The International Sports Market







Todays Aims?

- To discuss global sporting bodies, the different types and their roles in organizing competitive sport.
- To understand the different types of league structures across the world and how they operate.
- To look at club structures and the differences within different international sports.
- TO understand the assignment and the expectations from you.



The plan for the module

12:15pm- 2:30pm / 3pm

- Friday 1st February- no lecture – task
- Friday 8th February- Lecture 2
- Friday 15th February- Lecture 3
- Friday 22nd February- Lecture 4
- Friday 1st March- Lecture 5
- Friday 8th March- No lecture industry
- Friday 15th March- Lecture 6
- Friday 22nd March- Lecture 7
- Friday 29th March- Assignment support / hand in date

Global Sporting Bodies

Student Task 1

Name as many global bodies as you can.

Student Task 2

Group them into ones operating for profit and ones that operate for no profit.



Global Sporting Bodies

- Not-For-Profit Organizations
  - IOC, Commonwealth Games
  - FIFA, FIBA (what does this stand for?)

- For-Profit Organizations (often work in conjunction with not-for-profit bodies)
  - Formula One related for-profit companies
  - MotoGP related for-profit companies

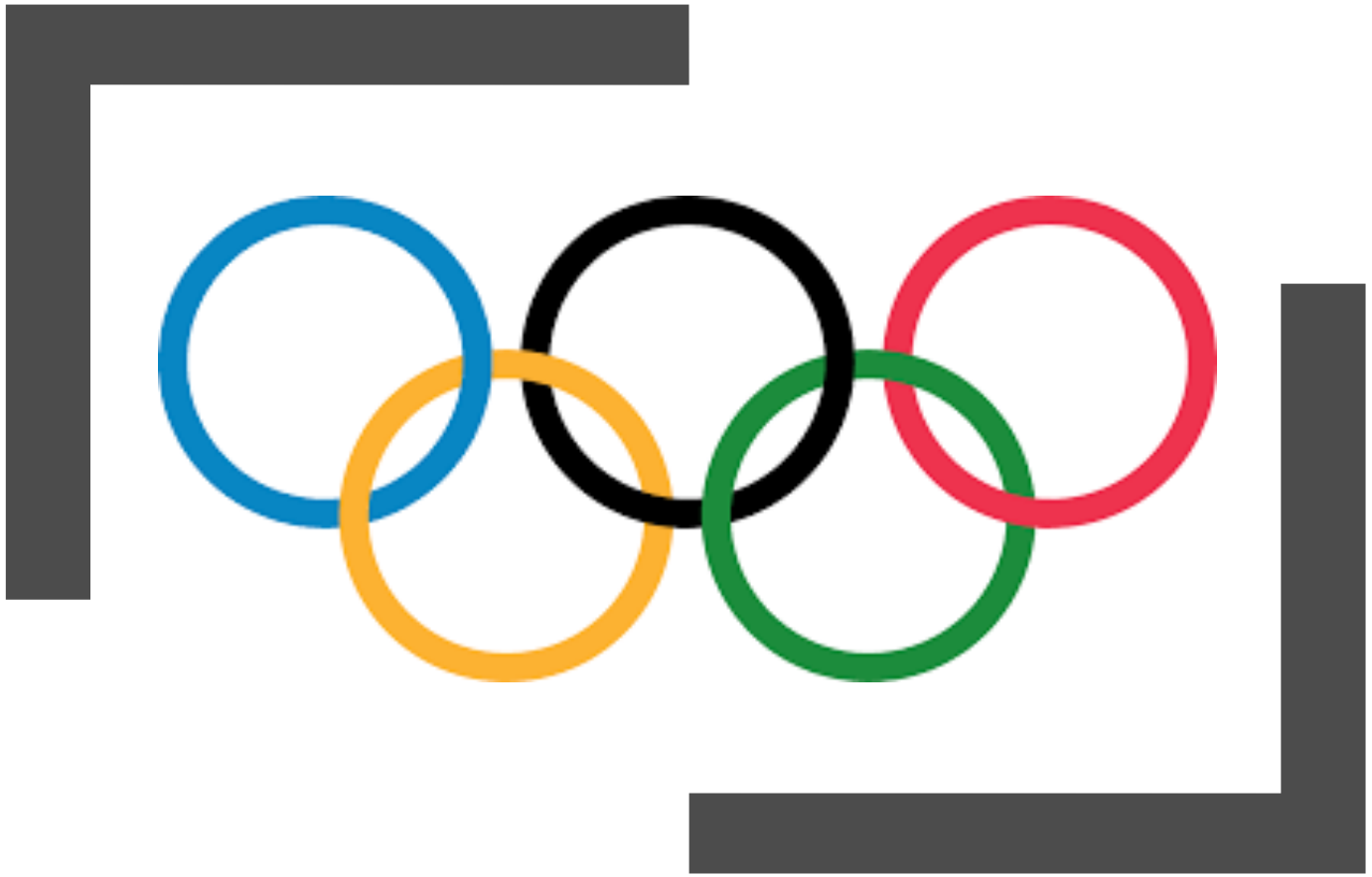




FIFA FINANCIALS: 2007 – 2014 (USD Millions)

Year	Revenues	Expenses	Surplus	Reserves
2007	$ 882	$ 833	$ 49	$ 643
2008	$ 957	$ 773	$ 184	$ 902
2009	$ 1,059	$ 863	$ 196	$ 1,061
2010	$ 1,291	$ 1,089	$ 202	$ 1,280
2011	$ 1,070	$ 1,034	$ 36	$ 1,293
2012	$ 1,166	$ 1,077	$ 89	$ 1,378
2013	$ 1,386	$ 1,314	$ 72	$ 1,432
2014	$ 2,096	$ 1,955	$ 141	$ 1,523

Categories of Organizations



1. Global Bodies Overseeing Multiple Sports
2. International Federations (IF's) for sports on the program of the Olympic Games
3. International Federations (IF's) not on the program of the Olympic Games

See examples on handout

“Typical” Sport Federation

- Responsible for:
  - High Performance
    - National Team
    - Teams to World Championship Olympic Games
    - Funding
    - Coaching
    - Training Centers
  - Development
    - Identifying Future Elite Athletes
    - Support Programs at Development Level
  - Participation
    - Programs to Attract Participants
    - Club Development
    - Coaching
  - Capacity
    - Resources and Funding

ISA
INTERNATIONAL SURFING ASSOCIATION
Surfing’s World Governing Authority



IOC

- A global multi-sport organization (MSO)
- Organizes Summer, Winter, and Youth Olympic Games
- Lead authority/rights holder in the Olympic Movement
- Members are National Olympic Committees (NSOs), one per country/jurisdiction
- Games are awarded by the IOC to winner of a bid process; the winning bid forms a OCOG (Organizing Committee for Olympic Games) to manage the Games





Other MSOs Supported by the IOC

- World Anti-Doping Agency (WADA)
- Court for Arbitration for Sport (CAS)
- International Olympic Academy (IOA)



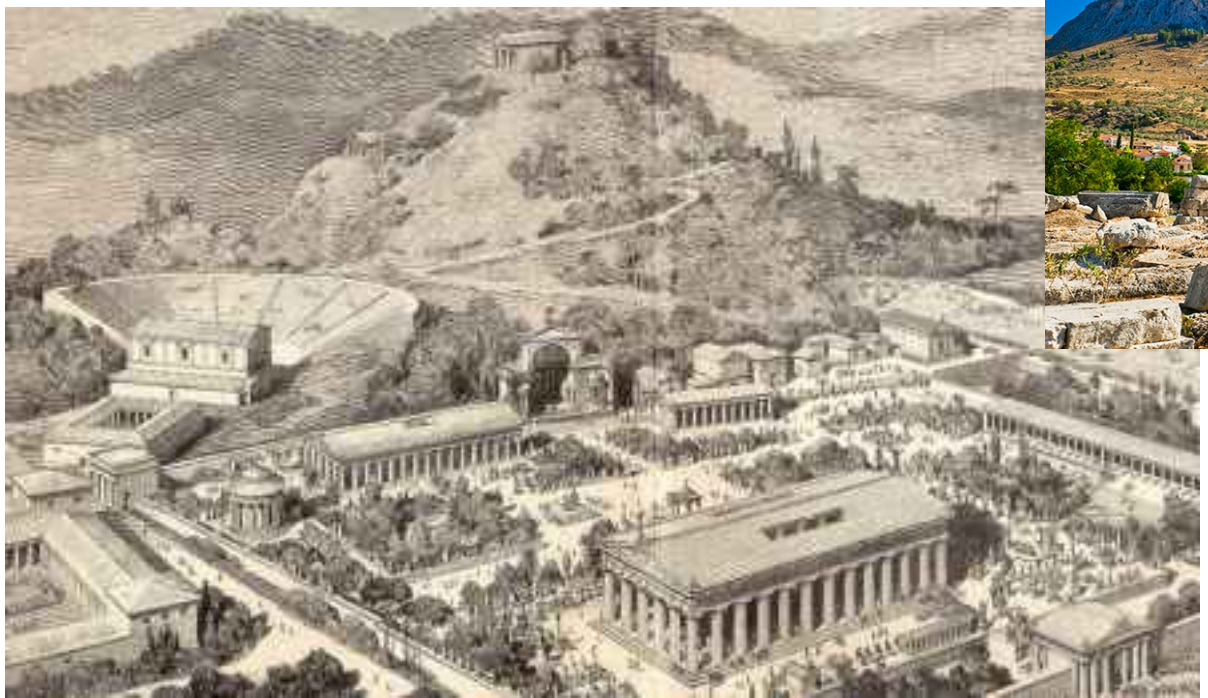
WORLD ANTI-DOPING AGENCY

play true

INTERNATIONAL OLYMPIC ACADEMY

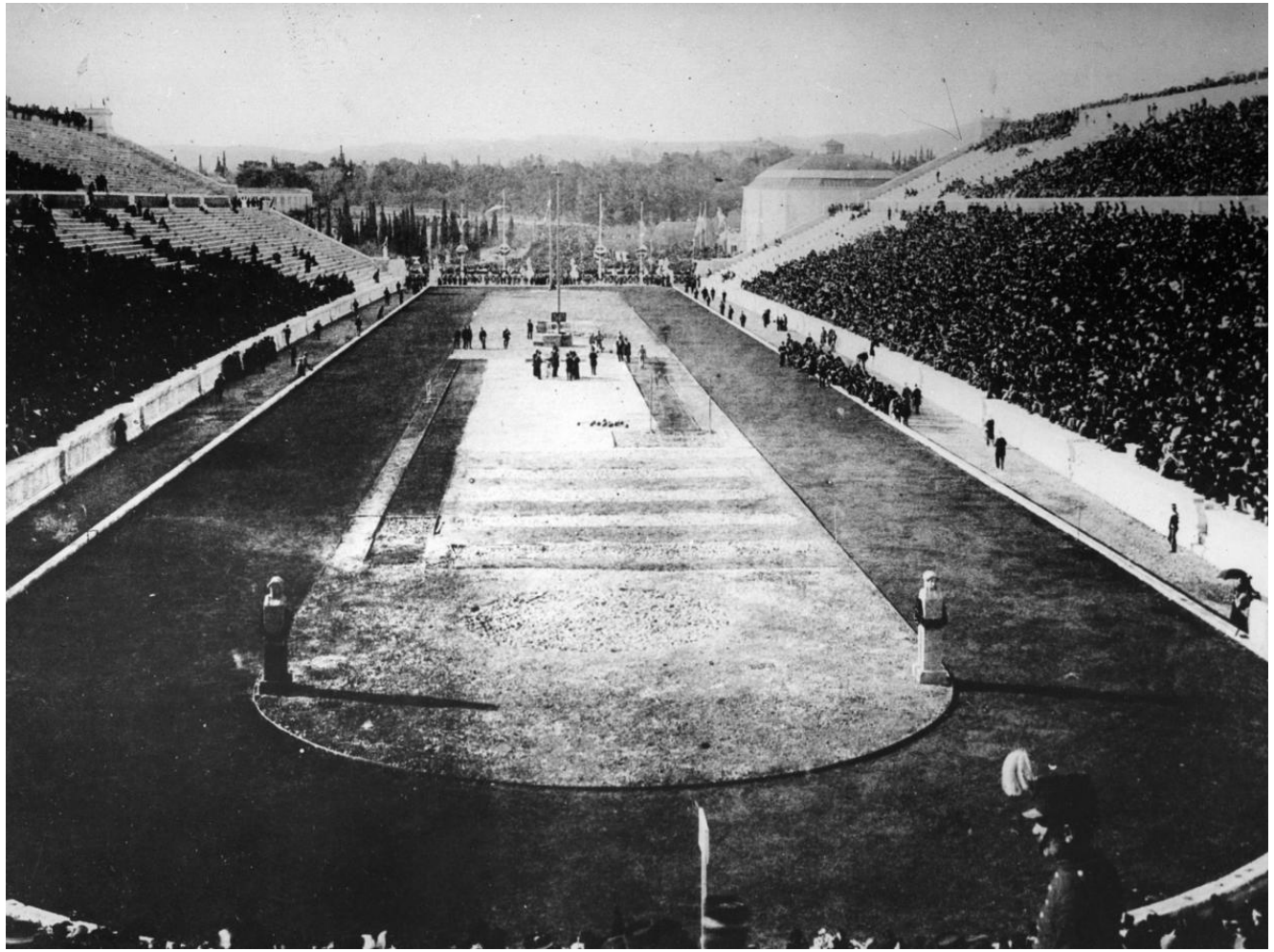
The History behind the Olympics:

The Greeks started the Olympic Games almost 3000 years ago in 776 BC. They were dedicated to the Olympian gods and were staged on the ancient plains of Olympia. (pictured below) They continued for nearly 12 centuries, until Emperor Theodosius decreed in 393 A.D. that all such "pagan cults" be banned.





The modern incarnation of the ancient Olympic Games took place in Athens Greece in 1896. Only 14 countries participated in the original tournament and there were only 43 events, but over the next century it grew in prestige to the international sporting festival it is today.

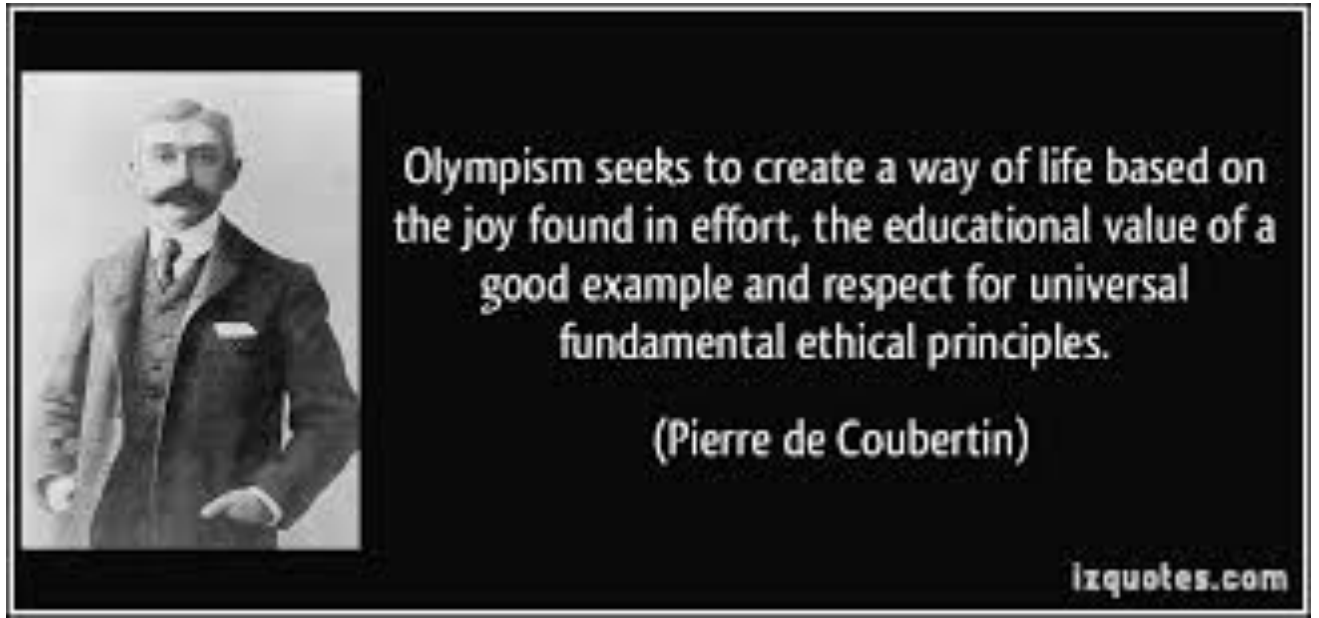


Olympism:

The Olympic Games represent a practical manifestation of Olympism, which is a philosophy of social reforms underpinned by a philosophical anthropology advocating an idealised vision of the human being and a just society.

Olympism:

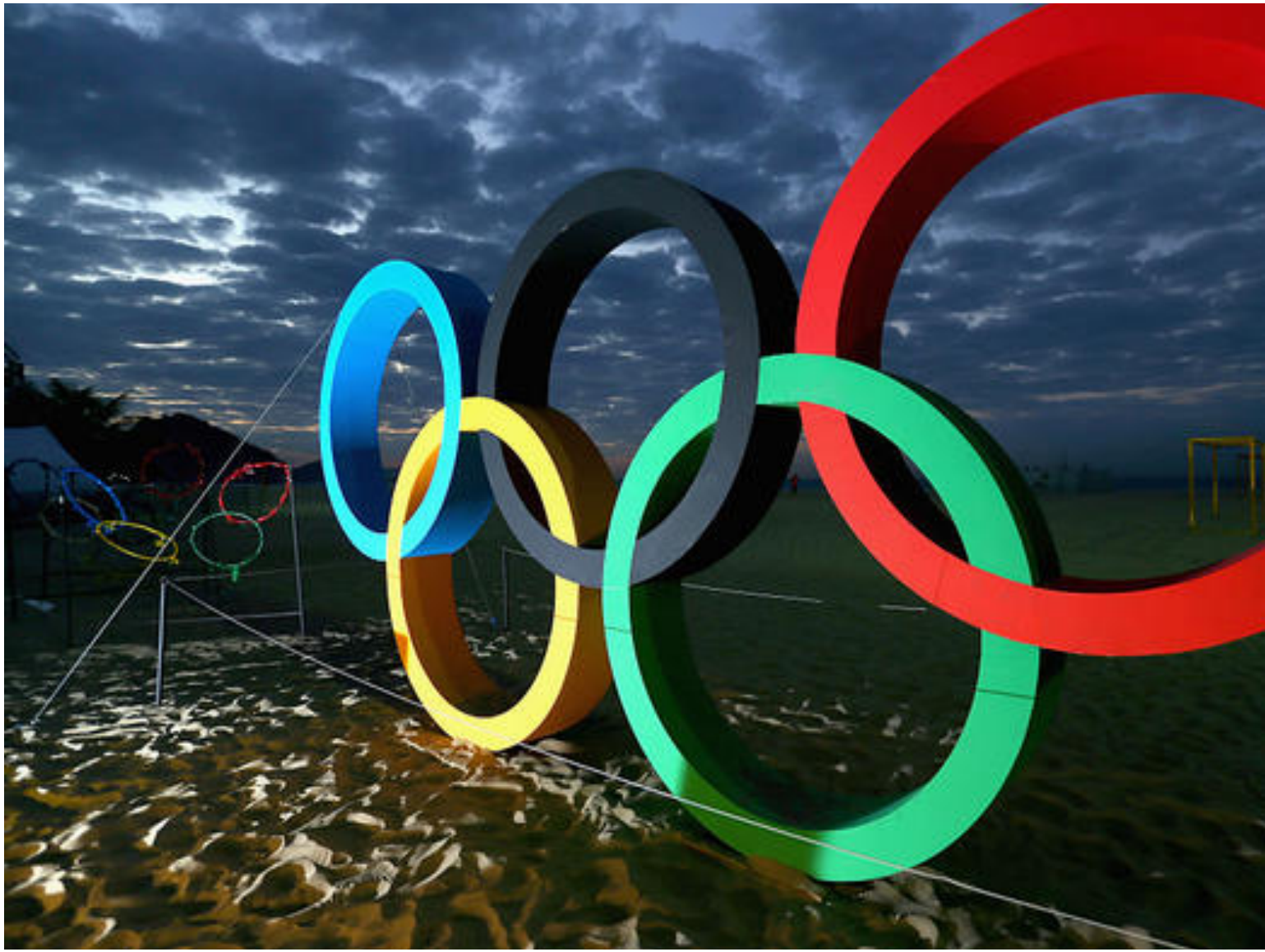
OLYMPISM IS A PHILOSOPHY OF LIFE, EXALTING AND COMBINING IN A BALANCED WHOLE THE QUALITIES OF BODY, WILL AND MIND. BLENDING SPORT WITH CULTURE AND EDUCATION, OLYMPISM SEEKS TO CREATE A WAY OF LIFE BASED ON THE JOY FOUND IN EFFORT, THE EDUCATIONAL VALUE OF GOOD EXAMPLE AND RESPECT FOR UNIVERSAL FUNDAMENTAL ETHICAL PRINCIPLES (WWW.OLYMPIC.ORG)



Pierre de Coubertin was a French educator and historian who played a major role in the founding of the International Olympic Committee because of which he is considered the father of the modern Olympic Games.

After the 1912 Stockholm Games—the first Games featuring athletes from all five inhabited parts of the world—a design of five interlocked rings, drawn and colored by hand, appeared at the top of a letter Coubertin sent to a colleague.

"A white background, with five interlaced rings in the centre: blue, yellow, black, green and red ... is symbolic; it represents the five inhabited continents of the world, united by Olympism, while the six colors are those that appear on all the national flags of the world at the present time.(Coubertin, 1932)



What are the Olympic (3)/ Paralympic Values (4)



What Are The Olympic and Paralympic Values?

Olympic Values

- friendship
- respect
- excellence

Paralympic Values

- determination
- courage
- equality
- inspiration







https://www.youtube.com/watch?v=JTVZA_GwdSs

theguardian

Sunday 5th July 2015

Only three of the 26 Olympic sports have seen significant increases in participation since London 2012 as the lack of a cohesive strategy and failures of some governing bodies mean much of the £1bn in funding has gone to waste (athletics, cycling and gymnastics)

Since 2010, over 1.5m more people are not taking part in any sport

for almost £1bn given to 46 national sports governing bodies since 2009, just five – athletics, boxing, cycling, mountaineering and table tennis – have managed to achieve a statistically significant increase in the number of people playing every month since the bid was won

And since the Olympics, once-a-month participation figures show nearly 700,000 fewer adults are playing nationally funded sports

"We understand that the legacy seems to be judged by the Active People survey but it's short-sighted to judge it like that (Sally Munday, 2015)



East Village, the former London Olympic Athletes' Village. It was converted with 49% affordable housing, but targets for the Olympic Park have been reduced to 31%


WEST HAM UNITED
COYI


© Matthew Impey/REX/Shutterstock



Some of the other, small arena assets are also being reused. The Copper Box Arena which hosted handball, parts of the modern pentathlon and goalball in 2012 has attracted more than 60,000 visitors since it reopened in July 2013 as home to the London Lions basketball team and others. The London Aquatics Centre has received more than 1m visitors since it opened in April 2014 with more than 2,000 local schoolchildren accessing it through school swimming sessions every week

https://www.youtube.com/watch?v=jMgPEz29abI

Rio2016™







Flagship giant swimming pool that held the canoe slalom course closed.

Maracanã Stadium, where the Rio Games's opening and closing ceremonies were held, is now in shambles, with seats torn out and bare patches adorning the pitch





Government Objectives

- Sport as a developer of important attributes (e.g., teamwork, friendship)
- Sport to improve the health of society (physical health, mental health)
- Pride in performance Olympic and National Teams
- Sport as a reflection of society
- Sport as a proxy for war/politics
  - King James I saw the impact sport could have in 1618
- Sport as a means to bring a country together
- Sport as a passion point for citizens



Sport Leagues





Student Task

Rank the top 9 Sport leagues in terms of average attendance figures

Attedance across the World

Top sports league attendances: by average crowd, most recent completed season

Professional domestic sports leagues, regular season

Rank	Sport	League	Season	Ave	Total	Games	
No1	Am Football	**NFL**	2016-17	**69,487**	17,788,671	*256*	
No2	Football	**Bundesliga**	2015-16	**42,421**	12,980,815	*306*	
No3	Football	**Prem League**	2015-16	**36,452**	13,851,698	*380*	
No4	Aussie Rules	**AFL**	2016	**31,878**	6,311,898	*198*	
No5	Baseball	**MLB**	2016	**30,131**	73,159,044	*2428*	
No6	Baseball	**NBP Japan**	2016	**29,116**	24,981,514	*858*	
No7	Cricket	**Big Bash**	2015-16	**28,249**	903,952	*32*	
No8	Football	**La Liga**	2015-16	**28,191**	10,712,535	*380*	
No9	Football	**Liga MX**	2015-16	**26,151**	8,002,119	*306*	
No10	Gridiron	**CFL**	2016	**24,692**	2,000,052	*81*	

What is the main difference between the two leagues?

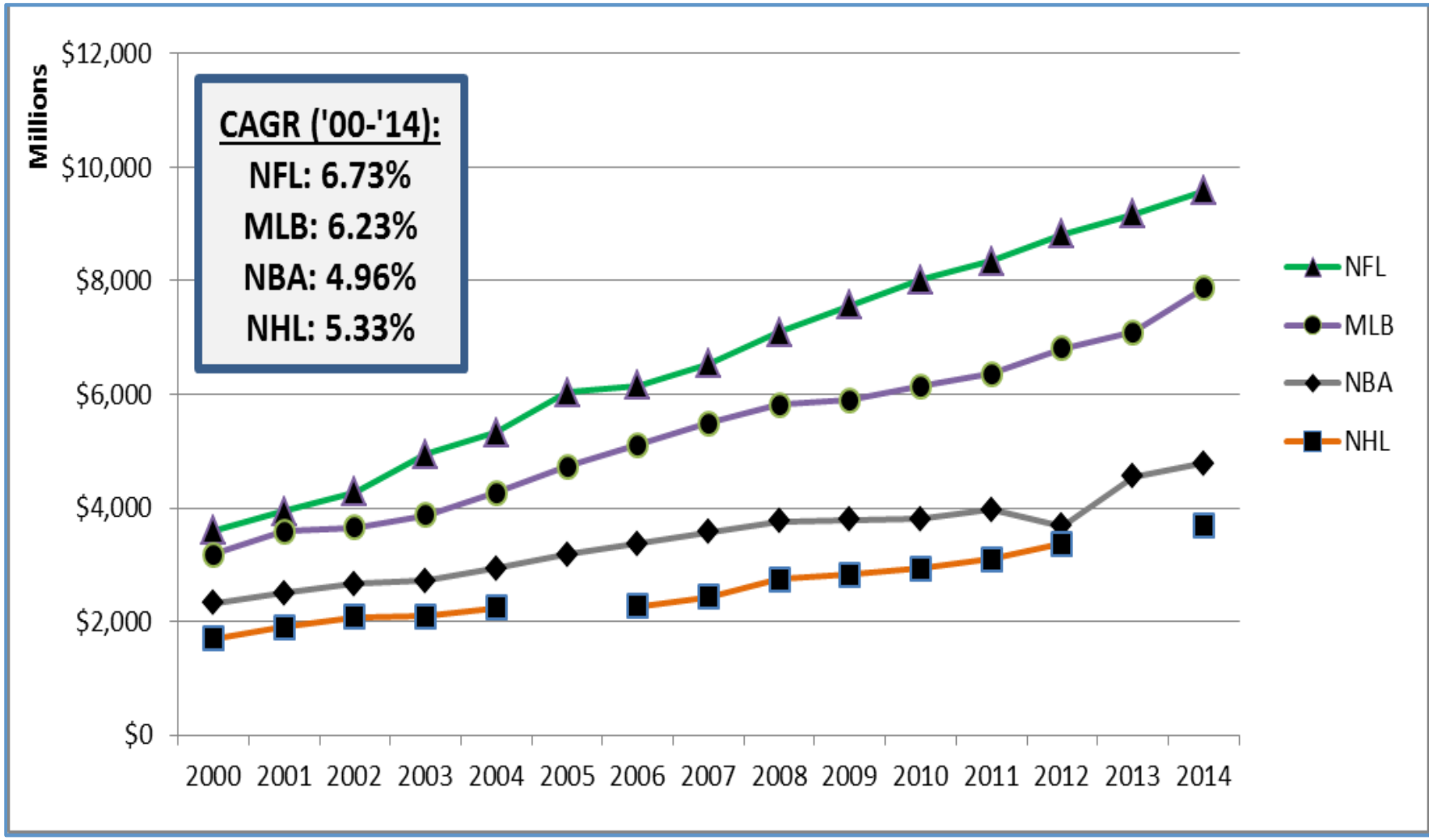




Comparisons USA- Europe

- Sporting leagues in North America are “closed” versus relegation being a central feature of European soccer/football leagues
- Multiple team sports have sizeable revenue in North America versus one sport (soccer/football) being dominant in Europe

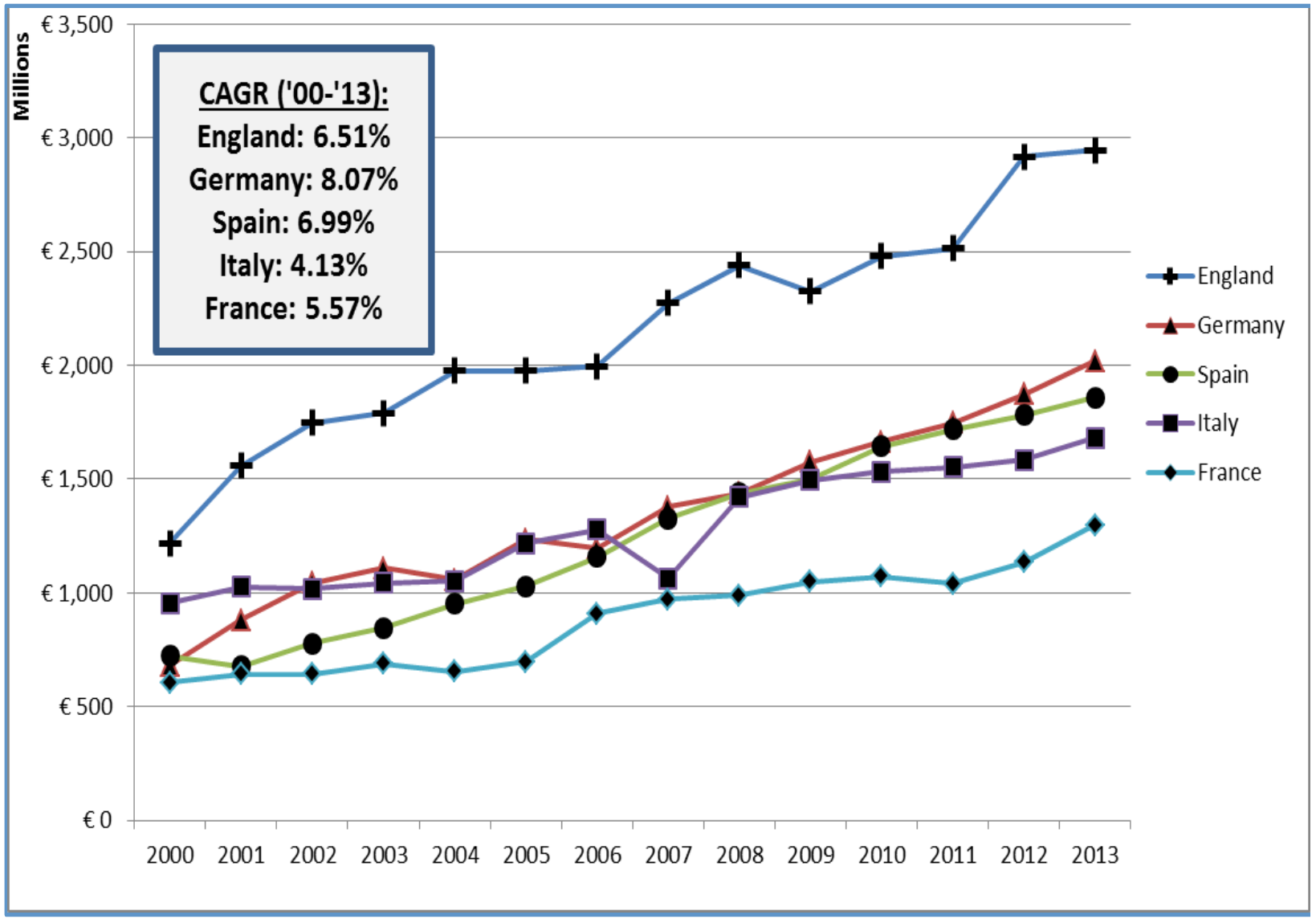
Revenue and Its Growth in Four Major Professional Team Sports in North America



*NOTE: the NHL time series is discontinuous @ 2005 due to a season lockout and 2013 due to lockout/partial season.

SOURCE: Forbes

Revenue and Its Growth in Five Major European Soccer/Football Leagues



Source: Deloitte

Vitality NETBALL SUPERLEAGUE



New Leagues

E sports leagues



The Role of the League



- The league is the main organizing body of professional sport.
- It regulates:
  - Competition comprising multiple clubs (teams) such as basketball, or
  - Competition comprising athletes (individuals), such as triathlon
- A team-sport league in a country often sits ‘under’ a global international federation. Examples include FIFA (soccer), FIBA (basketball), ICC (cricket), and World Rugby (rugby).
- Individual sports also operate in league structures, such as the PGA and LPGA (golf) and the ATP and WTA (tennis). Golf and tennis do not have a single dominant body over all of their tournaments, creating governance issues.

Individual-Based Leagues

These are leagues where the participants are individuals.





League Ownership Structures

Two types:

- Single-Entity Ownership Model
  - A single group owns the entire league and all of its clubs.
  - Examples: MLS, WNBA, IPL, XFL
  - Advantages: club/player placement, competitive balance, player salary control, and utility in the league start-up situation .
- Distributed Club Ownership Model
  - Each individual club in a club has its own ownership group.
  - Examples: most leagues.

What has lead to the success of the IPL?



How can a league influence the health and well being of its participants?

Student task-



Health and Welfare

The league must make tough decisions with two important outcomes in mind:

- Current athletes – ability to play, improving quality of play, etc. (For example, putting rules in place to reduce career-ending injuries.)
- Promoting players being able to develop careers/financial security post-playing days.
- Future athletes and parents – managing perceptions of safety to play for parents and youth. (For example, programs to reduce/educate about concussions.)

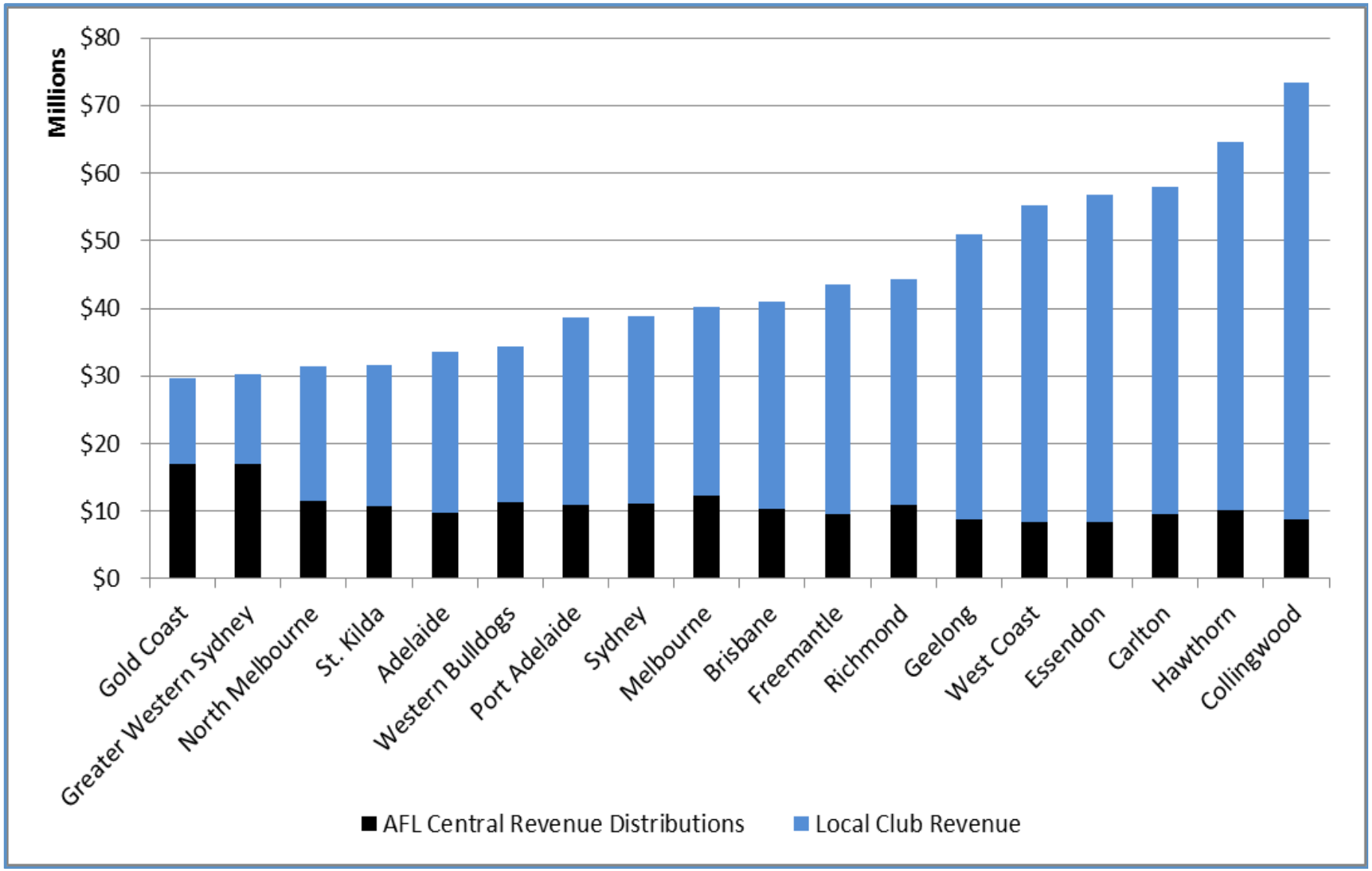
Other League considerations

- Eligibility of athletes- who can play and when- age / nationality / sex
- Rules and structure of competitive season- full league, smaller pools, play offs, technology- VAR
- Revenue sharing
- Maintaining relationships with players
- Enhancing and protecting the league brand- players, officials, style of play / rule change

Vision Statement
To Be The Unassailably #1 Sports and Entertainment Offering in Australia

Strategic Themes:	
STRONG CLUBS	"18 strong and financially viable Clubs. Competitive balance – any team can win on any given day. Close games, exciting finishes. Every club has a great stadium deal, quality facilities and its own unique, vibrant identity."
SPECTACULAR GAME & EXCITING COMPETITION	"The most talented and best paid players, playing our extraordinary game. A great product that is well officiated and is exciting to watch. Our game played in the best stadia with the best at-game experience in every state and territory. A competition renowned for its integrity and reputation"
INDUSTRY REVENUE & DISTRIBUTION	"A strong industry economy. Industry revenue growth through a record media deal and collaboration between AFL and Clubs. Cost discipline and efficiency across the industry. Revenue reinvestment back to current and past players, Clubs, the community, and investment in stadium and media assets to set up for future growth"
COMMUNITY FOOTBALL	"Australia's game. Truly national, truly representative, truly connected to the community. Growth in community football Leagues, Clubs, and competitions across the country. Elite women's and 2nd tier competitions. One code across all States – national strategy, executed locally. A leader on social issues"
NEW FANS	" A diverse fan base that reflects the changing face of Australia. Our indigenous game to have an unassailable hold on the Australian Community – nationally – from the North to South, East to West, among women as much as men. Engaging kids to grow up to be our next generation of fans. Technology and new products drive new consumption of the game."
PEOPLE	"A highly engaged, talented and diverse industry workforce that reflects our community. An inclusive, high performance, values driven culture"

PANEL A: AFL Club Revenue –
Tiered Ranking by 2013 Revenue of 18 Clubs



Clubs


THE TOP 10
FOOTBALL CLUBS WITH THE BIGGEST FANBASE IN IN THE WORLD
MANCHESTER UNITED
FCB
CHELSEA FOOTBALL CLUB
Arsenal
ACM 1899
LIVERPOOL FOOTBALL CLUB
FC BAYERN MUNCHEN EV
JUVENTUS
Do U Know?


NEW ENGLAND PATRIOTS


SYDNEY
Roosters


LOS ANGELES
LAKERS

Club Ownership Models

Distributed Club Ownership Model (each club separately owned)

- Private Ownership: Single Individual
- Private Ownership: By Multiple Individuals (Syndicate)
- Public Ownership: Club is Major/Exclusive Asset
- Public Ownership: Club is One of Many Assets

Single Entity League Ownership Model (league owns each club)

Association Model (club is a non-profit institution with members voting for directors who appoint management team)

Association/Private Investor Mixed Model

- Mandated in some European leagues, following excess debt and club bankruptcies
- German version requires 51% + of shares to be held as an association

Ownership Rules and Policies

- New owners: many leagues have ‘vetting’ on the integrity of potential owners (both majority controlling owners and minority investing owners)
- Debt: some leagues have maximum debt restrictions to reduce likelihood of financial distress
- Expansion: decisions to add more clubs/relocate existing clubs typically require super-majorities of those voting.
- Territorial rights: some leagues have strict rights that prevent clubs ‘marketing’ in the geographical areas of other clubs.



Why Do Clubs Run Into Financial Difficulties?

- Revenue/Cost Imbalance
  - Long Term Occurring Imbalance vs. Short Run Imbalance
  - Revenue-Driven Imbalance (Competition, Pricing, Consumer Base Shift, Etc.)
  - Cost-Driven Imbalance
- Rolling The Dice
  - Revenue Side (Dominant Customer “Departs”)
  - Cost Side (Spending in Advance of “Hoped for Revenues”)
- Fraud
- Risk – Multiple Risks That Can Have Negative Outcomes
  - Financial (Debt Levels)
  - Product (Lawsuits)
  - Employees (Lawsuits, Accidents)
  - Customers (Bankruptcies)
- Owner has financial problems in other investment areas and cannot maintain past cash infusions into a sporting club




ANY
QUESTIONS
?



Assessment

- Will be handed out Friday 1st March- 4 weeks to complete
- 5000 word assignment
- It will require research and further reading
- Each lecture will help you by giving you the knowledge and understanding of the international sports market.
- Additional information / reading is on moodle

Assignment

TASK (5000 maximum) – Hand in date- 29th March 2pm

Students will submit an individual report – critically evaluate: Professional team sport, how different is the US to the UK model, and are they getting closer?

NOTE: Traditionally we have thought of the English model as being characterised by 'utility maximisation' (winning on the pitch) and the American by 'profit maximisation'.

- Consider the following key emerging themes:
- Club ownership
- League Structure
- Merchandising and sponsorship
- TV Broadcasting rights
- Globalisation
- Stadiums

Report format required with a structured contents page and a range of references from a variety of credible sources.