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# The Future of Sports Media



**What do the fans want? Sports teams, leagues, and marketing professionals are turning to a growing array of media to capture the elusive customer.**

**By Irving Rein,  
Philip Kotler, and  
Ben Shields**

There is probably no better place to examine the media landscape in the next decades than the sports arena, especially the first big players in this highly lucrative, multibillion-dollar worldwide industry. We are now seeing a massive readjustment in what has historically been a synergistic relationship between the sports leagues and teams and the media. In this transformation, new alliances will be formed, media giants will be sorely pressed to oper-

ate, and viewers—i.e., fans or customers—will have unprecedented access to information on numerous and yet-to-be-determined distribution channels.

In the United States, today's sports-media model was pioneered on television by ABC's *Wide World of Sports*, NBC's coverage of the Olympics, and CBS's Sunday afternoon football. This relationship was clear: The sports properties sold their rights to the media, who then



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## Reinventing Sports Media Pipelines

New technologies are transforming the sports media landscape. Today, a single team like the English soccer club Manchester United is accessing all the pipelines of traditional sports media channels such as ESPN, as this table illustrates. In the future, we will continue to see teams, leagues, and even stars develop and manage their own media companies.

	ESPN	Manchester United
<b>Television</b>	ESPN, ESPN2, ESPNEWS, ESPN Classic, ESPNDeportes, ESPNNU	MUTV
<b>Radio</b>	ESPN Radio	MU Radio
<b>Magazine</b>	<i>ESPN the Magazine</i>	<i>UNITED</i>
<b>Internet</b>	ESPN.com	Manutd.com
<b>Mobile Phone</b>	ESPN Mobile	MU Mobile
<b>Restaurant</b>	ESPN Zone	Red Cafe

**Manchester United** isn't just the world's most popular football team; it is also a major business enterprise, branching into publishing, mobile communications, and financial services, among other industries.

sold the sports content to advertisers, who gained audiences and potential customers for their products. The model was primarily built on network television and was largely responsible for turning professional and college sports into multibillion-dollar businesses. Over time, this model began to change as cable television networks entered the sports rights fee arena and, because of cable subscriptions revenues, began competing with network television and fragmenting what was once a scarcity-driven market.

The best example of a current winner is ESPN (Entertainment and Sports Programming Network), the synergistic sports-media brand that

communicates with its fans through every distribution channel imaginable. From its flagship television network, the company has spawned other networks (ESPN2, ESPNEWS, ESPN Classic, ESPN Deportes), syndicated radio stations (ESPN Radio), a magazine (*ESPN the Magazine*), an interactive Web site with streaming video, audio, insider information, and fantasy games (ESPN.com), a mobile phone content provider (Mobile ESPN), and

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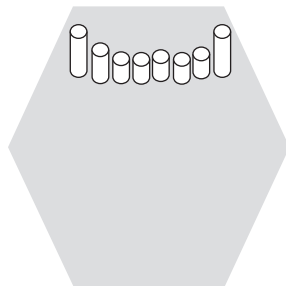


Major League Baseball's **MLB.com Mosaic** offers on-line real-time simultaneous viewing of a several games.

## Texas Hold 'Em in Sports Television

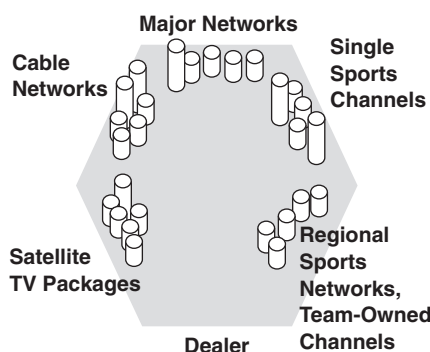
In 1976, the major networks played in their own game and had all the chips.

**Major Networks (ABC, CBS, NBC)**



**Dealer**

Three decades later, the table is crowded, with more chips and more players.



**Major Networks:** A fourth major network has been added to the mix, FOX, which has invested heavily in sports programming to build its media brand.

**Regional Sports Networks:** This group comprises team-owned channels, such as the YES Network and Altitude Sports & Entertainment, and regional cable networks, such as the Comcast Sports Net Chicago or Fox Sports Net Pittsburgh.

**Cable Networks:** Cable television created new opportunities for sports programming. ESPN was the avatar of the 24-hour sports network and has since been followed by OLN. Superstations such as TBS and WGN have also integrated sports into their programming.

**Single Sports Channels:** Leagues and specific sports have developed dedicated channels to their sports. Examples include the NFL Network, Fuel TV, and the Golf Channel.

**Satellite TV:** Leagues now offer subscriptions that give the viewer access to almost any game. Examples include NFL Sunday Ticket and Cricket Ticket.

sports is America's National Football League (NFL). For most networks, the NFL is sought after not only for its high ratings but also for the promotional lead-ins to the rest of the network's schedule and as a competitive asset in the television content wars.

Despite their league's television rights monopoly, the NFL has been building its own television channel, the NFL Network, which competed against ESPN with its own NFL draft show and broadcast eight regular season games in the 2006 season. Rather than selling its Thursday and Saturday night television package to other networks, the NFL is investing in its own media brand, using the network as a backup plan for the time when or if television networks won't pay the rights fees. The NFL Network has also bought the rights to several college bowl games, covers the league's teams all year round from the draft to training camps, and builds the legends of the league with its popular NFL Films content. For the traditional sports media, the NFL Network—along with the National Basketball Association's NBATV, the Baseball Network, and other team-only channels—is redefining sports television and transforming the once-reliable sports rights infrastructure.

The Internet is another area in sports media where rules are being rewritten and the marketplace is rapidly changing. Major League Baseball (MLB), for example, through its Advanced Media division, has built a substantial Internet infrastructure for streaming live video of baseball games throughout the season. For a one-time subscription fee, fans can watch almost every baseball game of the season on their computer.

The streaming video business has been a substantial revenue generator for the league, and it is defining the ways that leagues and teams broadcast sports on the Internet and make a profit in the process. When the National Collegiate Athletic Association decided to stream the Final Four college basketball tournament, it turned to MLB because it had the capacity and skill to do so. MLB has become one of the benchmarks for integrating new technology into its commu-

sports-themed restaurants (the ESPN Zone). Throughout most of the cable network's history, if a sport wasn't covered by ESPN, it didn't exist.

In the next stage, sports leagues and teams, because of technological innovations, are beginning to communicate differently with fans. For the first time, the content providers are developing pipelines directly aimed at their fans. A leader in this transformation is Manchester United, the billion-dollar English football (soccer) club, which has adapted and expanded ESPN's blueprint to its own one-city team. It has a television channel (MU TV), radio station (MU Radio), magazine (*United*), mobile phone service (MU Mobile), team-themed restaurants

(the Red Cafe), and interactive Web site (Manutd.com) with streaming video, audio, insider information, and a fantasy game. Outdoing ESPN, it even has its own financial services, including car insurance, credit cards, and mortgages; a ManU lottery; and a host of other attractions. As an English football club outside of London, Manchester United has transformed itself into a global lifestyle brand through innovative partnerships and new media communication strategies.

The signals of this future trend are everywhere. Sports properties are becoming their own media companies, interacting directly with their consumers without the filter of traditional media. For example, the most valuable television property in

nication strategies to meet the changing expectations of fans, and MLB's current success only means that other sports properties will begin emulating and reconfiguring their formula.

A final indicator of the changing sports-media relationship is the increasing amount of fan-driven content on the Internet. A good example is Deadspin.com, a sports news Web site that is operated out of the New York City apartment of the site's founder. Deadspin covers sports news like any other newspaper and magazine, provides forums for fans to discuss the latest sports controversies, and is sometimes the first media outlet to break a story. Deadspin's influence has become so important that even members of the traditional media often get their material from the site. That fans have also become the distributors of information demonstrates how the traditional media's role as filter is diminishing, and both sports properties and the fans themselves are increasingly filling the channels.

The radical realignment of sports

is the canary in the coal mine for the future of media. It's only a matter of time before the professional sports model becomes the standard in college and high-school sports. The Big Ten Conference, for example, has plans to begin a satellite channel to provide content to its fans. Other entertainments such as film, fashion, and music are also developing their own content and media pipelines to reach targeted fan bases.

It's fair to say that the media landscape over the coming decades will look considerably different than it does now. Moreover, the storytellers and strategists who formerly worked in these media channels will increasingly find employment with the content providers and nontraditional information distributors. If the traditional media pipelines are going to survive, they will have to seek new alliances and look to connect to the content providers in innovative ways. Already we see increased bartering, cost-sharing, and integrated multiplatform distribution strategies. The only certainty about the sports marketplace is that it is adapt-

ing, and for the stakeholders, this means constant monitoring of change and a commitment to innovation. □



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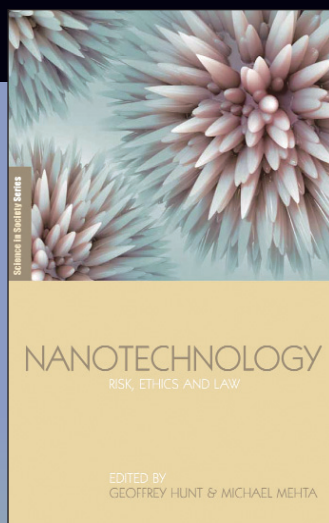
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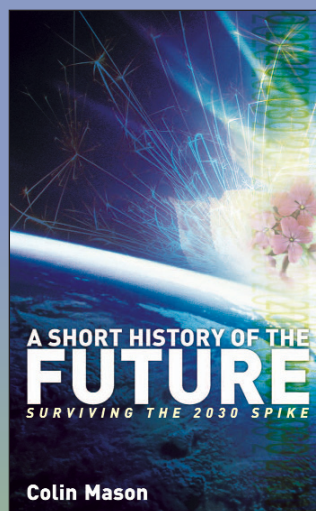
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