 2015-16 to 2019-20. The broadcaster paid about \$2.5m (€2.3m) per season for the rights to the organisation's flagship programmes, such as *WWE Raw*, *SmackDown*, *NXT*, *WWE Experience* and *WWE Main Event*, plus 12 PPV specials per season, which were shown on Sky's Prima Fila PPV service.

For the new cycle, the PPV events were not part of the package. Sky had a period of exclusive negotiation during which it made several offers, all considered too low by WWE. At least one of the offers is thought to have been below \$1m per season.

After rejecting Sky's bids, WWE spoke to several parties and received bids from at least two: DAZN and Discovery. DAZN's bid is understood to have been a fraction of what Sky currently pays. This has left Discovery as the strong favourite to pick up the rights. The two parties are understood to be in negotiations over exactly what content would be covered by a deal. Without PPV events, the value would be far lower than what Sky was paying. One local rights expert estimated that the linear rights package currently on offer was worth no more than \$800,000 per season to a traditional pay-television operator in Italy.

Some Italian media reports have claimed a deal would give Discovery exclusive carriage of WWE Network in Italy. But *SportBusiness Media* understands that this is incorrect.

Sky Italia agreed the last deal at the same time the promoter was [launching WWE Network in Italy](#). Subscriber numbers are understood to be small, but WWE is a niche property in Italy, with a small albeit passionate following. Many of those will already be Network subscribers.

In the UK, [Sky had been paying \\$30m per season](#) for the period 2015 to 2019. BT picked up the rights from 2020 to 2023 at a 75-per-cent discount.

In Germany, [Sky had a deal](#) from April 2017 to March 2020, thought to have been based on a small upfront rights fee for the linear programming and a revenue share on PPV events. WWE also sold free-to-air rights. It sold delayed rights to the *SmackDown* and *Raw* programmes to commercial broadcaster ProSiebenSat.1. The programmes were shown at 10pm local time on the ProSieben Maxx channel.

Coverage in Germany is currently limited to ProSiebenSat.1 and the WWE Network but the organisation is still thought to be looking for a pay-television deal.

Balancing act

The big drops in the value of the linear rights show how difficult it is for rights-holders to develop their own D2C OTT offerings while simultaneously maintaining the value of their traditional broadcast rights.

Growth of the WWE Network, the objective of carving out PPV events from linear deals, has stalled and is going backwards. Subscriber numbers globally currently stand at 1.42m. This is a drop from a peak of 2.1m in April 2018. The service retails at \$9.99 per month.

In its full-year 2019 results, published on February 6, the company said: “WWE Network’s average paid subscribers decreased 10% to approximately 1.42 million, primarily due to the impact of lower subscriber additions earlier in the year. For the first quarter 2020, the company projects average paid subscribers will increase on a sequential basis to approximately 1.47 million.”

It said management was “pursuing several strategic initiatives that could increase the monetization of its content in 2020 and/or subsequent years”. These include “the evaluation of strategic alternatives” for WWE Network. ○

FOOTBALL

Sky antitrust victory opens way for internet bids, but contracts could be overturned

By Frank Dunne

- TAR ruling in Sky's favour enables broadcaster to bid for exclusive internet rights to Serie A
- Broadcast deals could later be overturned if antitrust authority wins appeal
- Serie A's planned April auction likely to be delayed by coronavirus

Sky Italia's victory this month in its challenge to the restrictions placed on its rights acquisitions by the country's antitrust authority was comprehensive but not definitive.

The Tribunale Amministrativo Regionale (TAR) of Lazio, the regional administrative court, found in Sky's favour on virtually all points when overturning an [Autorità Garante della Concorrenza e del Mercato \(AGCM\) ruling from May 2019](#).

The ruling is good news both for Sky and for sports rights-holders, particularly the top football league, Serie A. Sky can now bid for rights which enable it to offer content exclusively on its streaming services, making it more likely it will bid aggressively. The broadcaster currently pays €780m (\$858m) per season for Serie A live rights.

Paolo Macchi, sports media lawyer at law firm Withersworldwide, told *SportBusiness Media*: "Sky will be allowed to participate in the Serie A bid not only as a pay-satellite/DTT broadcaster but also through Now TV, its subscription-based internet television and video-on-demand service. This will make a huge difference. Sky will be able to boost its offer of internet-based content through Now TV and compete with Amazon and Google."

The antitrust case is not closed. The authority could challenge the TAR verdict in the Consiglio di Stato, the Council of State, the country's highest administrative court. AGCM has 60 days from receipt of the ruling to appeal. With the current health crisis in Italy, this could drag the process out till later in the year, well after the league has completed its sales process.

The TAR ruled against the AGCM both on points of procedure and on points of EU antitrust law. The latter is more embarrassing for an antitrust authority, which has led many observers to conclude an appeal is inevitable.

Should the Council reject the TAR's findings and back the original AGCM ruling, any deals which give Sky exclusivity over internet transmission would probably be deemed illegal. "If deals get done which subsequently fall foul of the Council ruling, they would have to be reversed," Macchi said. "There are many precedents for this."

An auction for Serie A rights [had been planned for April](#). It is now likely to be delayed due to the coronavirus. However, the league's chief executive, Luigi De Siervo, is said to be keen to push on with the process as soon as possible, regardless of the current suspension of all football activity. The German Bundesliga had taken a [similar line](#) but has since decided to [postpone](#) its tender process.

A league assembly on Monday, March 16 was cancelled. A fresh date has not yet been agreed. The order of business contained three items regarding media rights.

These were:

1. The proposed short-form contract with Mediapro. It is understood that the league has prepared a short-form agreement which is due to be ratified by the clubs and sent to the Spanish production house. Mediapro has not seen the contract. Mediapro has offered €1.283bn per season as part of a joint-venture proposal to produce a channel with the league. The clubs have been split on the level of nature and guarantee the company should be required to put up.
2. Exclusive live pay-television packages for the period 2021-2024. De Siervo and the league's in-house rights team have produced a draft ITT, with a breakdown of packages for live rights. This has yet to be shared with clubs or discussed with broadcasters.
3. Expressions of interest in a league channel. It is understood that there are have been no other expressions of interest in creating a channel. ○

GYMNASTICS

EBU pays uplift to renew European Gymnastics global rights

By Reginald Ajuonuma

- FTA consortium's fee rises to €625,000 per year for 2021-24 cycle
- EBU pays €525,000 per year in current 2017-20 cycle
- Rights-holder UEG approached market but no competitor emerged

The European Broadcasting Union paid a slight fee increase to renew its global rights to European Union of Gymnastics (UEG) events for the 2021-24 cycle.

Under the deal, [which was agreed in February](#), the consortium of free-to-air broadcasters is understood to be paying about €2.5m (\$2.7m) over the four-year cycle, or €625,000 per year, for exclusive linear, digital and radio rights. This compares with about €2.1m, or €525,000 per year, in the [current 2017 to 2020 cycle](#).

The inventory again comprises all annual women's and men's European Championships in artistic gymnastics, as well as annual European Championships in rhythmic gymnastics.

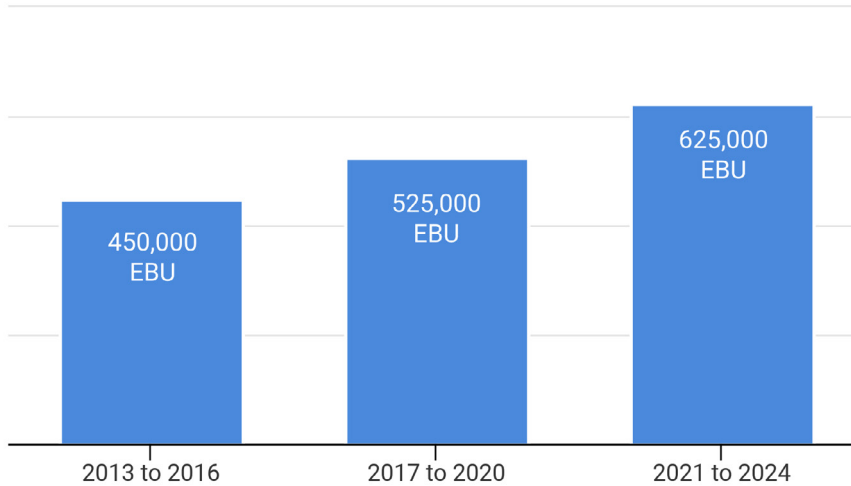
Local organising committees will continue to be responsible for securing host broadcasters for their events and for the associated production costs. EBU subsidiary Eurovision Services will be the UEG's service provider for the worldwide distribution of all the events.

The EBU and UEG, which recently approved a name change to European Gymnastics, will also enhance efforts to develop a joint digital strategy. This seeks to build on the high youth engagement with the sport as well as growing audiences on all platforms.

However, gymnastics is not immune to the effects of the Covid-19 pandemic that has ravaged the international sports calendar. The UEG has cancelled the women's and men's artistic European Championships, which were due to take place from April 30 to May 3 and May 27-31 respectively. It has also cancelled the rhythmic European Championships, which had been scheduled for May 21-24.

UEG said in a statement: "We aim to move them into the second half of the year and will work together with the local organising committees to find new dates. More information will be published at the end of April."

European Union of Gymnastics global rights, 2013 to 2024 (€ per year)



Source: *SportBusiness Media Rights Tracker*

Private talks

The agreement was reached in private negotiations between the two parties. However, it is understood UEG spoke with the wider market to gauge appetite after the EBU's exclusive negotiation period ended, but no serious competitor emerged.

One source told *SportBusiness Media*: "We know only a very limited number of markets are interested in that kind of event."

There is little demand for UEG rights outside Europe and they have only a small value in those territories.

But ultimately, it is understood the financial stability offered by the EBU was most important to the UEG. The EBU has been the UEG's main broadcast partner since the 1980s.

European Championship

The 2021-24 cycle includes the 2022 European Artistic Championships, which will also be part of the multi-sport European Championships. The [second edition of the event was awarded to Munich](#), Germany, in November and will be held from August 11-21, 2022.

The European Championships [was launched in 2018](#) as part of an attempt to de-clutter a congested sporting schedule, and to help summer sports benefit from each other's popularity.

The sports included in 2018 were aquatics, athletics, cycling, golf, gymnastics, rowing and triathlon. The EBU held the rights to that event through individual deals with each of the seven participating federations. Rights to the 2022 edition are also likely to be held by EBU through similar individual deals.

But some in the industry have raised the possibility that for the 2026 edition, the respective federations could centralise the commercial rights. One consequence of this would be that the EBU's deal with UEG for the 2021-24 cycle would be the last of its kind. However, *SportBusiness Media* understands neither EBU nor UEG expect any change in the rights situation ahead of the 2026 European Championships. [o](#)

FOOTBALL

PAOK pins hopes on OTT platform despite revenue falling short of broadcast offer

By Alex Taylor

- PAOK earns at least €2.8m during first season of proprietary OTT service
- Revenue is 25 per cent less than pay-TV Nova's rights offer for 2019-20 and 2020-21
- Covid-19-related suspension of Greek Super League likely to hurt performance

Greek club PAOK will continue to broadcast home matches on its PAOK TV OTT platform despite the service generating 25 per cent less revenue than pay-television broadcaster Nova's offer for the team's rights.

SportBusiness Media understands PAOK has earned about €2.8m (\$3m) from 40,000 subscribers who paid €69.99 for access to all home matches for the 2019-20 season. The platform also provides the option to access single matches for €4.99, though it is not clear how much PAOK generated through these purchases.

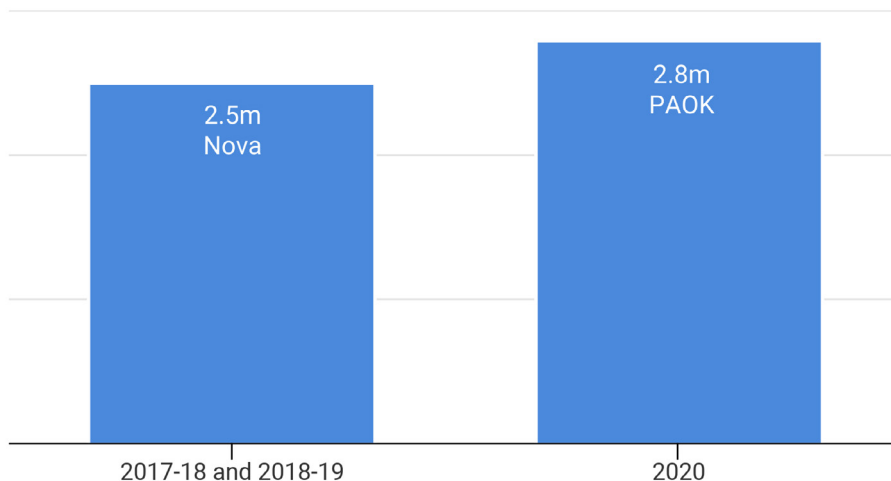
PAOK TV was launched to coincide with [the beginning of the 2019-20 Greek Super League 1](#) season after the club rejected an offer from pay-television broadcaster Nova thought to be worth about €3.75m per season. The offer was for two seasons and would have run until the end of 2020-21.

This means that in its first year PAOK TV earned 25.3-per-cent less from subscriptions than it would have by taking the Nova deal. However, revenue generated from PAOK TV is slightly higher than the club earned in its €2.5m-per-season deal with Nova for the 2017-18 and 2018-19 seasons.

At the time of PAOK's rejection of the Nova offer it released a defiant statement: "We prefer to see the potential instead of the risk, to move away from old business models which lead to bankruptcy, to shape our tomorrow based on the strength of our supporters, and to offer services of the highest quality to our own fans, as well as lovers of football everywhere."

PAOK TV's revenue performance relative to Nova's prior and offered deals will of course be affected by the Covid-19 pandemic. The club has given no indication whether it will refund subscribers who have paid for matches that may be cancelled as a result of the Super League 1 season's indefinite postponement.

PAOK home Super League 1 rights, 2017 to 2020 (€ per season)



Source: *SportBusiness Media Rights Tracker*

¹This fee is the minimum amount gained from PAOK TV's 40,000 users valued at €69.99 per subscription.

Going it alone

Greek Super League 1 clubs have negotiated their rights [individually since the 2018-19 season](#) and sell to broadcasters at their own discretion.

PAOK sat outside of the prior €30m-per-season collective rights agreement and had already agreed its two-season deal from 2017-18 by the time clubs were negotiating their own rights deals the following season.

Market experts told *SportBusiness Media* that PAOK has also been far ahead of other Greek clubs in transforming its digital strategy, which meant that it was able to make the move to OTT.

The club has been working with internet retail giant Amazon since December to develop various anti-piracy measures as well as developing its platform for taking payment from prospective subscribers. As a result, PAOK says the OTT platform will be available as an app on all Smart TV platforms, as well as mobile, tablet and PCs for the 2020-21 season. Currently, PAOK TV is only available through a web browser.

Alongside the first team's Super League 1 matches, content on the platform has widened since launch to include under-19s matches as well as interview and archive content.

Experts say the vast majority of clubs in Greece, possibly all, would not have had the option to reject an offer that would have given it the fourth-highest per-season domestic media rights deal in Greece behind Olympiacos (€5.5m per season), Panathinaikos (€5m) and AEK Athens (€5m). All three aforementioned clubs have deals with Nova that run until the end of the 2020-21.

PAOK's only other option for a broadcast deal would have been with public broadcaster ERT, which had recently had its funding slashed and was not pursuing expensive SL1 properties as part of [cost-cutting measures](#).

Cosmote, the dominant pay-television broadcaster in Greece, could have afforded the rights to PAOK matches but sources say the broadcaster has never sought to acquire any SL1 rights.

Currently, Nova holds exclusive rights to nine of the league's 14 clubs until at least 2021 with contracts worth a total of €22.45m per season, while ERT holds exclusive rights to four SL1 clubs until at least the end of the 2019-20 season, paying a total of €6.37m per season. ○

MULTI-SPORT

Race to become sport's Spotify is slower than expected

By Callum McCarthy

- Structural and technological limitations have slowed the pace of disruption in sport
- Rights-holders and fans mostly happy with current offering from traditional broadcasters
- DAZN, Eleven and other streaming platforms are competing on price, not quality

Speaking at the FANXP conference in Barcelona in February, leading executives from disruptive companies came together to speak about 'the fan of the future', and how DAZN, Eleven and Twitter are pushing the boundaries and meeting fan demand.

But when the conversation began to flow, Eleven Sports' new chief executive, Luis Vicente; DAZN's vice-president of acquisitions, Laura Louisy; and Twitter's head of sports partnerships, Simone Tomassetti began discussing the inherent limitations faced by companies seeking to disrupt sports broadcasting.

Disruptive companies in film, television, music and retail have revolutionised their industries by giving consumers the products they want; when, where and how they want it.

The likes of DAZN and Eleven might be at the forefront of this movement in sport, having solved the 'when' and 'where' for sports fans in markets across Europe, the Americas and Asia. But to successfully disrupt an industry, a company must offer significant improvements on what legacy companies can offer in every area.

The most successful disruptors – Spotify, Netflix, Amazon, Uber – have achieved this by aggregating almost every product a consumer could want in the relevant category, improving the user experience in their industry and delivering the service on all devices at a lower price than legacy competitors.

At present, DAZN, Eleven and their many cohorts in the worlds of live streaming and OTT are allowing sports fans to watch when and where they want, at a much lower price than their pay-TV forbears. But a strict comparison would say the quality, quantity and consistency of their product is either inferior or not superior enough to trigger a dramatic change in the industry.

The standard of broadband and mobile internet in almost every television market prevents live streaming platforms from offering a better live-viewing experience than cable, satellite and terrestrial television. Latency, buffering and reliability issues continue to plague even the most advanced OTT platforms. The technology to fix these issues – such as 5G internet – will not roll out across all major television markets for a decade or more.

An old model

Speaking at the event, Vicente was forceful about why he believes this to be the case and, in his opinion, the problem does not lie with the disruptive companies. He believes a lack of investment and risk from all corners of the sports industry – aside from companies like his own – is preventing progress.

“The traditional pyramid of sports was designed more than 100 years ago and clubs, leagues, sponsors and broadcasters had different interactions with each other back then. It’s an old model; and I’m not saying anything controversial, because it’s old. We need to try to help rights-holders to become risk-taking businesses,” he told the audience.

“The challenge we face in this decade is how we’re going to move, once and for all, from a securitized business model to a more innovative model where, for the first time, the industry will assume risk.”

Vicente believes that sport’s more gradual shift to a new model of consumption is because companies like Eleven and DAZN are the only players making serious investments to initiate change, and that rights-holders must also invest and gamble on structural changes if ever-increasing consumer expectations are to be met.

“We (Eleven, DAZN and Twitter) are all businesses that are completely focused on the end user,” Vicente said. “This is different from the previous iteration of the sports industry. We have always cared about the fan, but we are not actually delivering up to the expectations of the fan. This is changing because our businesses are pushing that change.”

He continued: “Nobody takes risk. If something happened to beIN or to any other big broadcaster and they cannot show a game, [football] clubs will not feel they have a problem. They’ll only feel a problem when the cheque doesn’t come from the league.”

One could argue that if rights-holders, clubs, broadcasters, players and fans are largely happy with the current state of affairs, sport doesn’t need to be disrupted to the same extremes as other industries. But Vicente strongly believes that without significant investment in providing fans with a better viewing experience, live sport – especially football – is at risk of becoming a part of the old world over the coming decades.

For change to happen at pace, Vicente believes sports stakeholders such as rights-holders and clubs must take more responsibility.

“Unfortunately, it’s much easier for clubs to spend €5m (\$5.4m) to buy a player than to spend €500,000 to begin a data journey. But data is fundamentally important – without data, all these businesses will continue to be blind, and this cannot continue. We need to find a way to help the sports industry to understand that and move on.

“Sport still has a very conservative attitude towards external money. Forget revenue for a moment and look at profitability. Look at the cash that is generated via sports – and you can pick any sport – it’s a small amount of money. Sport cannot change itself because it doesn’t generate enough cash to change itself. That’s why we probably need someone else in the ecosystem as well.”

Glacial pace of change

DAZN and Eleven understand that until technology advances they must conform to the world as it currently is.

Both businesses began as OTT-only streaming platforms, but both are now available as channels on old-school pay-television operators – especially in markets where DAZN and Eleven hold top-tier football rights.

While the majority of shoppers and music-lovers have changed almost everything about their consumption habits over the past decade, sports fans are merely adding to their habits while keeping old ones in place. While they would like the option to watch on their devices, fans still prefer to watch live sport on a television in their living rooms, and they want that experience to be as ‘live’ and as seamless as it can possibly be.

These habits are reflected in research done by DAZN over the past two years. And Louisy and her DAZN colleagues have been shaping the platform accordingly.

She said: “It’s a common misconception that because we’re on all devices, mobile is our number-one viewing platform. It isn’t. Living room viewing accounts for about 60 per cent of our viewership because if you are a sports fan and you’re in your house, you still want to watch it on your TV. People didn’t throw their TVs out when they got rid of their cable. They’re still there.”

Louisy suggests that the low price point and monthly rolling contract offered by platforms like Eleven and DAZN means that the new wave of sports broadcast platforms are competing with the likes of Spotify, Netflix, Amazon Prime and other low-price content subscriptions, as well as with price point pay-television operators.

“There’s a question around how customers want to spend their money and how many things they’re willing to spend their money on. We do a lot of research on this, and I think the latest study indicates that consumers only really want to subscribe to maybe three to four paid-for services.”

She continued: “It’s more of a disposable income issue, because if you’re paying for Netflix, Spotify, Amazon Prime and other subscription services, you only have so much disposable income left.”

A long way to go

Neither DAZN nor Eleven hold rights to all of the premium sports content in a single market, making the user experience inferior to something like Spotify, which collates almost every song you could possibly wish to hear, in every major market on the planet. And yet DAZN, Eleven and Spotify are priced at the same point: a €9.99/£9.99 monthly subscription that you can cancel at any time.

In a bid to differentiate their offering and keep users on the platform, DAZN is focusing more on VOD content such as behind-the-scenes documentaries – the kind that have proved wildly popular on Amazon and Netflix. But the difference between DAZN and its VOD content rivals is clear: Amazon offers a wealth of other benefits with a Prime subscription, while Netflix offers a glut of film and television unrivalled in almost every major market.

In terms of user experience and quality of content, the likes of DAZN and Eleven are not market leaders in any area other than their price point for live sports content.

For OTT and live streaming to become a true market leader in sports, Vicente believes that a super-platform, aggregating all premium sports content in a given market, could be the key to a sports broadcasting revolution.

“I think many organisations in sports are starting to understand the power of being together, thinking together, of trying to make their content available in a single destination,” Vicente said. “It could also be that some platforms decide to work together and create a super platform, which could aggregate all the rights.”

For Tomassetti, OTT platforms must work not only on this, but on personalising that experience for the user.

“The OTT platform did it well: they give you the content whenever you want, and that was the first step. Now there is a second step: people want to receive content whenever they want, but the exact content they want, in the moment they want. The platform that is able to provide this kind of experience for users will be the winning one.”

For all the innovation and all the disruption of the past five years, traditional pay-television operators remain in a better position than OTT players to deliver this experience to the consumer. They have bigger budgets to acquire premium sports content; bigger subscriber bases; and the ability to agree carriage deals with multiple sports broadcasters to bring all premium sports content under one subscription.

Thus far, the only successful disruption happening in the sports broadcasting industry has been on price. Instead of asking consumers to subscribe to a wholly superior product for a lower price, a more complex question is being put forward.

Would you rather pay £60 or £70 per month for a complete live sports package, delivered as live as it possibly can be, in a way you're used to receiving it? Or would you rather pay £9.99 for a fairly small slice of what you want, delivered 15 seconds to a minute late, in a way that isn't necessarily how you'd prefer to watch it? [o](#)