

Media Rights Comparison of IPL and international sports leagues.

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Abstract: Media rights in sporting leagues has come a long way in the global scenario in general and India in particular. The Olympic Games were first televised in Berlin in 1936 and broadcast to an estimated 162,000 people using just three cameras, only one of which was capable of live transmission. Just over 75 years later, thanks to major advances in broadcast technology, an estimated 4.8 billion viewers were able to tune into seamless coverage of the 2012 London Olympic Games in high definition and 3-D formats, along with a dazzling array of angles, effects and tools to view and review every detail of the event. Fancy this – in 1992 the BCCI paid Doordarshan Rs. 5 lakh to broadcast its matches on their network and today it stands to earn \$8.47 million per IPL match courtesy to Star India’s broadcasting bid of IPL for \$2.55 billion. It all started with the Supreme Court judgment in favor of the BCCI towards the end of 1990’s, which led to BCCI making big money on cricket rights from the turn of the millennium (2000 – 2004). Though sports broadcasting have made big strides within the country, it has a long way to go in the global context compared to the likes of NBA, MLB, NFL and EPL.

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	CAGR
US\$ millions											
Media rights	11,819	12,262	14,696	16,306	18,372	19,076	20,136	20,960	21,765	22,667	4.3%
Gate revenues	15,821	17,142	17,448	17,963	18,649	19,159	19,556	20,006	20,469	20,902	2.3%
Sponsorship	13,257	13,900	14,689	15,481	16,301	16,658	17,614	18,391	19,342	19,876	4.0%
Merchandising	12,771	13,144	13,493	13,806	13,966	14,390	14,564	14,729	14,939	15,087	1.6%
Total	53,468	56,448	60,225	63,556	67,288	69,282	71,859	74,086	76,505	78,532	3.1%
% change year on year											
Media rights		5.5%	19.0%	11.7%	12.7%	3.8%	5.6%	4.1%	3.8%	4.2%	
Gate revenues		8.4%	1.8%	3.0%	3.8%	2.7%	2.1%	2.3%	2.3%	2.1%	
Sponsorship		4.9%	5.7%	5.4%	5.3%	2.2%	5.7%	4.4%	5.2%	2.8%	
Merchandising		2.9%	2.7%	2.3%	1.2%	3.0%	1.1%	1.2%	1.4%	1.0%	
Total		5.6%	6.7%	5.5%	5.9%	3.0%	3.7%	3.1%	3.3%	2.6%	

CAGR - compound annual growth rate

I. Introduction

Sport is the greatest form of reality TV. The broadcasting spectrum has developed itself as the most dominating factor in income from IP’s, overtaking the likes of Sponsorships and Gate revenues. This factor also serves as a testimony to where the entire game is heading towards i.e. the television and social mediaplatforms. Take for example Hotstar, Star India’s online content delivery platform Hotstar’s viewership base expanded from 41 million at the end of IPL 2015 season to 100 million during IPL 2016 season.

Sports broadcasting represent the highest growth rate when compared to the likes of merchandising and sponsorships as an initial round of deal making accelerates for new inventory related to digital media platforms, uniform rights, and incremental in-venue signage and naming rights opportunities. The North American sports market is already witnessing a surge when it comes to revenue derived from media and the projections suggest that this growth in sports media is here to stay with new avenues for investments in the form of digital media, virtual and augmented reality. While concepts like virtual and augmented reality might seem a thing of the future when it comes to Indian markets, there is definitely a lot of potential as

*PWC Sports Outlook 2017

*Commercial trends in sports 2017

franchises seek new means of fan engagement initiatives. Over-the-top live content is coming to sport, with established broadcasters, newer digital publishers, rights holders, telecoms firms, social media platforms and technology giants all engaged in some form. Amazon, Google and Apple are all active in content creation and delivery, while rights holders are actively developing and experimenting with their own media models – PGA Tour Live, the Olympic Channel and Dugout, the collaboration between 30 major football clubs are all examples. These rights holder-owned channels can also generate data giving a richer, deeper picture of the

audience and opening up new potential revenue streams around merchandise, ticket and content. Forbes projects the North America sports industry to generate some \$73.5 billion by 2019. The biggest catalyst behind the growth is the projected increases in revenue derived from media rights deals.

The sale of broadcasting and media rights has become a key income stream in the business of sport. The sector has benefitted in multiple ways from the huge injection of financial resources derived from the sale of these rights. Such is the importance of broadcast revenue that some sports have sought to attract broadcasters and viewers by adapting their rules. For example, volleyball has adopted a new scoring system that makes it easier to predict the duration of matches. Similarly, the tie break was introduced in tennis matches, along with yellow tennis balls to make it easier for viewers to follow matches on television.

The critical importance of broadcasting rights as a means of funding major sporting events is most evident with respect to top-tier global sports events. From 2009 to 2012, Olympic broadcasting revenue amounted to \$3.914 billion. In fact \$3.914 billion is a humongous figure considering the development of media rights in Olympics right from when it was broadcasted in Rome in 1960.

The annual TVSM Global Report – 2017 by SportBusiness Group has pegged the Global Sports Media Rights Market sales at \$47 billion. The global value of sports media rights was just under \$47bn in 2017, up from \$43.6bn in 2016. The report suggests that the year on year growth will continue for the sports media rights market and it has been forecast that the industry will breach the \$50bn-barrier in 2019 and reach almost \$54.3bn by 2021, the report states. The leader in the media rights segment is definitely Football which contributes \$18.8 billion annually through media rights followed by NFL, NBA and MLB.

When it comes to revenue derived from media rights cricket is ranked 10th globally and is projected to generate \$1 billion annually from 2018 compared to the current \$510 million that it garners through media rights.

Sr. No	Olympics	Revenue
1	Rome	1.2 million
2	Tokyo	1.6 million
3	Mexico City	9.8 million
4	Munich	17.8 million
5	Montreal	34.9 million
6	Moscow	88 million
7	Los Angeles	286.9 million
8	Seoul	402.6 million
9	Barcelona	636.1 million
10	Atlanta	898.3 million
11	Sydney	1.3 billion
12	Athens	1.49 billion
13	Beijing	1.73 billion

*International Olympics Committee

II. Development Of Media Rights

When it comes to media rights within the Indian context, we are witnessing a paradigm shift from one sport nation to multi sport nation. Though the IPL is expected to dominate media rights within the country, there has been a rise of several non-cricketing properties within the last five years. Owing to this the broadcasters have also started diversifying their portfolio of channels. For example Star Sports has expanded into eight channels to showcase a variety of domestic and international leagues and tournaments. Star Sports has also extended broadcasting rights for international hockey, as well as league matches, for the next three years

The media rights have become the focal point for revenue generation for any league across the world. With the massive interest generated, projections have gone insane. At the same time they also bring about the capitalistic exponential that sports may plunge into. But before we compare the media rights for various top sporting leagues across the world, each league has to be taken as a unique property with its regional and sporting context as well as the length of the league and the number of teams involved.

One major difference between leagues for cricket and any other sport will be the length of the league. Most countries play bilateral series throughout the year leaving a very small window for a franchisee based league. Whereas most of the other sports do not involve bilateral or multi sport competition except Olympics, CWG, Asian or Continental games every 4 years. This gives a huge window for leagues to be played over 6-8 months. As most of the top leagues in the world have evolved over 4-5 decades, the fans have also got used to the long leagues and have a fixed calendar for bilateral or multi nation contests.

Media rights in international leagues (at least 3 of EPL, NBA, Big Bash, NHL, NFL)

League	Figures in Dollars	Total Duration for rights	Amount/ year	League Duration	No of teams
EPL	13 billion USD (84,500 crore INR)	3 years	4.3 Billion USD (28,166 crore)	9 ½ months	20
NFL	27 billion USD (1,75,500 crore INR)	9 years	3 Billion USD (19500 crore)	4 months	32
NBA	24 billion USD (1,56,000 crore INR)	9 years	2.6 Billion USD (17,333 crore)	6 months	30
IPL	2.5 billion USD (16,250 crore USD)	5 years	0.5 Billion USD (3250 crore)	2 months	8
BBL	Network Ten -100 million BT Sports-40 million for 5 years Sony – 600	5 years		45 days	8

- Compiled from various articles-
<https://www.sportbusiness.com/tv-sports-markets/media-rights-value-top-european-football-leagues-2016-17>
<https://www.statista.com/statistics/627303/media-rights-value-of-leading-european-football-leagues/>

The exponential rise in the cost for media rights has prompted a fierce war between advertisers and league owners in terms of bidding. For example Star India bidding over 16000 CR INR for the next 5 years of the IPL was thought to be insane when news came out. It out-performed even the highest of expectation of owners, advertisers as well as other bidders in the fray. This means that Star will be paying about 3500-4000 Cr INR every year. How will they recover? This will have a direct impact on the ad spot rate per 10 sec.

Here is a comparison of the ad spot rates for top sports leagues in the world.

League	Year	30 secs rate USD	Per 10 sec in INR
NBA	2011	435,000	94,25,000
Super Bowl (NFL)	2011	3,100,000	6,71,66,666
IPL	2011	27,693	6,00,000

- Premier League broadcasting revenue_ how is it distributed_ _ News _ theguardian.com
- <https://www.theguardian.com/football/blog/2015/feb/10/premier-league-tv-rights-grow-sky-sports>
- <https://www.forbes.com/sites/baileybrautigam/2016/03/21/where-all-that-money-comes-from-nba-team-valuations-visualized/#71e231dc444f>
- <https://www.investopedia.com/articles/investing/070715/nbas-business-model.asp>

In comparison, the IPL is still in its nascent state and it will take time for its inventory cost to grow exponentially. With the ever growing media realm, newer platforms are available for sports leagues to reach out the population. The spectrum ranges from conventional media like Print, Radio, TV all the way upto various digital platforms, viz facebook, live streaming, instagram, twitter, snapchat, gaming etc. This has further fueled the media rights war.

But this also provides the franchisees with an opportunity to improve their Returns on Investments. The franchisees have to be proactive as well as innovative to extract the maximum out of all these available media platforms. This will require a creative effort to utilize conventional and non conventional media in tandem. For example, a great mix of radio, TV, live streaming and social media will reap greater results for any franchisee. The same can be further scaled up through regional channels to improve penetration as well as engagement.

India is a diverse country with a large population. Most of the population is used to consume multi linguistic data. Hence the potent and holistic mix of all media across various languages is the ideal vehicle for a faster RoI as well as profits.

Buying rights for such a strategy can be an important element in the future.

Table illustrates the diverse way in which broadcasters take up media rights in various countries for various leagues

League	Rights jurisdiction	Broadcaster	Includes		
EPL	UK only	BT & Sky for TV BBC for highlights			
NFL					
NBA		ESPN turner	Radio, worldwide & WNBA rights	Stream games via TV Everywhere	
IPL	Worldwide	Star Sports			
AFL					
Big Bash	Australia UK India	Network Ten -100 million BT Sports-40 million for 5 years Sony – 600			

- <https://www.statista.com/statistics/193704/revenue-of-national-basketball-association-teams-in-2010/>
- <http://www.heraldsun.com.au/sport/cricket/cricket-australia-reveals-the-big-bash-has-lost-33-million-over-its-first-five-years/news-story/04e15a632db26d7e8a39deec31020384>
- <http://www.thecricketmonthly.com/story/1124714/are-t20-leagues-making-money>
- <https://www.smh.com.au/sport/cricket/big-bash-league-201516-multimilliondollar-franchises-nows-the-time-to-privatise-argues-players-chief-20160112-gm44ax.html>

Comparison of media rights for Australian leagues

League	Figures in Dollars	Total Duration for rights	Broadcaster	League Duration	No of teams
AFL	2.508 Billion Aus D	6 years 2017-2022	7 Network & Foxtel	6 months	18
NRL	1.8 billion Aus D	5 years 2015	9, Fox sports(TV, Telstra(mobile)	6 months	16
Super Rugby	275 million Aus D	5 years	Fox Sports & Ten	6 months	18(intercontinental)
V8 Supercars	241 million aus D	5 years 2013	Ten & Foxtel		18
A League	346 million Aus D	6 years 2016	FFA	6 months	10
BBL	100 million Aus D	5 years	Ten	45 days	8

- <https://www.foxsports.com.au/what-the-fox/winner-and-losers-the-state-of-play-for-the-big-australian-sports-codes/news-story/5cdf489c4d77912dccc712aa5a47b07>
- <https://www.ffa.com.au/governance/financial-reports>

So how do the franchisees recover their investments over the years? Can there be more possibilities for revenue generation?

Share of the media rights as well as the profits from the common pool form a major chunk of the income. Sponsorship of teams brings in another big pie.

Ticket sales, merchandise, player trading etc bring in the additional income.

The franchisees can be more innovative by adding a few verticals to their setup in order to increase their income.

The offline digital platform's also forms an important possibility. Apart from live games, offline footage of games brings in more engagement and brand loyalty. Sharing of such data at a lesser cost can bring in more wind fall to the overall league as well as the league owners.

This offline data can be further pushed in the more lucrative regional markets. As for the IPL, most of the franchisees do not have much to do through the year once the league is done with. It is very difficult for the IPL teams to keep their fans engaged as there isn't much happening.

So what could be done? If the footages, images and other material is available offline for the rest of the year, as the season arrives, more engagement can be built up which could reach the crescendo with the start of the league. Currently it takes a lot of effort a month before the IPL as well as in the first week to get the ball rolling.

Player auctions are much publicized to get the eye balls, but more audio video engagement is a must. Additionally conventional mediums like radio and terrestrial/ local TV amalgamated with digital medium gives a better option in terms of increasing the fan base.

Following table gives you a brief comparison between the IPL and other leagues.

Properties	IPL	EPL	NBA
Media Rights	Almost 60% of team revenues. Eg: about 240 Crore INR per team	Almost 84.4 m Pounds per team	About 30m \$ per team
Brand Sponsorship	20-30% of overall revenue	Eg:2014 Arsenal signed Puma for a 30 m pound deal	Eg: 2016 NY Knicks- 447 m \$ plus 907 m \$ arena sales
Ticket Sales/ Match day revenue	Almost 80% of tickets to sell	Eg: 2014 Arsenal collected around 101 m pounds in match day revenue	Eg: 2016 NY Knicks- 128 m \$
Prize Money	50% to players rest for team owner	As per standing (for eg in 2017 Chelsea got 68.4 m pounds prize money plus TV money while the last team Sunderland got 15.5 m pounds)	Eg: 2016 NY Knicks- 447 m \$
Merchandise	Direct income	Eg: 2017: Arsenal earned almost 25 m pounds	Eg: 2016 NY Knicks off court 8 m \$ earnings
Central Pool	% from central pool for income		
Stall rentals	Fixed cost per match basis		
Player Trading	Part of the trading amount	Eg: 2017 Arsenal got about 0.8 m pounds	
Property Development	NIL	Eg: 2017 Arsenal earned about 15 m pounds	
Gaming market	NIL	Still growing	Still growing
Digital market			

- <https://www.sportskeeda.com/cricket/ipl-2016-how-ipl-team-owners-make-money-how-ipl-players-are-paid-decoding-ipl-economics>
- <https://www.businessinsider.in/Heres-how-IPL-franchises-makemoney/articleshow/51727135.cms>
- <https://www.businessinsider.in/Heres-how-IPL-franchises-makemoney/articleshow/51727135.cms>
- <https://www.ft.com/content/30b67970-10e9-11e8-940e-08320fc2a277>
- <https://www.bloomberg.com/news/articles/2018-01-23/sky-bt-seen-facing-english-soccer-rights-price-near-8-billion>

III. Conclusion

Compared to the major leagues of the world, the media rights of the IPL are mere peanuts in terms of the money as compared to the major sports league of the world. The brand value and the valuation of any sporting league depends on the duration of the league as well as the number of teams. It has also taken decades for these sporting leagues to build up their brand value as well as fan base.

One of the most important differentiator between the IPL and all other leagues is the quantum of the event. Compared to cricket, football or other sports generally do not have international bilateral series throughout the year. Most of their international commitments are once in four years generally at Olympics, World Cups etc.

Hence all other sports get a longer rein through the year to run leagues with more number of teams as well as months. This allows more number of matches, fan engagement, transfer windows, teams, cities, merchandising etc.

Some years back, the international cricket season used to be for about 6-8 months in a year. Now international cricket has become a 365 day affair. As it was the richest board in the world which initiated the IPL, a special 2 month window was carved out from the future tour programs and today the entire cricketing world has agreed upon as each country would like its players to get a pie of the cake.

But this does not allow the league to grow as it cannot be extended to more than 2 months. This will restrict the number of matches, teams, annual long term engagement, merchandizing and brand growth to a certain extent.

But the media rights will grow exponentially with the game of valuation and projection even if the current recovery is not even at the half way mark as far as the amounts bid for the next 5 years.

But the undeniable fact is that the media rights have become the major money churner for the board. This is good news for the teams as they can expect more returns from the central pool of money.

This may not necessarily balloon the media rights to infinity. With the limit to the duration of the league, there will be a point of stagnation for the bidding of the media rights. It may be expand once in a while with the capitalistic approach of the market, viz the one with deep pockets will survive, but there will be a saturation point.

Till then it will be for the BCCI and the IPL franchisees to reap the benefits of consumption of an interesting product, at the same time it will be an opportunity for the investors/ corporate to fulfill their desire to splurge and punt on sporting properties.