

Supply of televised football, market structure and policies

Dr Babatunde Buraimo
ULMS370 Football Business

Part 2

The evolution of the Football Broadcast
Market

Limited Spectrum, Abundant Content: Technology and TV Consumption

Rudimentary technology of analogue terrestrial free-to-air of the late 1980s meant football had to compete against other content. Essentially, there was limited spectrum space and abundant content.

The commercial and economic power lied with the spectrum owners.

In England, this essentially meant a broadcast cartel between BBC and ITV suppressed the rights value of football.

Suppression of Domestic Rights fees

Year	Duration of contract (years)	Broadcasters	Matches per season	Mean annual rights fee (£m)	Rights fee per match (£m)
All 4 tiers					
1983	2	BBC/ITV	10	2.6	0.26
1985	0.5	BBC/ITV	6	1.3	0.22
1986	2	BBC/ITV	14	3.1	0.22

Advances in Technology: Abundant Spectrum, Limited Content

Advance broadcast technology saw the most significant impact on how and what viewers had access to. The following summarise the technological advances.

- Digital terrestrial, digital satellite, and cable (throughout the 1990s to the present day)
- Multi-channel, multi-platform, and OTT
- Expansion of spectrum > expansion of rights

The commercial and **economic power was now with PREMIUM rights owners** who provided the content and not with the spectrum owners, who owned the means of production and distribution.

Scarcity of premium rights is driving up prices. The battle is now generally over who owns the rights to premium content and therefore can sell it.

For any sport, including football, this meant a relative scarcity in the supply of premium sports rights. **Let's name a few.**

Expansion of Broadcasters and Spectrum

The Emergence of Satellite Broadcasters

Year	Duration of contract (years)	Broadcasters	Matches per season	Mean annual rights fee (£m)	Rights fee per match (£m)
All 4 tiers					
1983	2	BBC/ITV	10	2.6	0.26
1985	0.5	BBC/ITV	6	1.3	0.22
1986	2	BBC/ITV	14	3.1	0.22
1988	4	ITV	18	11	0.61

Response of Football to Broadcast Competition

Desperation of satellite broadcasters as the TV market had never experienced pay-tv. They (in the UK, Sky TV and BSB) simply struggled to make ends meet. Consumers were not willing to pay for content which were freely available on free-to-air channels. Enter film and sport as the most portable of content. Sport has the added feature of being perishable.

Sky TV and BSB eventually merged to create BSkyB; a merger forced by commercial desperation and commercial losses. But broadcast competition had still emerged

Remember the regulatory capture that meant the “big 5” squeezed more from the rest and the disquiet resulted in allocation 75% of rights to tier 1, of which 40% went to the Big 5? The market forces at play resulted in the English Premier League.

This meant that the 22 clubs that started the EPL were able to engage the broadcast market more so than the Football League (of 92 clubs). It also meant that any revenues generated by the EPL was shared only amongst the EPL teams; no more cross-subsidy.

The Emergence of the Premier League

Year	Duration of contract (years)	Broadcasters	Matches per season	Mean annual rights fee (£m)	Rights fee per match (£m)
All 4 tiers					
1983	2	BBC/ITV	10	2.6	0.26
1985	0.5	BBC/ITV	6	1.3	0.22
1986	2	BBC/ITV	14	3.1	0.22
1988	4	ITV	18	11	0.61
English Premier League					
1992	5	BSkyB	60	43	0.71

Football and Broadcasting

Influence of football on broadcasting

- Provision of abundant content

- Portable and cheap production for global transmission

Influence of broadcasting on football

- Broadcasters have changed market dynamics

- More market competition for football rights

An Ever Changing Football Broadcast Market

Such was the force of football content, there was a shift in the market for **consolidation** between **medium owners and rights ownership**. Many media companies diversified into ownership of football clubs. Broadcaster such as BSkyB, Granada, NTL all had significant holdings in Premier League clubs.

Strategies was for **diversification and vertical integration**. This was an obvious pursuit of a **growth strategy** for football clubs (since football clubs are limited in the growth objectives they can pursue) and broadcaster.

For broadcast companies, they were party to insider knowledge and information; they were both the seller and buyer of rights. This is a source of market failure.

Rights Values

Year	Duration of contract (years)	Broadcasters	Matches per season	Mean annual rights fee (£m)	Rights fee per match (£m)
All 4 tiers					
1983	2	BBC/ITV	10	2.6	0.26
1985	0.5	BBC/ITV	6	1.3	0.22
1986	2	BBC/ITV	14	3.1	0.22
1988	4	ITV	18	11	0.61
English Premier League					
1992	5	BSkyB	60	43	0.71
1997	4	BSkyB	60	199	3.32
2001	3	BSkyB	66	371	5.62
2004	3	BSkyB	88	341	3.88
2007	3	BSkyB/Setanta*	92 and 46	567	4.11
2010	3	BSkyB/ESPN	115 and 23	594	4.30
2013	3	BSkyB/BT	116 and 38	1,012	6.58
2016	3	BSkyB/BT	126 and 42	1,712	10.19
2019	3	BSkyB/BT/Amazon	128, 52 and 20	?	?

Split of UK live rights

Sky Sports

128 matches per season consisting of:

Package B 32 matches at Saturday 17:30

Package C 24 matches at Sunday 14:00 and eight matches at Saturday 19:45

Package D 32 matches at Sunday 16:30

Package E 24 matches at Monday 20:00 or Friday 19:30–20:00 and eight matches at Sunday 14:00

BT Sport

52 matches per season consisting of

Package A 32 matches at Saturday 12:30

Package G 15 matches from two midweek fixture programmes and five matches from the split weekend

Amazon Prime Video

Package F 20 matches per season from one Bank Holiday and one midweek fixture programme

Number of Televised Games Per Season

