

Module 3. Broadcasting rights - Monetising a symbiotic relationship

Unit 3.1

In this third module of the course, we begin our exploration of the second business focused monetisation avenue: broadcasting rights. In order to do so, we delve into the relationship of sport with the media, to better grasp this long-standing and ever-developing symbiotic relationship between the two. First, we begin by clarifying what traditional and digital media are in order to set the scene for this and the following module of this course, which will examine the latter. We then start by examining how the communication process works and the key role that media play within it. This, in turn, leads us to examine further the relationship that media and the sport have, which has been characterised as symbiotic, suggesting that one could not exist without the other. Indeed, as numerous studies have argued, media now hold a key and vital role in the sport ecosystem, allowing them significant power in the way in which sport operate. This power is due to both the financial support that media provide sport with, and due to the wide reach that they allow sport brands to have. Insight is then offered in the evolution of media relations in sport, before we explore broadcasting rights and broadcasting rights' deals. Finally, the financial importance of broadcasting rights is elaborated upon, highlighting the importance of monetising the relationship that sport has with media, before the three models through which broadcasting rights are sold are presented.

3.1.1 Understanding media and the communication process

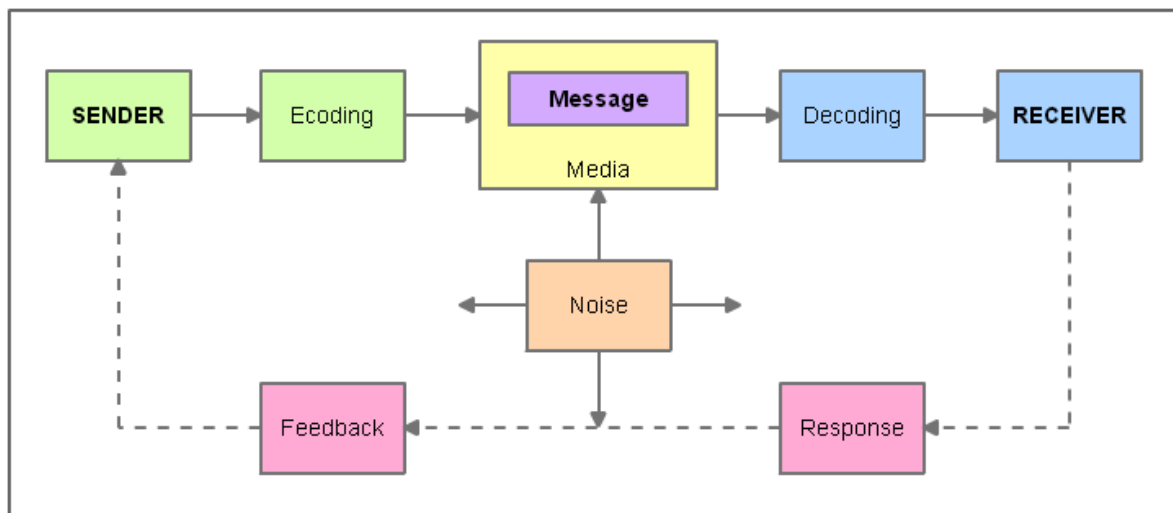
In order for us to understand the relationship between sport and the media, we need to take a step back and appreciate, first of all, the variety of media that exist. On the one hand, we have what we call traditional media. This category includes the print press (newspapers and magazines), the post (letters), television, radio, and any other form of traditional (non-digital) advertising such as outdoor advertising. On the other hand, we have what is referred to as digital media or new media. Digital media captures a wide variety of media sources. Sources like websites, e-mails or newsletters, mobile applications, and of course, social media. Within social media, the most common ones are considered to be Facebook, Twitter, and LinkedIn, but also YouTube and newer applications such as Snapchat or TikTok. In this module, we will focus on the former, traditional media, and their relationship with sport, while in the following module we will draw attention to the latter.

Before the analysis of the symbiotic relationship between media and sport begins, we need to examine and better appreciate how communication operates. As the figure below



shows (Kotler and Keller, 2009), in any communication, we start with a sender, an individual (or an organisation) who wants to send a message (of any kind) to a receiver (or multiple receivers). In order to do so, they need to frame the message in a way that it can be transmitted, and in a way that the receiver can receive it. So, they encode the message by using, for example, vocabulary that can be easily understood, or images that would allow the transmitter to get the message to the sender and would be fitting for the receiver in question.

Figure 1. Elements in the communication process



From Marketing Management, by Kotler, P. and Keller, K. L., 2009.

After the encoding process, the message is sent to the receiver by using any form of media. This could involve any form of media, such as the ones we discussed above. Once the message is transmitted, the receiver decodes the message in order to understand it (Kotler and Keller, 2009). This would mean that they look at a picture, and they understand the content, or look at the words used and the framing of the message in order for them to better appreciate it.

In traditional communication, we originally assumed that this is a straightforward process, in which a sender sends something to a receiver through a medium (Kotler and Keller, 2009). But the truth is that the medium itself might broadcast multiple messages at the same time, whilst the receiver can be listening to a number of media simultaneously. This means that a noise might be created in the transmission, and therefore this straightforward process might not actually be that straightforward after all.

Communication theory suggests that the receiver should then be able to formulate a response to the sender, through which they provide them with feedback (Kotler and Keller, 2009). Once again, noise can exist in this feedback. This could be because multiple receivers might be sending multiple messages at the same time, and because of the noise created through other messages promoted and transmitted through the same media.

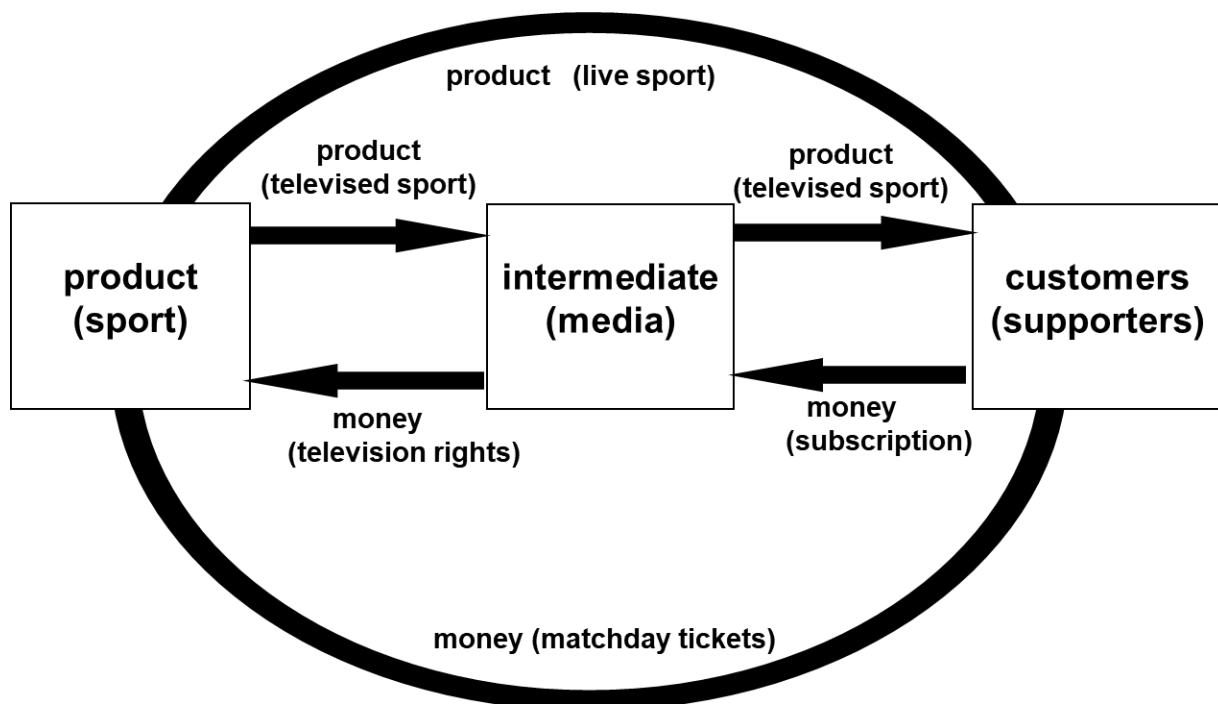


As we can see, the theory of communication suggests that media have the role of the transmitter. They are described as the medium through which the sender sends something to the receiver; but their relationship and positioning in the sport ecosystem is not that simple. What we have seen is that over the years and alongside the commercialisation of sport came the commercialisation and complexity of today's relationship between sport and the media, that can be described as co-dependent or symbiotic (Manoli, 2014). As such, it can be argued that media cannot exist without sport and sport cannot exist without the media, as we will elaborate upon below.

3.1.2 The symbiotic relationship of media and sport

In a closer examination of the relationship of sport and the media, we see the latter being presented as a key stakeholder in the sport ecosystem. Looking at figure two below, we can see that media is indeed positioned in the centre between sport and its consumers, but without only serving the sport industry by taking sport as a product, making it televised, and then delivering it to the customers (Manoli, 2014). We see that their positioning in this relationship allows them to take money from the customers of sport, and then to pay money to the sport itself. This, in turn, suggests that sport is no longer just a mere medium, but also a supplier to the sport industry, providing them with valuable income and thus increasing their power in the overall sport ecosystem. Media are therefore viewed as suppliers of commercial sport, providing them with resources needed for their success and sometimes survival, while gaining power and legitimacy over the sport they supply with funds (Manoli, 2014).

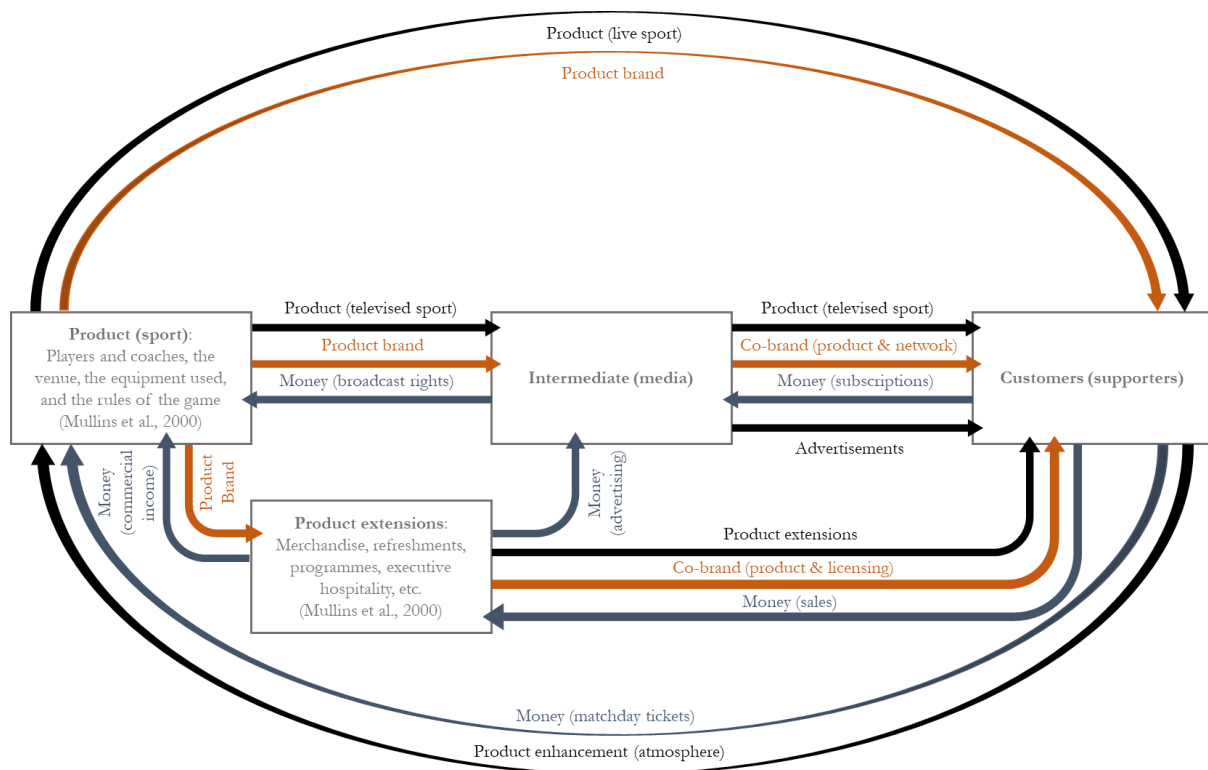
Figure 2. Media as suppliers of commercial sport



From The football industry through traditional management analysis, *Scandinavian Sport Studies Forum*, 5(1), 93-109, by Manoli, A. E., 2014.

Apart from being a transmitter of sport and a supplier to the industry, media are today appreciated for yet another reason: they are also an additional avenue through which sport can be broadcasted to a wider audience, something that extends what sport is in today's world (Manoli and Kenyon, 2018). As the figure below shows, today media have a rather complex and multi-layered position. They are still placed as the intermediate between sport and its customers, since they still deliver the product of televised sport from the sport industry to the customers, but they also deliver sport's brand to the customers and the wider audience that can be a prospective customer of sport. While doing that, they also add their own brand and therefore co-brand televised sport to the consumers. Alongside this transmission, we see that they add the element of advertising of other brands that already are or are attempting to be promoted through sport.

Figure 3. Football's unique marketing/media relationship



From *Football and Marketing*, by Manoli, A. E. & Kenyon, J. A., 2018. In Chadwick, S. M., Widdop, P., Parnell, D. & Anagnostopoulos, C. (eds). *Routledge Handbook of Football Business and Management*. Routledge.

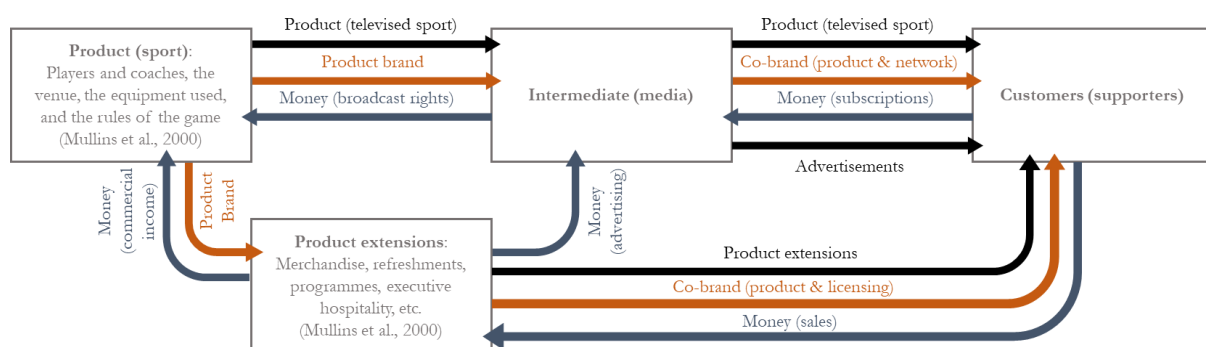
Once again, money is paid to the intermediary by the consumers of televised sport, and media is in turn paying money back to the sport industry for the right to transmit televised sport. In addition to these elements of the relationship, we also see a number of sport product extensions broadcasted through the media (Manoli and Kenyon, 2018). This would include sport merchandise or any other form of peripheral products produced by



sport brands (e.g. tickets to live matches, hospitality, etc.), which are then promoted through media alongside the transmission of televised sport. As the analysis shows and is illustrated on figure three, the relationship between media and sport has grown to become complex and multi-layered, leading research to suggest that the two are co-dependent and symbiotic.

This co-dependency and suspected power balance between the two has been further accelerated by the existence of COVID-19. As a recent study argued, the emergence of the COVID-19 pandemic affected this power balance and potentially solidified the power that media has in today's sport (Manoli, 2022). This is because the direct line between the sport industry and the consumers (i.e. the delivery of live sport through spectatorship in stadia) was disrupted due to the ban of fans in sport venues. As a result, media became the only way through which sport could be consumed in most sports competitions and leagues around the world, as figure four shows. This would allow us to suggest that since media became the main means of sport consumption, the power that they have over sport might have indeed tilted the scale to their favour. As we now return in an era of fans allowed back into sport venues, it remains to see how this might affect the power relations between sport and the media, and any spillover and long-lasting effects it might have.

Figure 4. Football's post COVID-19 marketing/media relationship



From COVID-19 and the solidification of media's power in football. *Managing Sport and Leisure*, 27(1-2), 67-71, by Manoli, A. E., 2020.

In order to better grasp the power relations between sport and the media, we will explore below the evolution of the relationship between the two.

3.1.3 Media relations in sport

As we argued above, sport has developed over the years a particularly close relationship with the media. As such, the media are currently considered a key and powerful stakeholder in the sport ecosystem. Their relationship with sport dates back from the emergence of professional sport, since sport was privileged enough to have received 'preferential treatment' from the media. This preferential treatment is often called 'natural advertisement', since media have been and still are to this day almost *de facto* interested in reporting what is happening in sport (Manoli and Kenyon, 2018). When comparing sport



to any other industry around the world, we can easily understand that more is being reported daily about any progress in sport than in any other industry, often with regular mentions of sport news in medias' broadcasts throughout each day.

This natural advertising paired with sport's rapid development and increased interest it has received from its fans have made sport over the years think that they have more power over the media. However, as sport developed, so did the media, and as such they also gained power in that relationship by being selective over the news that they choose to promote. Over the years, sport's efforts to communicate other activities apart from live sport, were often met with resistance from the media. Media representatives had often turned down, for example, efforts made by sports to promote their corporate social responsibility activities and other commercial activities that were not directly related to the outcomes of live sport (Manoli, 2017). This, in turn, has at times created a struggle in the relationship between the two sides.

This struggle was also paired with media's hunger to promote news that they would consider to be of interest to their consumers, but which sport organisations and individuals might have liked not to be broadcasted. As members of sport organisations argued, it is the news that were not actually related to sport that media were often after, such as news related to potential scandals involving the athletes that the media were interested in broadcasting and were thus in search for (Manoli, 2017). This intensified the struggle and even led to some extent to a clash between the two.

As a result, more developed sport organisations realised that maybe an effort should be made to overcome their dependence from the media, while smaller sports organisations struggled further in order to achieve any promotion through traditional media (Manoli, 2017). Before the emergence of social media within the sport world, we saw the development of sport organisations' own media, starting with match day programmes, magazines and TV channels. Sport organisations who had the funds to create those avenues attempted to surpass traditional media and reach their consumers directly.

While a lot of money and effort was spent on these avenues, they were often deemed unsuccessful, since the audience they could reach was limited (Manoli, 2017). After all, traditional media are often referred to as mass media for a reason. They can reach a wider audience, including individuals who will not be existing consumers of a particular sport organisation. At the same time, an organisation's own media could only reach those direct fans who were passionate enough to follow and 'consume' any content the sport organisation was producing.

While these efforts to develop sport organisations' own media continued for a few years, individuals working within the sport industry faced a number of difficulties (Manoli, 2017). First and foremost, the audience remained—and is still to this day—more interested in live sport content. However, since this live sport content was already bound by contracts to be broadcasted exclusively on traditional media, the content that sport organisations



could promote through their own media was limited and thus attracting decreasing interest from the fans. Based on the lack of success their efforts were faced with, as well as the increasing costs of operating their own media, a number of these sport organisations ended their efforts to create and run their own media.

Following this, and before the emergence of social media, it appeared that mass media had won this 'battle', being once again considered a powerful and indispensable part of the sport ecosystem (Manoli, 2017). The emergence of social media was potentially expected to change this power balance for the sport organisations; however, based on how unsuccessful sports organisations' own media were, careful steps were taken to gradually incorporate and adopt social media as a potential way for sport organisations to reach their customers directly. Once again, efforts were made to adopt new technologies; however, this time, a slower pace to do so was adopted.

It is worth highlighting, though, that due to the importance that media play in today's sport ecosystem, most sports organisations devote effort and money in developing their relations with traditional media regionally, nationally and internationally (Manoli, 2017). Individuals are employed in most sports organisations to manage this relationship, either through the everyday communication with the media, or through the formulation of press releases, in order to ensure that a communication channel is held open with members of the press. That is because media relations are highly linked with corporate reputation, and sports organisations—as most organisations nowadays—value the way in which they are perceived by the world.

It is worth recognising, however, that while research suggests that appropriate and professional media relations are to exist within any industry, the relationship described between members of the press and members of sports organisations nowadays exceeds this. Instead, it was described to the author (Manoli, 2017) as a rather unstructured and informal relationship between the two, which has developed over the years. This unstructured and informal relationship does not necessarily mean that a bad relationship exists. But instead that the relationship that has developed is closer than in other industries, potentially indicating the symbiotic relationship that exists between the two.

It is also worth noting that in the same study, conducted in 2017 and focusing on English Premier League clubs (Manoli, 2017) and their relationship with the media, it was argued by the former that an effort has been made to rebuild the missing trust towards the media. This, in turn, would suggest that a breach of trust has existed between the two, which is nonetheless something that both sides are willing to put behind. In order for this trust to be re-build, personal relationships between members of both the media and the football clubs were being developed for a two-way, well-functioning and effective dialogue to exist.



Having examined media relations in sport, the following section will focus on broadcasting rights, which have been the basis upon which the relationship between sport and the media has been monetised.

3.1.4 Understanding broadcasting rights

Broadcasting rights refer to the rights sport entities have to the content they produce. Most of the content that attracts attention tends to be the live sport content produced by sport entities (Haynes, 2005). Broadcasting rights deals then involved the sale of this live sport content from the right holders to the broadcasters, who are then permitted to broadcast the content through their channels. Non-live content that is still generated by right holders, such as interviews with players or highlights of matches, could still be utilised by the right holders, since it is often not included in broadcasting deals.

Think for example of a UEFA Champions League football match. Before the match is staged, a press conference is held alongside a training session, both of which are open to all broadcasters. This content is not being sold to any broadcasters exclusively, since it is used as a promotion to the live sport event to follow.

The live sport content is then part of a broadcasting deal that has been sold to a particular broadcaster, who will then broadcast it exclusively in their own channel. After the match is played, highlights of the match can be broadcasted in all media at the same time. Content that is being recorded outside the stadium, such as interviews given by the players whilst exiting the stadium, can be attended and broadcasted by any medium. However, content recorded inside the stadium beyond the live match, such as exclusive interviews with footballers and managers, can only be broadcasted by the media providers who have purchased the exclusive broadcasting rights and were thus given access to it.

Any additional content generated by sport entities beyond the live sport or other peripheral elements (such as the live interview from inside the stadium that we mentioned above), that are included in exclusive broadcasting deals, still belong to the sport entity, and as such it can be used to be promoted and broadcasted through their own media (Haynes, 2005). This could include training sessions, 'behind the scenes' with the players, etc. Nowadays, the most popular media through which additional content is being broadcasted is social media.

Additional platforms such as sport organisations' own channels have been used for the broadcast of this non-live content, in order to ensure that a direct distribution of content occurs between a club and its fans (Manoli, 2017). However, as we discussed earlier in this module, this was not found to be successful before the emergence of social media, which we will discuss in the next module of this course.

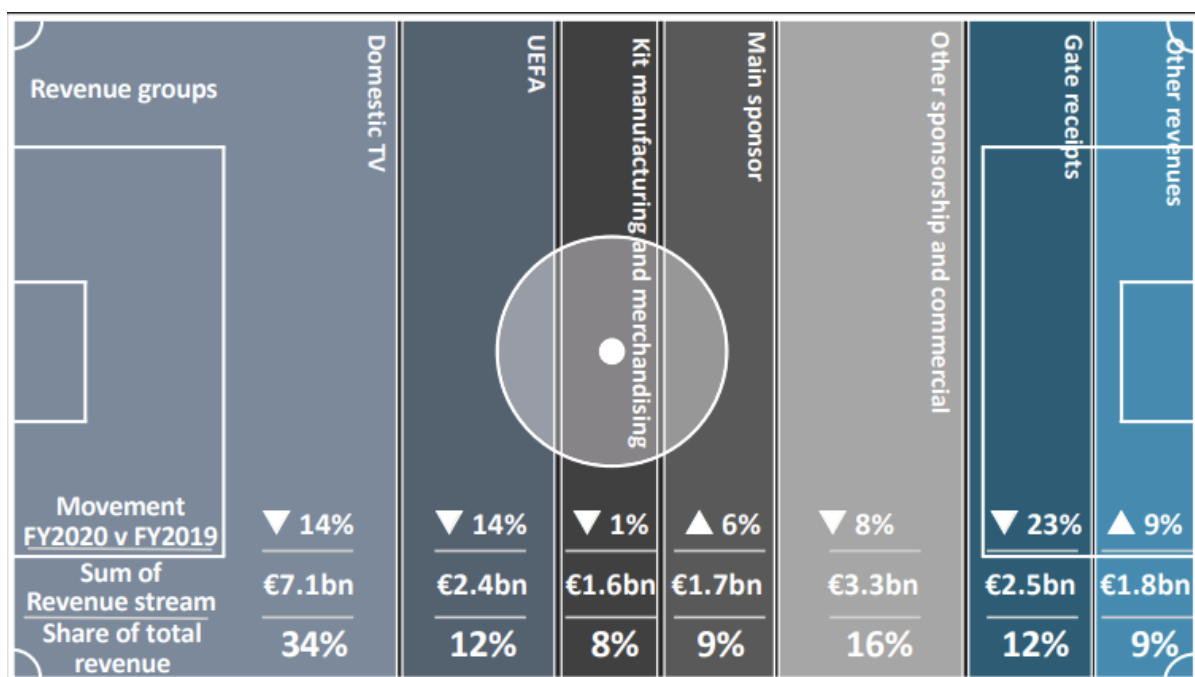
3.1.5 The financial importance of broadcasting rights



As the above analysis shows, media are nowadays one of the most important stakeholders in the sport industry. At the same time, as it is clearly illustrated through the figures above, the income generated through media is an important aspect in their relationship with sport.

To this day, the sale of broadcasting rights is believed to be one of if not the fastest growing source of revenue for sport worldwide, with some leagues in particular sports reporting that broadcasting rights represent their biggest source of income nowadays, as we briefly discussed in module one of this course. As we discussed in module one, sponsorship is indeed widely acknowledged as the biggest source of revenue worldwide; the most commercialised leagues around the world appear to gain their lion's share of income through broadcasting rights. For example, UEFA (2022) reports that, in the top men's football leagues that they represent, domestic broadcasting rights sales accounted collectively for 34 % of their income in 2020, reaching 7.1 billion euros out of the 20.6 billion euros reported (see figure below).

Figure 5. Breakdown of club revenues in financial year 2020



From *The European Club Footballing Landscape*, by UEFA, 2022. https://editorial.uefa.com/resources/0272-145b03c04a9e-26dc16d0c545-1000/master_bm_high_res_20220203104923.pdf.

At the same time, it is worth acknowledging that, in less commercialised or popular leagues and sport, broadcasting rights are still viewed as an emerging source of income, with clubs, sport governing bodies, and leagues alike struggling to secure profitable deals from the sale of broadcasting rights. For example, as the same report (UEFA, 2022) suggests for the income generated through broadcasting rights, the top divisions of women's football leagues that they represent report a significant difference. Firstly, less

than half were able to broadcast their matches through national broadcasters in the 2020/2021 season. While things seem to be improving, with the value of their broadcasting rights expected to increase, it is argued in the report that most of the women's leagues represented by UEFA are able to broadcast their matches, not through Pay TV, but through some sort of free-to-air or streaming platform. This, in turn, suggests that the income generated through the sale of broadcasting rights is relatively low and not adequate for broadcasting rights to be considered their main source of income.

Possibly, the best example through which we can examine the growth of the financial importance of media for sport is the case of the English Premier League (Sport Business Institute, n.d.). When the League was founded in 1992, they were able to secure one of the first contracts for the TV broadcast of live matches. The deal lasted five years, and it provided the Premier League with 191 million pounds (227 million euro). This would account for 600,000 pounds (713,658 euro) per game. The following deal, starting in 1997, was for four seasons and accounted for 670 million pounds (796.9 million euro) in total. This again translates to 2.8 million pounds (3.33 million euro) per match. Since then, the Premier League has opted for three-year deals, gradually raising the value of their matches from 3.6 million pounds (4.282 million euro) per match, to 4.1 million pounds (4.876 million euro) per match in 2007, 4.3 million pounds (5.113 million euro) in 2010, and 6.5 million pounds (7.729 million euro) per match in 2013.

Over the years, these deals were signed not only with the broadcaster Sky, but also with additional broadcasters such as Setanta, ESPN and BT (Sport Business Institute, n.d.). These contracts grew exponentially, with the ones covering the seasons 2016 to 2019, accounting for 5.1 billion pounds (6.06 billion euro). This would mean that each match would be worth 10.2 million pounds (12.128 million euro). While the following deal starting from 2019 showed a decrease in the total revenue generated through the broadcasting rights for the Premier League, we also saw new 'players' entering the broadcasting arena. In this case, the online mega-retailer Amazon purchased a broadcasting deals package, shifting the game of broadcasting rights.

The importance of Amazon entering the field of live sport broadcasting is due to the way in which social and digital media have been set aside so far in sport broadcasting, due to the presence and importance of traditional media. While we will explore social media and digital media's use in broadcasting in the next module, it is worth highlighting that the original use of social media in sport broadcasting was mostly supplementary. In other words, the first efforts made to use social media broadcasting was in addition to the existing broadcasting through traditional media, while taking careful and small steps.

Some notable examples include the way in which BT has been gradually developing their broadcasting of the UEFA Champions League games since 2016 (McCaskill, 2021). Originally, the UK-based broadcaster started supplementing their coverage of live football through TV, with some live coverage through YouTube, as well as by broadcasting the highlights (or what they referred to as 'instant highlights') of each match on YouTube mere



seconds after each match was over. Over the years, they have further built this relationship and expanded the use of YouTube as an additional avenue for their broadcast, while broadcasting the full live final of the event on YouTube in 2021. As the broadcaster BT argued:

YouTube has positioned itself as an ideal partner for rights holders over the past few years, with highlights of most major soccer competitions now available. It is pleased that it can show the finals in the best possible quality and establish itself as a destination for sports fans. (McCaskill, 2021).

While this relationship involves traditional broadcaster BT, we see that this supplementary use of social media begins to change and develop as years progress.

Another notable example would be the way in which the NFL decided to start broadcasting 10 Thursday night matches per season through Twitter in 2016 (Jackson, 2016). These broadcasts were available worldwide due to the nature of Twitter; however, the rights to these matches had already been sold to NBC and CBS for 450 million US dollars (407 million euro) per season. What the NFL did at the time was thus a small step to further utilise the existing content, and not to replace the traditional broadcast with a broadcast through social media. Once again, we therefore note a reluctance on behalf of sport to overcome and surpass traditional media by fully engaging with social media.

Since then, big steps have been made in this direction. Additional broadcasters have entered the broadcasting arena with the intent to purchase exclusive rights and thus not to be considered only complementary to traditional media.

YouTube, for example, made headlines in 2018 when they managed to secure exclusive rights to the games of the Major League Soccer team, Los Angeles football club (Wallenstein and Spangler, 2018). At that time, it was the first streaming service to secure such a deal, taking an exclusive broadcasting rights deal away from traditional TV. As part of their agreement, YouTube TV was also to advertise themselves on the shirt of the team, which was due to join the MLS in March 2018. As the Global Head of Marketing in YouTube TV and YouTube original said: "When we talk about innovation, it goes beyond a traditional distribution deal and really looking at programming for LAFC fans both on and off the field [...] We think it's going to be groundbreaking." (Courtin, as cited in Wallenstein and Spangler, 2018).

Similar headlines were also made when the major online retailer Amazon made a broadcasting deal with the English Premier League (Vizard, 2018). Amazon secured a deal to stream 20 Premier League matches a season across the 2019/2020 to 2021/2022 seasons in the UK. These matches would then be available to stream through the Amazon Prime content service. Questions were originally raised by the fact that the amount of



money spent by Amazon was not disclosed; however, it was estimated to be around 90 million pounds (107 million euro). This amount is believed to be rather small for both the overall value of the Premier League matches and for the online retailer.

While Amazon had already purchased the rights to show the ATP World Tour tennis and the US Open in the UK, as well as the Thursday night NFL matches in the United States, entering the broadcasting field in English football was believed to be a big step (Vizard, 2018). As a result, questions were then raised on whether Amazon's decision to invest in Premier League broadcasting was a potential advertisement for more prime subscribers or whether it was a well elaborate PR and marketing attempt based on the attention the purchasing of the broadcasting rights would receive.

It is expected that, as we progress, more digital broadcasters will enter the arena of broadcasting rights, which has been so far dominated by traditional media broadcasters. While we will revisit the use of social and digital media and their relationship, including broadcasting, with the sport in the next module, below, we will explore how broadcasting rights have been sold in the sport industry so far.

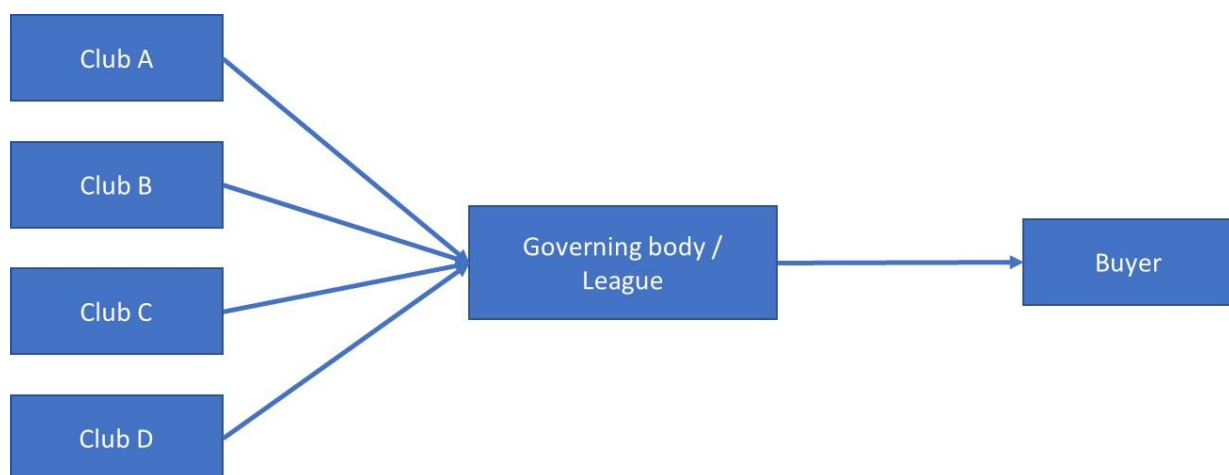
3.1.6 Different models of selling broadcasting rights

There are different ways in which broadcasting rights can be sold, with three models being the most popular nowadays in sport worldwide (Koutroumanides *et al.*, 2019).

1. Collective selling

First of all, we see the increasingly popular collective selling of rights model. In this model, we see a number of entities, sport governing bodies or, in most cases, clubs that participate in a league or competition, collecting their rights and giving the organising sport governing body or league the mandate to sell the rights to the buyers. In this way, all rights are sold by the sport organising body or the league on behalf of all its members, as it is shown in the figure below.

Figure 6. Collective selling of broadcasting rights



Source: Own elaboration

The income that is generated from the rights' sale is then distributed to the individual members in different ways. This can take the form of splitting the income equally between all the participating members, or splitting some of it equally and basing part of the distribution of the fee on other criteria, such as playing merit (e.g., final position on the league table) or the number of appearances on live matches (UEFA, 2022). It is reported that the lion's share of income generated through collective rights sales is distributed to the participating members equally, followed by a distribution on sporting merit.

For example, nowadays, we see that the majority of Europe's top football divisions sell their domestic broadcasting rights collectively, with the revenue distribution then based on a range of different metrics. The most popular metric seems to be an equal distribution between the clubs for either all or a large percentage of the income generated (UEFA, 2022). This equal distribution is then followed by a distribution based on sporting merit (i.e., each club's standing on the table for the season in question or a club's average league position over a predefined period), again either for all or part of the income generated through the sale.

We then see additional metrics being used in some leagues for the distribution of a smaller percentage of the income (UEFA, 2022). For example, in the English Premier League, we see that the 25 % of the income generated through the collective sale of broadcasting rights is distributed to the clubs based on the TV appearances, i.e. the number of matches picked for live broadcasts to the UK market. In the Spanish La Liga, a 25 % of the income generated is distributed basing on the size of each club's fan bases, which is calculated using ticket sales, club memberships, and TV audiences. In the German Bundesliga, 5 % of the income generated through the collective sale of broadcasting rights is distributed basing on two criteria: the youth development of each club, and each club's popularity. This is then calculated based on first, the game time given to domestically developed under 23-year-old players, and secondly to fans' interest in clubs. In the French League 1, 20 % of the income generated through the collective sale of broadcasting rights is distributed based on the TV appearances of the clubs, but it is calculated according to both the number of live matches broadcasted over the last five seasons, and the size of the TV audiences of said matches. Finally, in the Italian Serie A we see that 20 % of the income generated through broadcasting rights is distributed depending on the size of each club's fan bases.

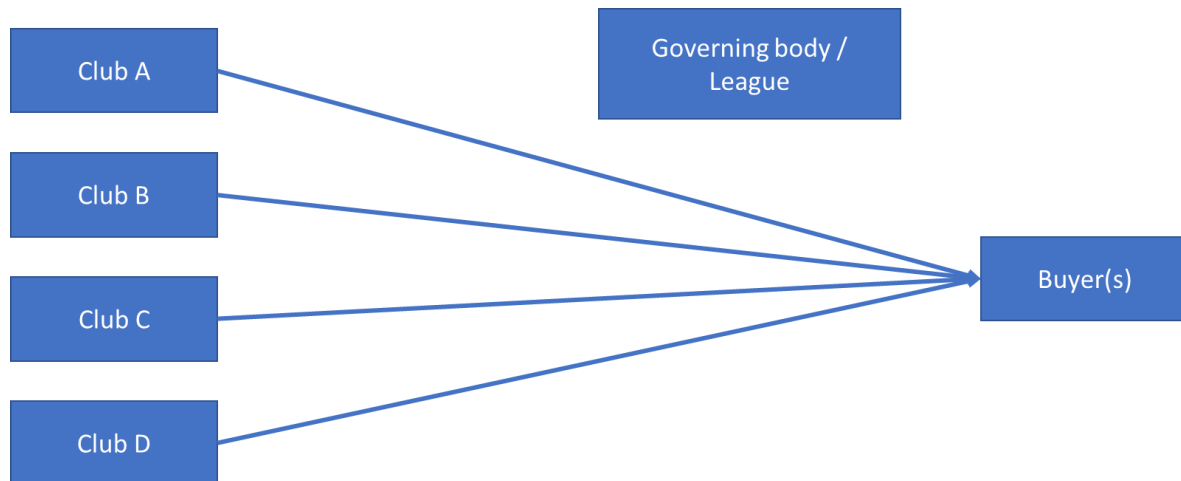
2. Individual selling

The second model by which broadcasting rights can be sold is individual selling. In this case, each sport entity can sell their own rights directly to the buyers. In the case of a league, for example, each club participating in the league would have to sell and sign an agreement with a buyer (or multiple buyers), for the matches in which they play, as it is shown in the figure below. In this model, since the rights are sold individually by each



club or team directly to the buyer or buyers, the stronger teams in a league or competition are favoured, since they tend to own more valuable properties due to their ability to attract a potentially bigger audience for the broadcaster/buyer of the rights.

Figure 7. Individual selling of broadcasting rights



Source: Own elaboration

While individual selling has historically been the first model through which broadcasting rights were sold, research suggests that the collective selling of broadcasting rights can prove more beneficial to all participating members involved in a league or a competition (Ganguly, 2017). The difference between the two can be seen in an analysis of the income generated through the sale of broadcasting rights in two of the biggest football leagues in Europe, the English Premier League and the Spanish La Liga in the 2014/2015 season. For that season, the Premier League followed a collective selling model, while in La Liga each club sold their rights individually. This, in turn, allows us to see that in La Liga, and thus in an individual rights selling module, the top two clubs managed to earn on average seven times more than what each of the other clubs received from broadcasting rights. When we compare this to the Premier League, in which their rights are sold collectively, for the same year, we see that the top two clubs earned 14 % more than the other clubs, thus allowing for a more equal distribution of the revenue.

The equal distribution of revenue is a key factor in today's competitive sport. As economists have long argued, for interest to exist in sport, there needs to be an uncertainty for its outcome (Forrest and Simmons, 2002). In order to achieve uncertainty of the outcome, we need to ensure that a distribution of talent exists among the competitors. In simple terms, pure monopoly in sport can be a disaster. If a particular athlete or sports team is unbeatable, and therefore believed to be the certain winner of a match, league or competition, then economists suggest that the audience's interest declines. It is the uncertainty of outcome and therefore the inability to predict what the final result will be that makes people interested in sport.



In order to ensure this uncertainty of outcome, we need to then ensure that the talent that is available is distributed among the different participants (Forrest and Simmons, 2002). In the case of professional sports, equal distribution can be achieved by providing the opponent teams with enough funds to secure the best talent available, and then to ensure that the talent is trained to the standards needed. Once again, by thinking of the success and continuity of the sport, we need to think of the consumers who are willing to pay in order to consume the sport, and therefore, we need to ensure that a competitive balance exists between the teams—something that can only be assisted by an equal distribution of revenue, when possible.

While it is clear that an equal distribution of revenue among clubs can be achieved by different methods that exceed the purpose of this module (e.g., introduction of financial fair play regulations), it is worth highlighting that the distribution of revenue from the collective sales of broadcasting rights can play a significant role in his effort.

An example of the importance of a collective selling model can be seen in the income generated by Spanish clubs in recent years, since a collective model has been adopted. KPMG (2019) reports that for the 2017/2018 season, while bigger clubs like Real Madrid earned 36 % of their total revenue from the sale of broadcasting rights, smaller clubs like Leganes reported that the revenue generated through broadcasting rights accounted for 77 % of their total revenue for the season. In the same season, Eibar, another Spanish club, reported a significant 90 % dependence on broadcasting revenue. This, in turn, allows us to see the potential benefits and importance that adopting a different model for the sale of broadcasting rights can have.

Considering the proportion of broadcasting rights revenues in the club's total operating revenue mix, we can see that smaller clubs are indeed more dependent on this revenue stream than bigger clubs. As it was argued in the previous modules of this course, smaller sporting organisations such as these clubs have limited chances to secure lucrative sponsorship deals. They also have smaller chances to have a high match day revenue or to participate in international tournaments (e.g. UEFA Champions League, UEFA Europa League), which are accompanied by exogenous prices. Since their revenue sources are limited, their dependence on broadcasting rights can be high.

The European Commission has, in fact, endorsed the collective selling of rights for a number of reasons (Trevelyan, n.d.). They believe that it helps to create a more even playing field for the clubs overall, which in turn leads to increasing the quality of the game of sport. At the same time, UEFA reports that they saw an increase of 21 % in broadcast revenue when the rights to the European qualifiers were sold centrally for the first time in 2014/2015.

As it can be seen, there is overall a push to see more leagues adopting a collective selling model, not only because the overall revenue generated increases, but also because of the



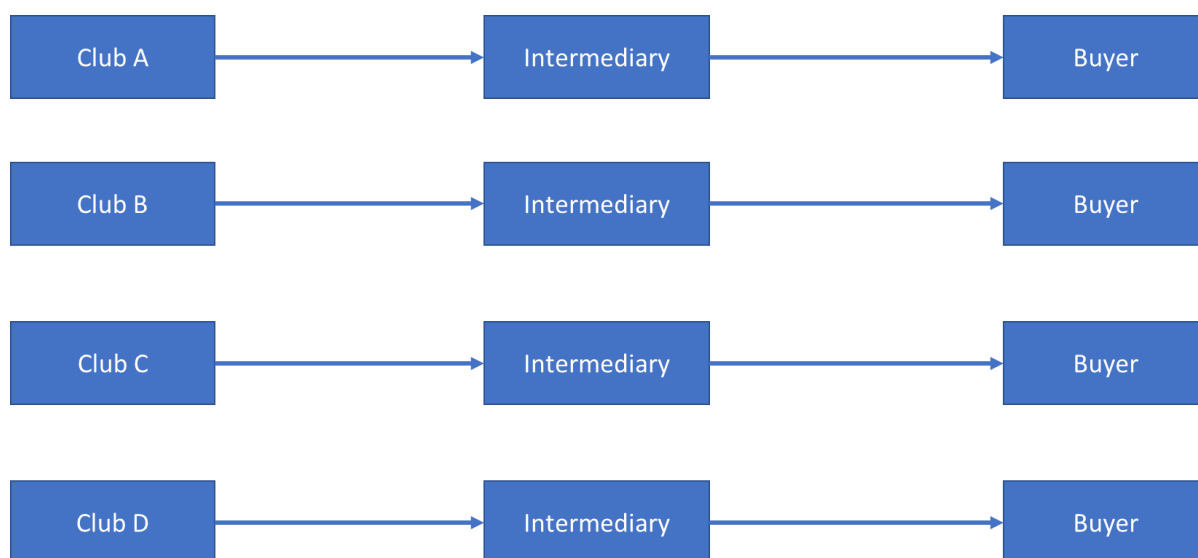
long-term benefits it can have for all clubs participating in the league and therefore the overall quality of sport.

Nowadays, UEFA (2022) reports the following for the sale of broadcasting rights in all leagues that they represent: 89 % of the leagues' sale their broadcasting rights collectively, whilst 11 % adopt an individual or a mixed approach, in which some of the clubs participating in a league sale their rights collectively, while other clubs participating in the same league chose to do so individually. The latter can be seen in leagues in Cyprus, Greece, Portugal, Serbia, and Ukraine.

3. Use of intermediaries

The third model through which broadcasting rights are being sold is through the use of intermediaries. In this case, a sporting body or club contracts an intermediary or agency to sell their broadcasting rights for them. The intermediary is then the one who negotiates and signs a deal with a buyer or broadcaster, as it is shown in the figure below.

Figure 8. Use of intermediaries in the sale of broadcasting rights



Source: Own elaboration

This model is often used by large sport organisations such as FIFA and UEFA, in order to distribute broadcasting rights worldwide. The use of intermediaries or agencies can allow sport organisations to utilise an agency's expertise in particular domestic markets, and thus assist the organisation in achieving multiple and geographically wider sales at a better price (Arrigoni, 2020). It is, in fact, argued that the use of intermediaries can assist in achieving better prices when broadcasting rights are sold internationally.

Big sport organisations often adopt a number of models for the sale of different broadcasting rights. For example, a club can adopt a collective selling model for the sale of domestic rights, and an intermediary model for the sale of international rights. They



can even adopt all three models for different rights they own, domestic matches, international matches, and friendly matches.

At the same time, different entities like BeIN can act as both a broadcaster themselves or as an intermediary for the sale of broadcasting rights to other countries. We therefore see a flexibility world-wide in the way in which the models are adopted, with expected differences noted in the size and reach of each sport organisation. It is nonetheless worth noting that in the case of leagues or competitions, the collective selling of broadcasting rights is to this day attracting the most support within the sport industry, with the use of intermediaries being also well recommended.

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