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Trends bubble up as media whirlpool keeps spinning

By Ed Desser and John Kosner 5.22.2023

In December, we wrote how Amazon's exclusive NFL launch signified the sports media business' "crossing the Rubicon" moment (SBJ, Dec. 5, 2022) — a symbolic point of no return for the industry. That column generated many thoughtful responses. In today's second installment, we share six early post-Rubicon trends we're seeing:

1. Women's Sports Events are Booming. Fifty years ago, the NCAA moved the men's basketball championship to its current Saturday/Monday prime-time schedule; Bill Walton led UCLA to its seventh consecutive national championship on remarkable 21-of-22 shooting. The Final Four phenomenon was born. This year, Iowa's Caitlin Clark and LSU's Angel Reese electrified the nation in the semis (generating historic audiences) and then the women's championship game drew 9.9 million viewers on Sunday afternoon. Expect to see additional prime-time, regular-season women's games. The market is hot for women's events (like the FIFA Women's World Cup in July with 29 Fox broadcast windows, five in prime time). It will take a bit longer for the pro leagues, although Clark, Reese and Paige Bueckers augur well for the WNBA.

2. YouTube TV's NFL Sunday Ticket. After almost 30 years, Sunday Ticket is moving from traditional MVPD to virtual MVPD YouTube TV and its streaming platform. No longer will ST subscribers have to be linear subs (watch DirecTV's 2023 numbers!), as YouTubeTV will also sell ST à la carte (easily paired with an off-air antenna providing most NFL games). YouTube's moves increase the pool of potential Sunday Ticket subs by millions, to anyone with broadband. Now all three tech majors have an exclusive, significant, formerly linear, sports property. The addition of NFL IP will also bolster Google's Creator program, a new rights grant that matters. Indeed, it's now all about the …

3. Data. YouTube's opportunity to grow is not just theoretical: Google knows our search history, what we watch on YouTube and other information from our Gmail (really!). As Apple sells MLS Season Pass, it knows the apps we download, the in-app purchases we make, the gear we use, and our credit card. Then there's Amazon's first: targeted ads in NFL telecasts. Per former IAB CEO Randy Rothenberg: "Amazon owns all three legs of the [sales] attribution stool: (1) transactions at scale, (2) product search function at scale, and (3) scaling media distribution (120 million+ Amazon Prime Video viewers) … [making it a] self-contained attribution machine that no one else currently can match." Essentially, Amazon can correlate its actual sales with advertising on its "TNF" games, and potentially any ad-supported video it offers, including Twitch. Are rights holders properly valuing their content when they cede ownership of this data?

4. The CW Network. The CW Network "weblet" recently signed on to carry LIV Golf. Thirty-five years after the launch of the NFL on Fox comes a new over-the-air player in live weekend sports TV. Regardless of how well The CW and LIV do together, there is now potentially another several hundred hours of weekend afternoon shelf space available for live sports content. Don't expect The CW to pay out rich rights fees, or compete directly with the iconic legacy linear networks for top programming. However, we do see The CW as an emerging new target for those sports properties that are willing to pay for national broadcast reach. And now the Scripps stations have jumped in with the Vegas Golden Knights and WNBA deals (see "1" above) and Gray TV (subject to legal challenge) with the Phoenix Suns/Mercury (Nexstar/Clippers started the trend). Indeed, sports is now linear TV, with most entertainment programming on traditional channels continuing in long-term secular decline.

5. Balancing Revenue vs. Exposure. Rights owners always desire two things: maximum exposure and revenue. Increasingly they may have to choose. The NFL just licensed Peacock (owned by a cable operator that lost 614,000 Q1 subs) exclusive rights to a playoff game, sure to drive signups. MLS traded wider visibility on ESPN and the RSNs for much bigger money with Apple and Fox. To be fair, the Apple deal has also simplified discovery of MLS's schedule (most games on Saturdays and select Wednesdays), eliminated blackouts and established high quality pre-/post- and shoulder programming. Meanwhile, the Phoenix Suns/Mercury are attempting to embrace reach, provided their local TV deals supplemented by a DTC offering from Kiswe are allowed to proceed.

6. Regional Sports Networks. In our last column (SBJ, March 20, 2023), we addressed the challenged RSN business model. Diamond Sports is in bankruptcy, the AT&T SportsNets are handing back the keys to their team partners and Comcast/NBC has already divested its D.C. network to team ownership. Subject to legal challenge, the Suns may be abandoning their RSN altogether. Once local exposure and revenue powerhouses, the RSNs have been devastated by purchase debt, cord cutting, audience declines, reluctance by MVPDs to pay ever-higher carriage fees coupled with high penetration requirements (and, in the case of some virtual MVPDs, refusal to carry at all). Yet RSNs remain identifiable addresses for large numbers of local fans. Pro sports media arbitrage — getting a much higher yield per inner-market subscriber is now at risk. The new model? Less one-size-fits-all. Likely, more lower-yield distribution on a national basis combined with new streaming plus traditional local options. Are salary cap adjustments and further (or lesser) big vs. small market disparities in pro sports upcoming? Stay tuned.

As we've crossed the Rubicon, change is everywhere in sports media, and all participants will need to be especially mindful in this new world order. Next installment as events dictate (probably soon).

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