

# We've officially crossed the sports media Rubicon

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**O**ur industry reached its point of no return (the “Rubicon”) on Sept. 15, 2022. That’s when **Amazon** Prime’s streaming service delivered 15 million viewers for an exclusive **NFL** game, more (and younger) than via traditional pay-TV on **NFL Network** the same Thursday (Week 2) last season. Under the leadership of Marie Donoghue, Amazon’s technology survived the pressure test. Its Super Bowl-level production complement of six TV trucks and announcers Al Michaels and Kirk Herbstreit provided shock and awe-worthy coverage of the excellent Kansas City-San Diego matchup.

Sept. 15 was a tipping point for sports media. It’s been 35 years since a comparably transformative event — Nov. 8, 1987, when **ESPN** televised its first NFL game. That telecast heralded an earlier crossing of the Rubicon, starting the sports media balance of power shift to pay-TV from broadcast — buoyed by cable’s then-unique dual revenue streams of affiliate and advertising revenue. In fact, the start of the cable shift, and introduction of daily national prime-time sports, began a decade earlier. In 1977, Ted Turner put **Braves** games on his Atlanta Channel 17 “SuperStation,” novelly distributed via satellite, to content-hungry, growing cable systems nationwide. Similarly, streamers have been carrying live sports in recent years — just not close to what Amazon achieved this fall.

Over the past four decades, the cable TV industry’s desire to build out its technical plant, and motivate 90% of U.S. TV homes to subscribe, drove cable networks like ESPN to program nightly live major league sports and others to offer uncut, commercial-free movies, 24/7 news, original kids content and music videos. Today, crown jewels like “Monday Night Football” and the college football championship air exclusively on cable, which also has deals for all major pro leagues and college conferences. Sports has proven its unique ability to drive distribution before (NFL putting Fox on the map; and **NBA** making **TBS** a full national service, then launching TNT). The best entertainment programming has already made the move: Amazon, Netflix, and HBO Max regularly win awards for best drama, comedy, etc. Now, the question is: Will the streamers have the same desire to fully distribute their platforms by harnessing sports rights in a similar manner?

It seems inevitable:

- Prime Video and Netflix each now reach more homes than cable (nearly as many as broadcast TV).
- Each major sports league (except so far the NBA) has an exclusive streaming package, and the major soccer properties including **MLS**, Premier League, La Liga, Serie A, UEFA and Bundesliga are primarily distributed via streaming.
- **Apple**, Disney (including **Hulu** and ESPN+), Paramount+ and Peacock all now also carry major live sports.

- Amazon, Apple and **Google** each have market caps that dwarf all traditional media companies combined, against whom they can bid for future, more expansive sports rights.

In particular, Amazon is a frightening disrupter because unlike traditional media companies:

- It knows not only how many of its subscribers watched each NFL game, but also exactly who they are, and where they live!
- Also, how many minutes they watched, when they logged on and off, the streaming device they used, and if they were on a mobile or wired network, watching via Prime Video or its sister service **Twitch**. (It achieved 15 million viewers on Sept. 15 despite being a product tilted to big screen viewing; advances in its mobile app will only fuel more viewing on phones.)
- Amazon knows what other programming that home also watches, and what music they like.
- It knows what actual products that home buys, and what they spend each year on e-commerce.
- Amazon also has their email, phone and credit card numbers; Alexa even recognizes their voices!

As a result of this Amazon revolution, sports fans who were once largely anonymous — with no direct relationship with the broadcaster, league or team — are suddenly, continuously and personally connected.

In fact, Amazon represents a new world order — it has a triple revenue stream: Amazon Prime subscriptions, advertising and its viewers' e-commerce purchases. In addition to AppleTV+/Music/News subscriptions and its own burgeoning ad business, Apple also has a third stream: hardware (iPhones, iPads and Macs). With the three revenue sources, immense cash reserves and global scale, Amazon and Apple can choose to investment spend on anything they wish, elbowing out traditional media competitors, provided they believe it can ultimately benefit their core business.

Having crossed the Rubicon, what's next?

- In terms of game coverage, we see an end to delaying the start and/or joining a game in progress. Every game will be shown in full, complete with the pre/postgame shows. If a game runs long, you can watch it, or the next game (live or delayed), or even watch both simultaneously.
- We also foresee the demise of the standalone broadcast. Amazon is complementing its Michaels/Herbstreit main broadcast with other feeds including from Dude Perfect and **LeBron James'** The Shop; that's just the start. Apple will stream MLS games worldwide; and sports now has an instant global backstop service option.
- From a business perspective, dated exclusivity grants will be re-examined by rights holders looking to supplement linear reach to target different demographics via non-traditional platforms.

For the fans watching, there will be more variability, customization and creativity. That's all to the good. But, all of that will come at a steeper price with more service subscriptions and increased fragmentation. After all, crossing the Rubicon is one-way only, and not toll-free!

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