

Supply of televised football, market structure and policies

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Part 3

Does the market work? Market failure and the football broadcast

Complex Market Mechanism

Are broadcasters (really) competing for football rights?

- The wholesale rights market

- Strategic interaction between broadcasters

In England, the case of ...

- BBC and ITV (early 1980s, a cartel?)

- BSkyB and ITV Digital (Football League rights in early 2000s)

- BSkyB and ESPN

- BSkyB and BT (competitors?)

The Telegraph

Business

Ofcom ends probe into Premier League football TV rights sale



Ofcom will not investigate claims that the Premier League is harming customers. CREDIT: JON SUPER/AP PHOTO

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Football fans are likely to face more increases in the cost of watching matches at home, as the media watchdog will today drop its two-year investigation of the Premier League's multi-billion-pound TV rights auction.

Ofcom will abandon work on a complaint from the cable operator Virgin Media, after concluding that it does not have the capacity to assess either way whether the way the Premier League sells rights is harming consumers, The Telegraph can reveal.

The decision means England's top clubs can maintain the blockade of live coverage of matches that kick off in the traditional 3pm Saturday slot.

Regulatory Intervention

MMC (1998)

Proposed merger between BSkyB and MUFC

OFT (1999)

Unlawful English Premier League cartel?

European Commission (1999)

Exclusivity in EPL and UEFA CL markets

Ofcom (2012)

BSkyB's wholesale price of sports channel

Spanish Government (2015)

Distribution of rights fee in La Liga

Governments and Football Rights

Role of the State in football rights market

Public interest and consumer welfare?

State supply

The public purse and football rights

Legislation

Broadcasting Acts

Broadcast Acts

Sports events and the public interest

Commercial profits vs. public interest

Listed football rights in the UK

UEFA European finals

FIFA World Cup finals

Top flight football rights

Primera Liga rights – listed

English Premier League – not listed

Peculiarities in Football Broadcast Market

Effects in the wholesale market

- Broadcasters sell and buy from each other
(conditional access charges)

- For example, BskyB routinely package its channels for Virgin Media

Competition vs. Collusion

- What's optimal for broadcasters? To compete or collude?

Limiting market output

- Number of live games per season

- Still limited and compromising consumer welfare
(from 60 to 154 games per season)

Alliances between broadcaster and league

- EPL and BSkyB

- Slight market liberalisation (forced by regulator)

Summary and Conclusion

Advances in technology have had an impact on football and its broadcasting

Broadcasting and football

- Interdependence between the sectors

- Broadcasters need football and football needs broadcasters

In England, the size of rights fees and its distribution require careful analysis. Are they having the desired effect on football?