

# Commercialization of Sports

How does the business and commercialization of sports reflect our values as a society?



# Outline

- ❖ How much are sports really worth?
  - Pros, College, Kiddos
- ❖ For the fans
  - The experience
  - Fantasy leagues
  - Merchandise
- ❖ Media Coverage
  - Pros and Cons
  - Who gets covered & why?
  - Appearances?
  - Gender discrepancies

# How much are our local sports teams worth?

1. The **Boston Red Sox** are currently valued at:

- a. \$990 million
- b. \$1.3 billion
- c. \$2.1 billion
- d. \$3.9 billion
- e. \$6 billion



2. The **Boston Celtics** are currently valued at:

- a. \$1.5 billion
- b. \$2.3 billion
- c. \$3.55 billion
- d. \$3.65 billion
- e. \$5.8 billion



\* Value takes into account both league & local revenue, stadium, brand & market value

# How much are our local sports teams worth?

## 3. The **New England Patriots**

are currently valued at:

- a. \$2.27 billion
- b. \$3.475 billion
- c. \$4.2 billion
- d. \$5 billion
- e. \$6.5 billion



## 4. The **Boston Bruins** are

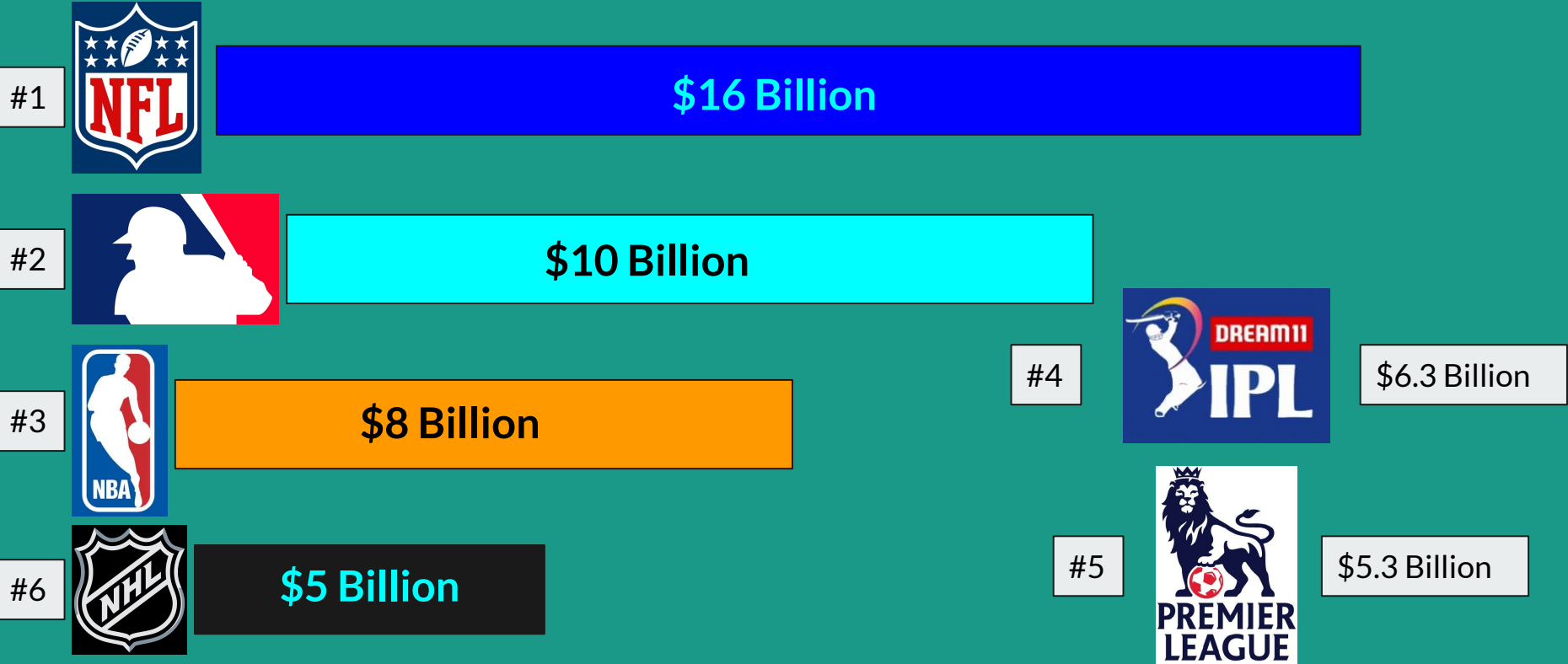
currently valued at:

- a. \$400 million
- b. \$620 million
- c. \$1.3 billion
- d. \$1.4 billion
- e. \$2 billion



\* Value takes into account both league & local revenue, stadium, brand & market value

# How Big are American Professional Sports?



# Where does the money come from?

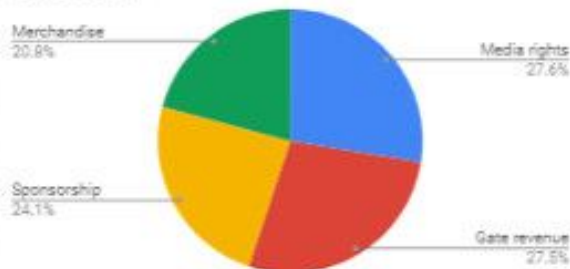
All numbers in billions, from the 2018 PricewaterhouseCoopers Sports Outlook

	2005 Percentages		2017 Percentages		2018 Percentages		2022 Percentages	
<b>Media rights</b>	7.041	16.74%	19.073	27.59%	20.141	28.29%	23.803	29.63%
<b>Gate revenue</b>	13.284	31.58%	19.015	27.50%	19.311	27.13%	21.167	26.34%
<b>Sponsorship</b>	8.38	19.92%	16.658	24.09%	17.169	24.12%	20.089	25.00%
<b>Merchandise</b>	13.358	31.76%	14.39	20.81%	14.565	20.46%	15.288	19.03%
<b>Total</b>	42.063		69.136		71.186		80.347	

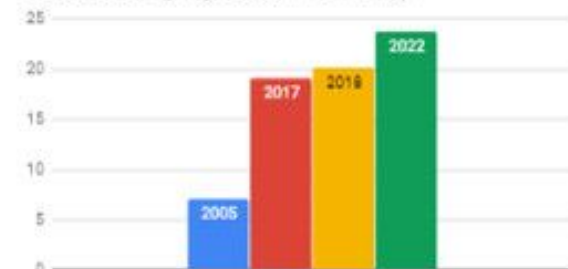
2005 North American sports revenue: \$42.063 billion total



2017 North American sports revenue: \$69.13 billion total



North American sports media rights 2005-2022 (projected, in billions)



# How does the NFL do this so consistently?

---

FREAKONOMICS RADIO NETWORK

FREAK  NOMICS  
RADIO



STEPHEN J. DUBNER

**Question:** If a soccer team plays terribly in the English Premier League, what happens to that team? What are your thoughts on this?

Should we do this in American sports like the NFL? Why or why not?

**Question:** Has Jimmy Garoppolo been a good investment for the San Francisco 49ers?

**Question:** The Lions and the Jaguars each won 3 games last year (Jets, Giants & Texas each won 4.) Do you think they should make money?

# How much is a TV deal worth to the NBA, MLB & NHL?

---

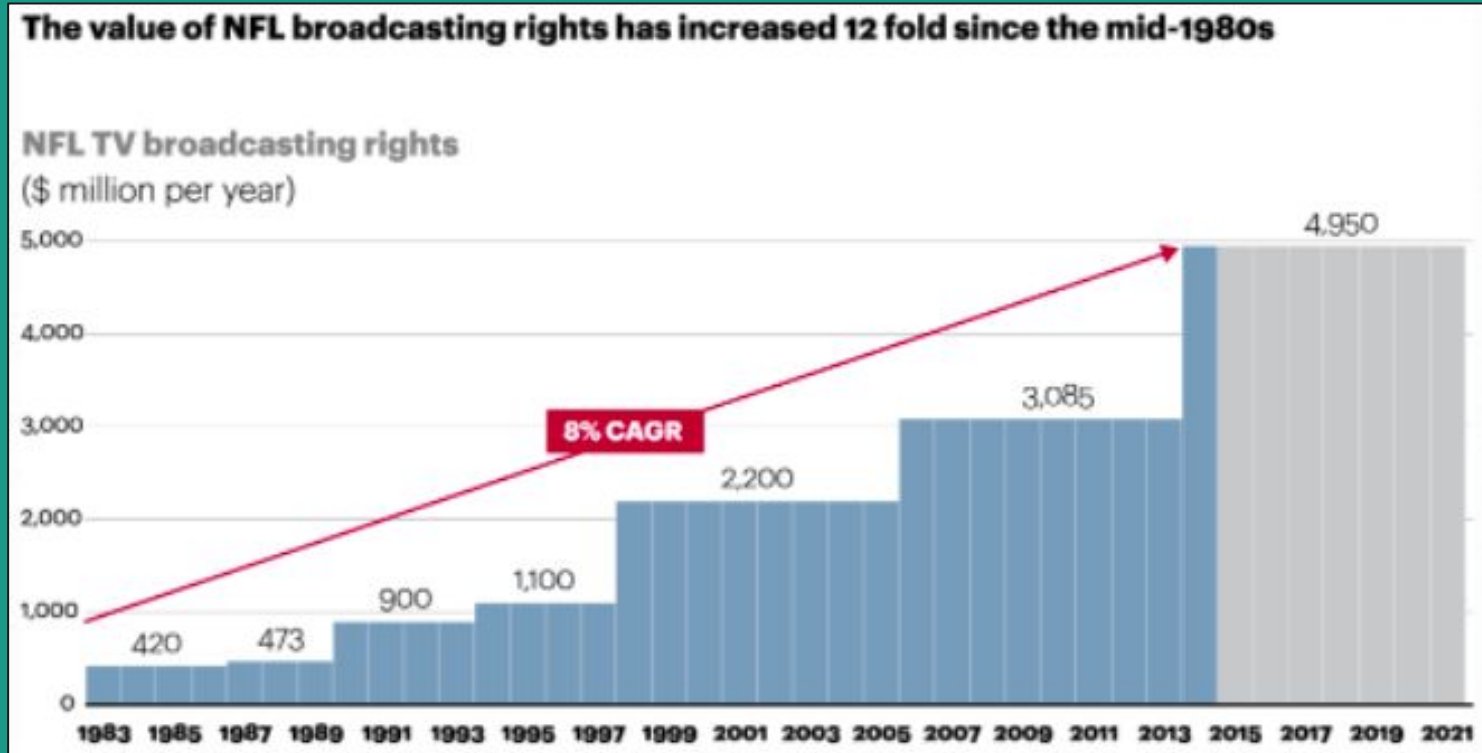
<b>NBA</b>	<b>MLB</b>	<b>NHL</b>
<ul style="list-style-type: none"><li>• In 2016, the NBA signed a 9 year extension with ESPN &amp; TNT to cover basketball through 2025.</li><li>• Total package \$24 Billion<ul style="list-style-type: none"><li>◦ That is \$2.6 Billion per year</li></ul></li></ul>	<ul style="list-style-type: none"><li>• In 2014 the MLB signed a 9 year deal with Fox, TBS &amp; ESPN</li><li>• Total package \$12.4 Billion<ul style="list-style-type: none"><li>◦ That is \$1.4 Billion per year for the 3rd most popular sport in the US.</li></ul></li></ul>	<ul style="list-style-type: none"><li>• In 2013 the NHL signed a 12 year deal with Rogers Sportsnet (Canadian network).</li><li>• It was worth \$5.2 Billion<ul style="list-style-type: none"><li>◦ That is \$450 million per year!</li></ul></li><li>• NBC dropped the NHL in 2021, but the league signed a new deal with Turner Sports worth \$225m for 7 years.</li></ul>



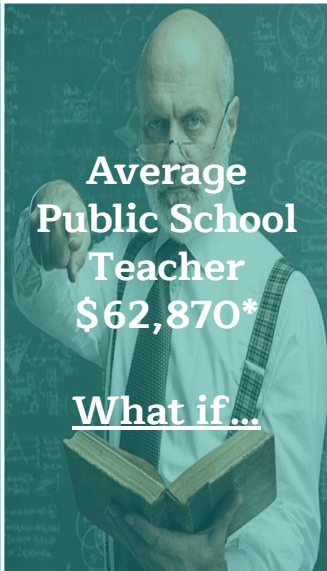




# How much is a TV deal worth to the NFL?

In 2014, the NFL signed a 9 year deal with CBS, FOX, NBC & ESPN for \$39.6 Billion.

That works out to \$4.5 Billion per year for the NFL.



# What do these salaries say about who & what we value?

Teacher	Doctor	President	Actor	Athlete
 <p>Average Public School Teacher \$62,870*</p> <p><u>What if...</u></p>	 <p>Average salary for a doctor in the US \$313,000**</p>	 <p>Presidential Salary \$400,000 +\$50K spending</p>	 <p>Average Actor earnings 2021 \$43,716</p> <p>Big names Will Smith: \$40m The Rock: \$42m</p>	 <p>Minimum - Max: NBA - \$925K - \$45.7M NHL - \$750K - \$12.5M NFL - \$705K - \$50.2M MLB - \$700K - \$59.1M</p> <p>Coaching Average MBL: \$1.5M*** NFL: \$6.7M NBA: \$4M NHL: \$2.5M</p>

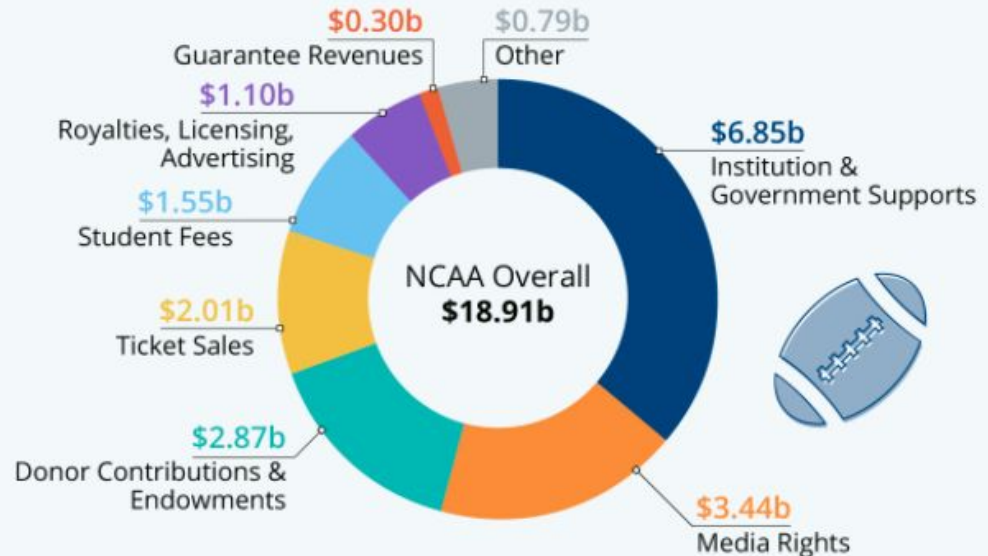
# And let's not forget...

College athletics as a whole bring in more money than the NFL!

Or, as much as MLB & NBA combined!

## U.S. College Sports Are A Billion-Dollar Game

Total revenue generated by NCAA athletic departments in 2019, by source



Source: National Collegiate Athletic Association



# What about the kids? Let's buy them too!



2006 - ESPN bought the rights to broadcast Little League games for \$30.1 Million

2015 - 8 year Extension for \$75 Million

2023-2030 - New extension for exclusive rights and more access. Cost.....?



# Question: What are the pros & cons of mass media coverage?

Think about how the coverage might help, but also what restrictions might be part of the deal.

<b>Pros</b>	<b>Cons</b>
<ul style="list-style-type: none"><li>● Exposure for sport/athletes</li><li>● Attracts capital &amp; sponsorships</li><li>● Visibility can bring opportunity (scholarships, endorsements, etc.)</li><li>● Promotes healthy lifestyle</li><li>● Promotes positive values of the sport</li><li>● Creates role models</li><li>● Sets high standards of performance</li><li>● Showcases skills</li><li>● Celebrates effort &amp; success</li><li>● Elevates sports in society</li></ul>	<ul style="list-style-type: none"><li>● Intrudes on athletes' privacy</li><li>● Airs failures publicly</li><li>● Showcases negative values</li><li>● Undermines officials &amp; decisions</li><li>● Dictates schedules &amp; venues</li><li>● Alters competition rules &amp; traditions</li><li>● Obstructs/reduces spectators at events</li><li>● Highlights &amp; perpetuates inequalities</li><li>● Creates distrust &amp; factions among fans</li><li>● Encourages armchair spectators</li></ul>



# Media Coverage

---



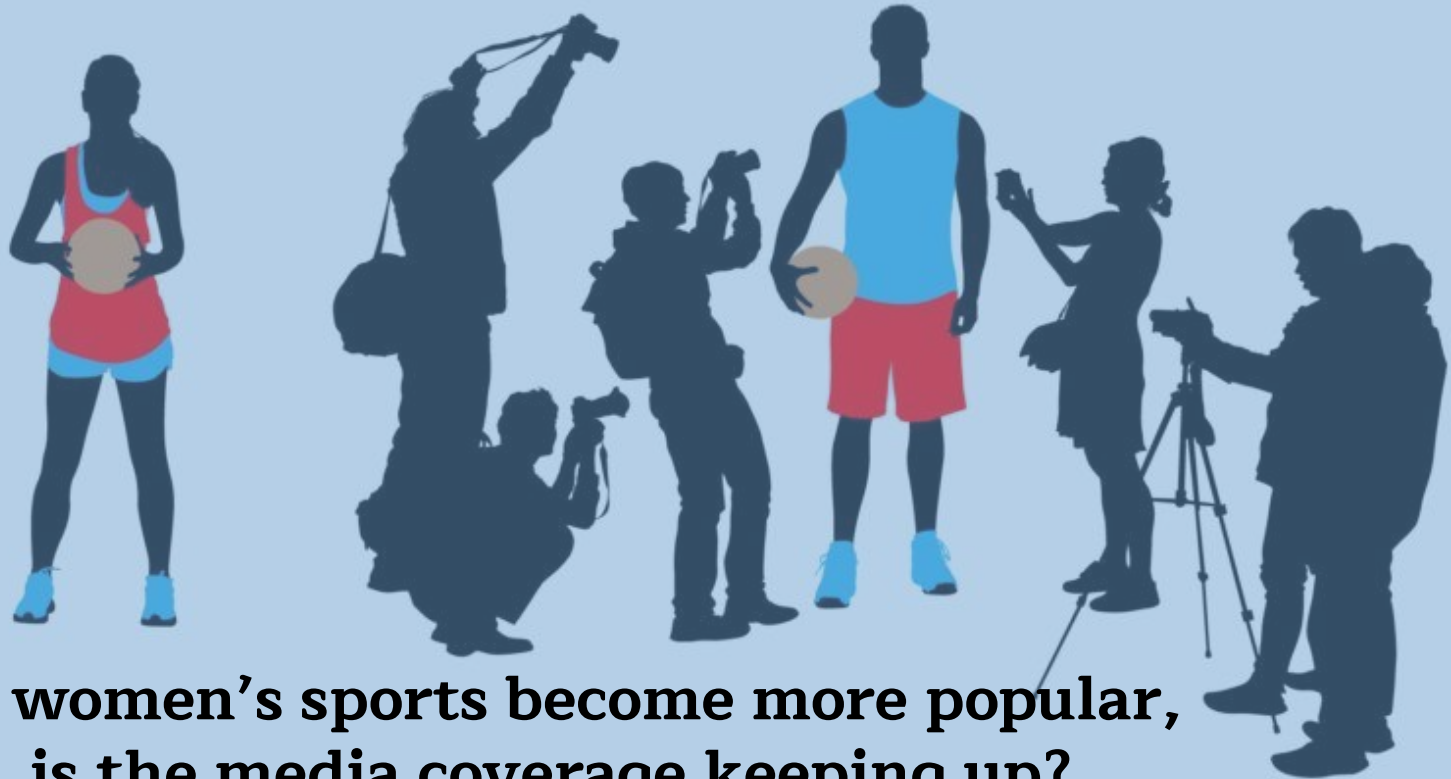
**Whose stories do we tell &  
how do we frame them?**



**How does how society views male & female  
athletes play out in media?**



**The sports industry is one big commercial - so how do we advertise various groups differently?**



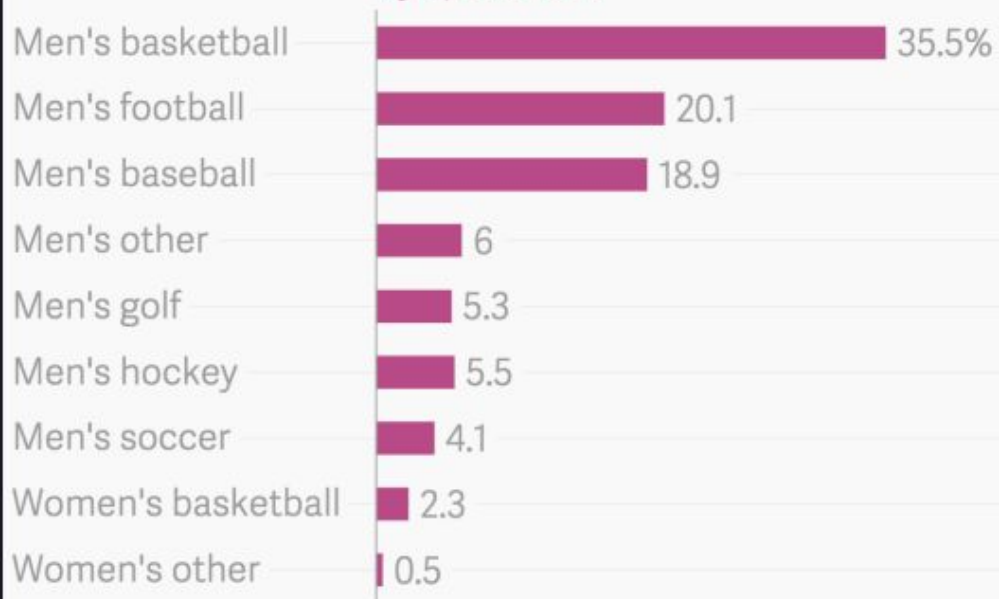
**As women's sports become more popular, is the media coverage keeping up?**

**It is assumed that men get more coverage, but is that accurate? Looks like it is.**

**Question:** Instead of focusing on why this happens or getting into the argument over whether or not it should, what is the impact that such a disparity has on sports and on women in society?

US sports coverage on 'SportsCenter' and local network affiliates

By sport, 2014



MISSY FRANKLIN SWAM ONE OF THE GREATEST RACES IN NCAA® HISTORY.



**The reality of this imbalance seems to be coming to the forefront of recent tournaments.**

During the NCAA men's March Madness tournament, this ad ran repeatedly.

## Let's take a look at some of the comments attributed to this video: Do they perpetuate the problem Buick is pointing out?

- "Men are just better at these things... her record breaking wouldn't have been record breaking if she competed against men."

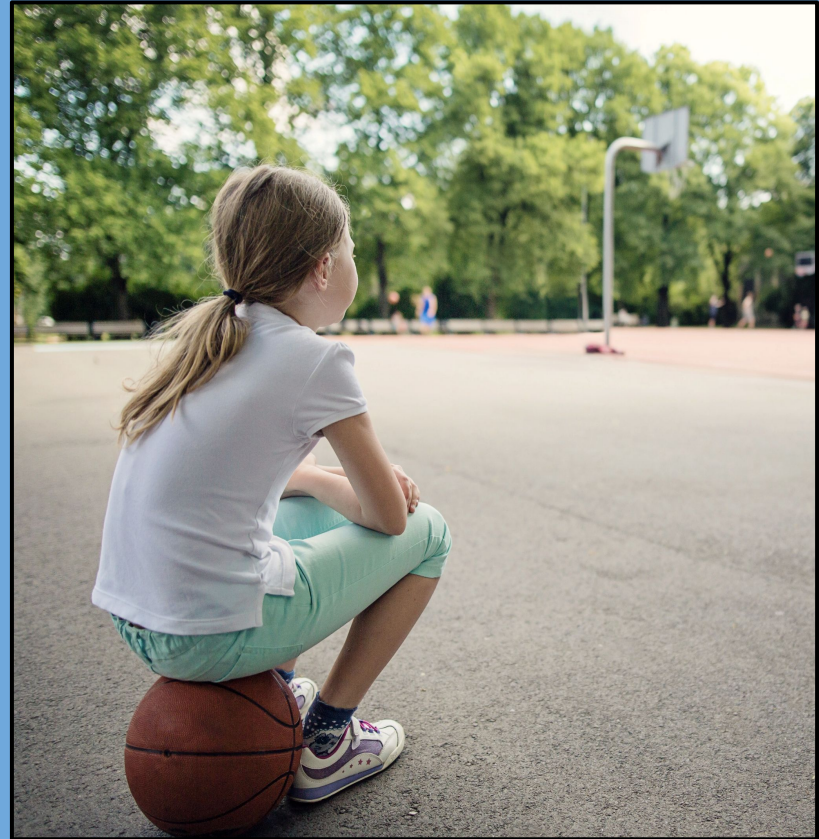
- "Athletes are basically performers. If no one comes, the performers have less revenue. At this moment ncaaw game on in Louisville with about 40% capacity at the arena vs ncaam where most every game is a sell out. Bottom line: there's less interest in these performers. Hence less revenue. Hence it's not as reasonable for an advertiser (aka revenue source) to spend money on ncaaw."

- "This stuff is so crazy. No one is entitled to attention. People enjoy the men's tournament because it's the best of the best. The women who compete are great female players and deserve respect, but that doesn't mean that they are entitled to adulation. Most basketball fans are men who prefer men's basketball because it features better players."

- "As a woman who was a former swimmer from Colorado and competed against Missy, she is the one of the best there is. For everyone saying women's sports aren't given air time because they don't make money, or because women aren't as good or interesting as men, tell me why so many male tennis fans watch Serena Williams — because she is the BEST. Saying female sports broadcasts won't make money or wouldn't be worth the watch simply isn't true — broadcasters just don't air it. Buick didn't put the video of the race in this ad to prove their point — you hear the audio, you know she must have had an amazing swim, but you can't see it. Why? Because it wasn't given air time in the first place. Women deserve to have equal air time — when that happens, then you can talk to me about profit statistics."

# Just how imbalance & slanted is the media coverage?

- In 2019, coverage of women athletes on tv news & highlight shows, including ESPN's *SportsCenter*, totaled only 5.4%
  - Up from 5% in 1989 and 5.1% in 1993.
  - If we remove the Women's World Cup, that number drops to 3.5%
- Beyond the obvious on women's sports, this lack of coverage also **deprives young girls of athletic role models** and affects how people value their sports and their contributions to society.

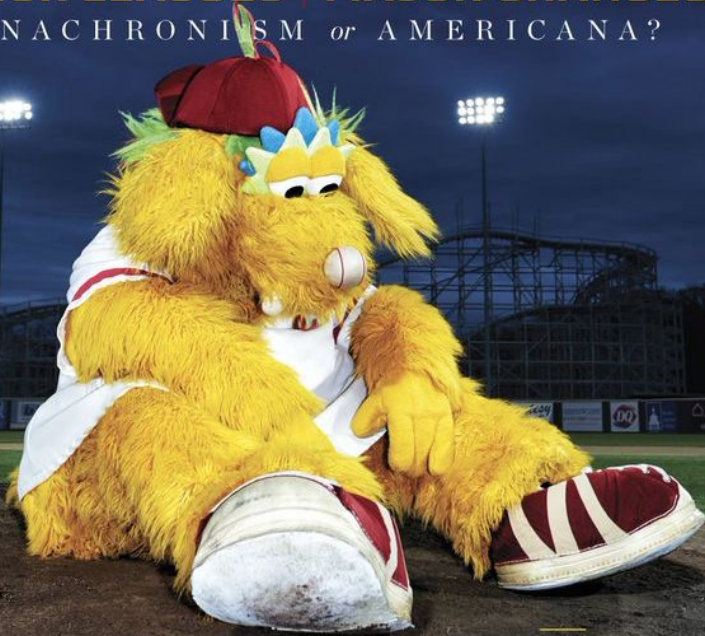


# Sports Illustrated

JUNE 2020  
VOL. 131, NO. 6  
\$10M @SINOW

MINOR LEAGUES | MAJOR CHANGES

ANACHRONISM *or* AMERICANA?



# Sports Illustrated

## Sports Illustrated Archives

Swimsuit Issue Aside...

Analysis document





# Appearances Matter?

---

- How can clothing be a form of expression?
- What if a league decided to institute a dress code?
- Could it stifle free expression?
- Might it perpetuate racial and gender norms?
- How is it tied to athletic performance?



# Dress code

---



# Dress code - the aftermath

[Dress code 10 years later](#)



# What about Serena?

---



[Is this disrespecting the game?](#)

[Google Doc format](#)

# How is the dress code fight different in other sports? Why is it a fight?

How does the perception of female athletes potentially influence the rules governing their uniforms?

This past summer Olympics, this was put on center stage with the German women's gymnastics team.



# Gender: What about beyond the Olympics?

---

In general, do we oversexualize female far more than male athletes and to an extent that detracts from their athletic abilities?

Beyond the Olympics we have multiple examples of female athletes calling for cultural and concrete changes to help refocus fans' attention back to their sports and not their bodies.



Australian Swimmer Maddie Groves boycotted the 2020 Olympics in Tokyo because of several unchecked incidents of harassment and cultural problems within the swimming community.

[Read this article about Groves' story](#) and then let's talk about:

- Do you agree/disagree with her?
- What do you think she wants changed?
- What is she risking by taking this stand?





# The Stadium Experience!



**What do stadiums cost?**

**How big are they?**

**What does the average ticket sell for?**

**What do fans get out of the experience?**

# Top 5 US Stadiums

## #5 Globe Life Field - Arlington, TX



Opened - July 4, 2020

Cost - \$1.2Billion

Capacity - 40,300

Average ticket price - \$87

### Amenities:

- retail stores
- hotels
- convention center
- concert venue
- sunken seating from dugouts to foul poles give fans feel of being “on the field”
- “Sky Porch Bar” in left field - with rocking chairs
- No obstructed views - even in concourse areas
- 2 huge video screens



# Top 5 US Stadiums

---

## #4 Levi's Stadium - Santa Clara, CA



Opened - July 17, 2014

Cost - \$1.3 Billion

Capacity - 68,500

Average ticket price - \$140 (2020)

### Amenities:

- Luxury box seats in hotel style complex
- Rooftop seating
- Largest lower bowl seating in NFL
- Museum
- Year-round restaurant
- Roman amphitheater design
- "Live cooking" concessions and 25-beer tap room
- 2 Party Decks
- Amusement park next door
- Bluetooth, wifi boosted, charging stations and other tech amenities

# Top 5 US Stadiums

---

## #3 Mercedes Benz Stadium - Atlanta, GA



Opened - Aug. 26, 2017

Cost - \$1.6 Billion

Capacity - 71,000

Average ticket price - \$106 (2020)

### Amenities:

- “100 Yard Club” - concessions length of field
- “AT&T Perch”- video screens of other games for fantasy players
- “Home Depot Backyard” 11 acres for tailgating
- Low prices for food (comp. to other stadiums)
- Cashless whole dollar pricing with tax included (\$2 cup with free refills, \$5 beers)
- Chick-Fil-A with no markup, but no Sundays!

# Top 5 US Stadiums

## #2 Allegiant Stadium - Las Vegas, NV

Opened - July 31, 2020

Cost - \$1.9 Billion

Capacity - 65,000

Average ticket price - \$154 (2020)

### Amenities:

- Retractable grass field over turf field (neat?)
- Established tailgating lots near stadium
- Walking distance to Las Vegas Strip
- End Zone Nightclub
- Drink rails with chilled cup holders and wireless charging
- Grab and Go concessions (like Amazon store)
- 2,400 integrated screens with info for fans



# Top 5 US Stadiums

---

## #1 Sofi Stadium - Las Angeles, CA



Opened - Sept. 8, 2020

Cost - \$5.5 Billion (all privately funded)

Capacity - 70,000

Average ticket price - \$104 (2020)

### Amenities:

- Partnered with Google, Square and other tech companies to make this the ultimate interactive experience for fans.
- Double sided "Oculus" video board that is larger than the field.
- Shopping, movie theater, restaurants, etc
- Upgraded wifi that allows fans access to all sorts of data about stadium (where to get certain items for example)
- Cashless everything
- Screens everywhere so every seat has great view





---

# The Impact of Fantasy Sports “Gambling”

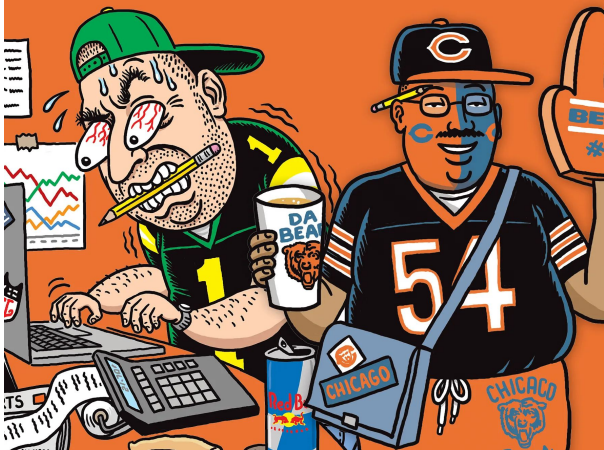
Or are they “games of skill”?



# How much is this worth?

American Football, Baseball, Basketball, Hockey and Cricket account for most of the betting.

However, almost every sport (including golf) occupies space in the fantasy sports market.



**Global Market 2020: \$20.36 Billion**

**Global Market 2021: \$22.31 Billion**

- \$12B just for NFL

**Global Market 2028 (estimated): \$50 Billion**

Reasons for growth:

- Growing youth population
- Popularity of individual athletes
- Advancements in personal technology
- Low cost of smartphones
- Wifi/Internet upgrades
- More fantasy sports applications
- Support from government
  - Not seen as “gambling” by US Fed. Gov.
  - In 2016 Mass. passed a law legalizing DFS



## How does daily fantasy sports (DFS) impact the actual sports?

Some sports, like the NFL, have even started running their own fantasy sports leagues.

Why would professional sports like DFS?

Does DFS impact the actual rules of the game?

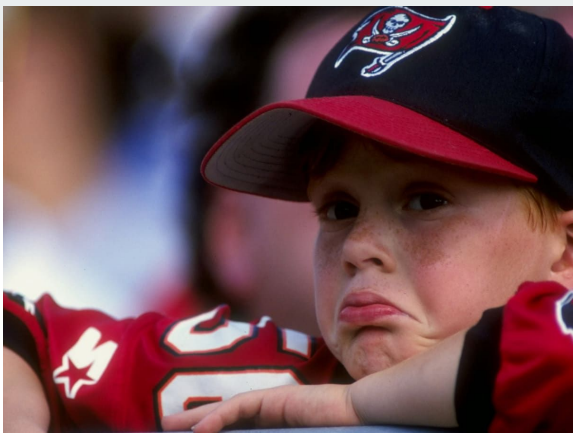
## Why Would the Leagues Like Fantasy Sports?

- Studies show that DFS participants watch or attend more live sporting events than fans who do not take part in fantasy betting.
- 73% of DFS participants purchase team merchandise.
- All of this adds up to more revenue

## Does Fantasy Impact the Game?

- Since the rise of fantasy, it is undeniable that the NFL has changed rules to increase scoring
- It is harder to hit the QB or any other offensive player
- RBs are basically an afterthought - passing is #1
- Player statistics dominate basic conversation
- 2pt Conversions are encouraged





## What are the potential downsides?

Why might athletes not like DFS?

What are other negative effects of participating in DFS?

## Athlete's Point of View?

- Richard Sherman, Pro Bowl & Super Bowl winning CB, once said *"I think a lot of people, a lot of fans out there have looked at players less like people because of fantasy football...You are thinking 'oh man, he's messing up my fantasy team.'"*
  - Players become inanimate objects in a game
- In 2018, Richard Sherman became the brand ambassador for Daily Number, a DFS app.

## What about impact on the DFS participant?

- Like other forms of gambling, DFS can lead to depression, overall decline in mental health and economic struggles.
- Development of gambling addiction
- DFS participants look past moral shortcomings of players if they perform.
- There is a drop in team allegiances



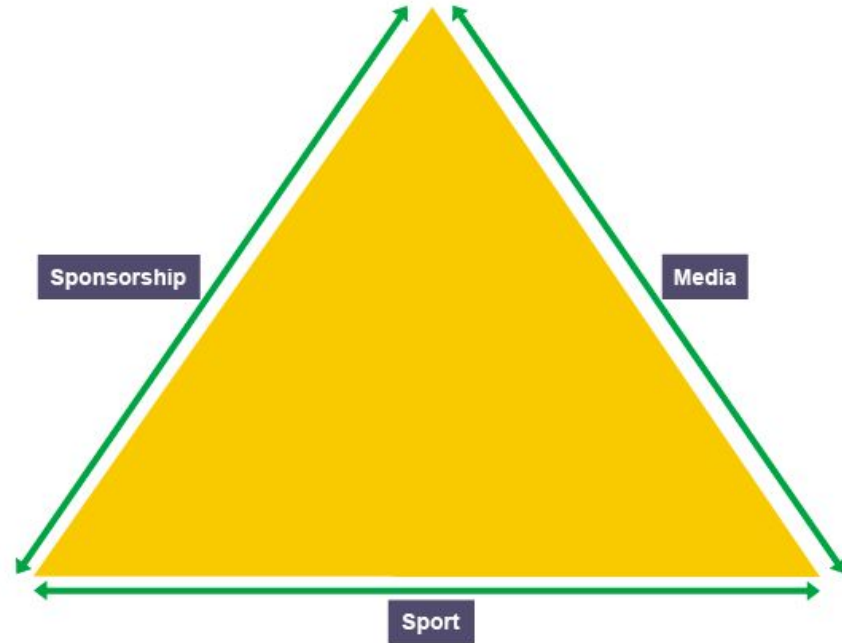
---

# Sponsorships!

How, when and why does a company decide to sponsor an athlete, team, event or league?

This is determined by looking at the relationships between all of the parties involved - something called the **Golden Triangle**.

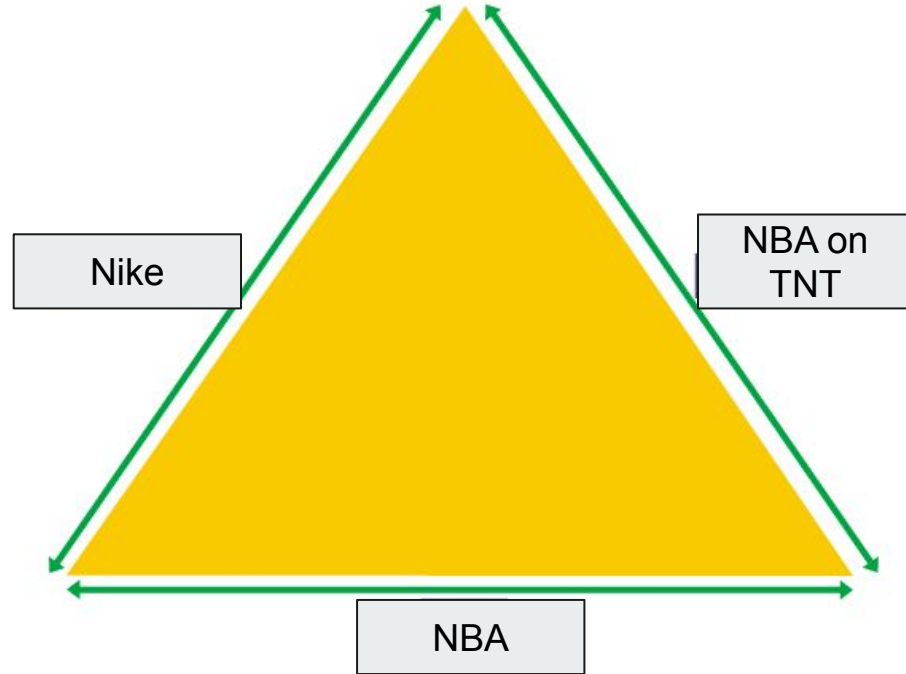
The golden triangle



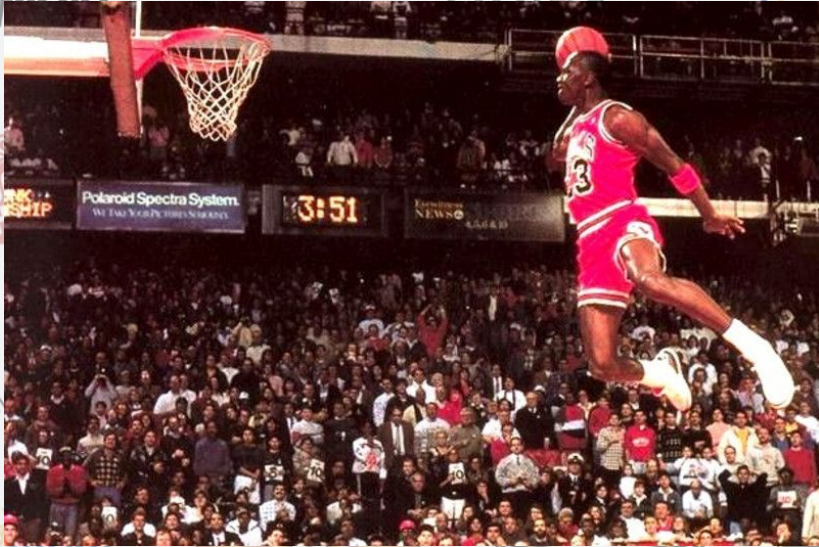
# Basically how it works

- The athletic clothing company Nike sponsors many NBA athletes and makes all of the NBA uniforms.
- Every time there is an NBA game, spectators see players wearing Nike shoes and gear.
- The best and most famous players event get their own signature shoes to wear and sell.
- If the NBA makes money, and players become popular, Nike makes money as fans see it as a quality and popular brand.

## The golden triangle



# Selling an athlete...er...a product!



Not long ago athletes were not the major marketing forces that they have become

Michael Jordan was one of the first world famous athletes to take advantage of selling his Name Image and Likeness. He also helped to market the NBA and any product that he sold his NIL to.



---

**This is where it  
all began - when  
he was 23!**



# The First Air Jordans

- At the age of 21, Michael Jordan signed his first endorsement deal with Nike
- At the time, Nike was struggling to compete with Converse and Adidas
- The contract was for \$500K per year for five years, plus a % of shoe sales.
- In the first year, the shoes sold for \$60 a pair and made \$126 million.
- In 2019, Air Jordan brand made \$3.14billion
- MJ's current deal with Nike is worth \$1.3B





# The marketing takes off to whole new levels

- As MJ began to dominate the league he also became the world's most recognized athlete.
- Nike decided to up its own game when it came to marketing its #1 superstar and walking billboard.
- In a new advertising campaign, Nike enlisted the help of another up and coming Hollywood superstar - Spike Lee.
- This campaign is credited with turning sneakers into a massively popular and profitable fashion item.



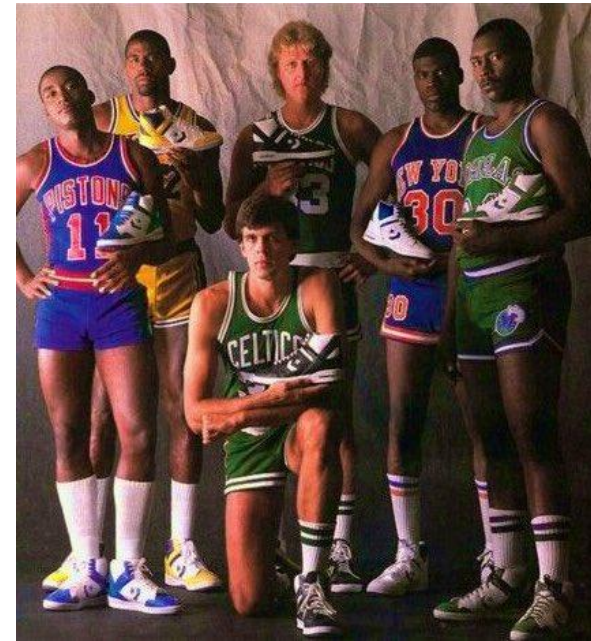
Spike Lee created the comic relief sidekick character “Mars Blackmon” from his 1986 film “She’s Gotta Have It”

His catchphrase “It’s gotta be da shoes” became famous.



# Magic Johnson's missed opportunity

- Johnson led his college team to the NCAA championship over his rival Larry Bird in what was the most-watched college basketball game ever
- Magic entered the league in 1979 as the #1 draft pick. He would go on to be Finals MVP in his rookie season.
- One of the earliest and most consequential endorsement deals offered to Johnson was for shoes. Both Nike & Converse made offers and the decision came down to whether he would take stocks instead of cash, with the 19-year-old choosing Converse, who had offered him \$100,000 a year at the time.
  - Nike's deal would have given him \$1/shoe and 100,000 shares of stock.
- Nike's stock is worth \$134 today, which would have given Johnson \$5.2 billion had he signed with Nike. If only...



Magic's thoughts on his missed opportunity (*The Ellen Show*, 2017)



# GATORADE



- In 1991, after winning his first NBA championship, MJ became the spokesperson for Gatorade.
- The deal was for 10 years and worth \$13.5 million
- The ad campaign became one of the most famous of all time - and the accompanying song is iconic. It was even released as its own single....for \$4.95 a copy.
  - It sold 100K copies with all the proceeds going to MJ's charitable foundation.
- Additionally, the commercial humanized MJ and made him look like a “good” and “down to earth” guy who could play with kids and just have fun. This helped his image - something he very much valued.

So, what is all of this  
worth to the  
industries?

Does a face matter?  
Yup!



The global athleisure industry was valued at \$306.62 Billion in 2021.

- \$113.4B in the US alone
- By 2024 the global market value is estimated to be \$550B

The sports drink industry was worth an estimated \$27.22 Billion in 2021.





# Impact of Marketing Athletics & Athletes

We've now discussed the various types of media coverage, sponsorships, athletes & sports that dominate American culture. Now you're going to assess how well, or poorly, various companies have tried to use athletes, social issues and sports (in general) to their advantage.

On the next slide is a list of groundbreaking, controversial, successful and unsuccessful ad campaigns that various companies have tried over the years. Your job is to analyze the ads and determine the overall impact.

Your ad analysis should address the following questions:

- What company made the ad? OR What was the ad marketing?
- Who “stars” in the ad?
- What sport/sports are promoted through this ad?
- Using the ad and what you know about it, complete the Golden Triangle in terms of the relationship between sports, sponsorship and media.
- Beyond selling a product, what was the ad trying to market?
- What does the ad tell you about American values? OR How is the ad trying to speak to American values?
- What impact did or could this ad have? (culturally, economically, etc.)
  - ◆ Analysis of potential (or proven) positive impact
  - ◆ Analysis of potential (or proven) negative impact



## Point Value: 20 pts

### Potential Campaigns to analyze

- |  |   |
|--|---|
| <ul style="list-style-type: none"><li>- Buick, NCAA and women's basketball</li><li>- Adidas, trans rights.....</li><li>- Gatorade, Jordan, NBA</li><li>- Pele, Puma, Soccer</li><li>- Danica Patrick, NASCAR, Go Daddy</li><li>- Dan v. Dave, Track/Olympics, Reebok</li><li>- Bo Knows, Nike, Baseball/Football</li><li>- Tiger &amp; Earl, Nike, Golf</li><li>- Tiger, Golf, Buick</li><li>- Mean Jo Green, Coke, NFL</li><li>- Converse, Lary Johnson, NBA</li><li>- John Madden, Madden, NFL</li><li>- Serena, Direct TV, Tennis</li><li>- Andre Agassi, Nike/Nikon, Tennis</li><li>- 2022 Champion Women's Wear "<a href="#">Get It Girl</a>" various athletes</li><li>- Powerade "Pause is Power"</li><li>- Under Armour, "Rule Yourself", various athletes</li><li>- Nike, "We're Short a Guy", various athletes and rapper</li></ul> | <ul style="list-style-type: none"><li>- Dick's Sporting Goods, Griffy, MLB</li><li>- Campbell's Soup, Donovan McNabb, NFL</li><li>- Nike, Muppets (Lebron Kobe), NBA</li><li>- Nike, Lil Penny, NBA</li><li>- McDonald's "The Showdown", Jordan/Bird, NBA</li><li>- Reebok, Terry Tate, NFL</li><li>- Nike, Women's World Cup, Makena Cook</li><li>- Sports England, This Girl Can, women in sports</li><li>- Seattle Seahawks, Starbucks, NFL</li><li>- Throw Like a Girl, Always, various actors</li><li>- Curry/Brady/Williams, Subway, various athletes</li><li>- Nike, "Dream Crazy", Serena</li><li>- 100 Year Game, NFL</li><li>- Nike, Snow Day, various athletes</li></ul> |
|--|---|

As a pair, choose your ad campaign (watch a few before deciding) & complete the three steps below.

### Step 1: Watch the ad campaign you have chosen. Record the following information: (5 points)

1. When was the campaign created?
2. What athlete(s) star in the ad? What sport are he/she/they associated with?
3. What product(s) or issue is being sold?

### Step 2: Complete the Golden Triangle to show the relationship between the various parties involved. (3 points)

### Step 3: Analysis of the advertisement campaign (12 points)

1. Beyond the sale of a specific product, what else do you think the ad is trying to market?
2. What does this campaign say about American values? Or, how is it trying to represent American values?
3. What impact did this campaign have? (culturally, economically, socially, etc.)
  - a. Explain the potential (or proven) positive impact this campaign had
  - b. Explain the potential (or proven) negative impact this campaign had