

## **Call for Papers**

### **European Sport Management Quarterly Special Edition**

# **The Economics of Professional Sport and the Media**

The most significant change in the sport industry over the last twenty years has been the increasing importance of broadcast demand for sport which has led to massive escalation in the prices of broadcasting rights for professional team sports and major sports events. At the beginning of the twenty first century for the major professional team sports in both the USA and Europe income from the sale of broadcasting rights has become more important than the amount of income generated by selling tickets to spectators at the stadia, This phenomenon has been demonstrated by the recent experience of the English Premier League.

It was when BSkyB, a pay-service satellite broadcaster, entered the scene, most notably with its bid for football's newly formed Premier League matches for the 1992-97 period, that the landscape of sports broadcasting in Britain changed dramatically. BSkyB, with its owners Rupert Murdoch's News Corporation (owners of Fox) used to the much stronger competition for sports broadcasting rights in the United States, simply raised the price for the rights from its artificially depressed level. There was a 250% increase in the level of fees for televised football in 1992 when BSky B won the rights for 60 live matches of the Premier League at a cost of £38 million per year. When the deal was renegotiated in 1997 there was a further 337% rise in the annual rights (MMC, 1999).

The 2001-4 deal of £1.1 billion was again with BskyB, as was the 2004-7 deal. Both these deals involved more live matches per season. The fact there was no increase in the price BSkyB paid for the 2004-7 rights to all the live games was seen by many as an indicator that the boom time for broadcasting rights was over. By 2004, for many English Premier League clubs broadcasting income was already the single most important source of income. For Chelsea, for instance in 2003/4 39% of total revenue (£143.7 million) came from the sale of broadcasting rights compared to 37% from matchday income, and 24% from commercial income. Manchester United, with by far the largest capacity stadium in the Premier League (at 67,500), had the same proportion of revenue (36%) for both broadcasting income and matchday income. Arsenal, on the other hand with a stadium capacity of only 38,500 had 52% of its total revenue coming from broadcasting income in 2003/4 with only 29% coming from matchday income (Deloitte, 2005).

During the life of the 2004-7 contract the European Commission intervened on the grounds that BskyB was in a monopoly position in relation the control of broadcasting rights for the live Premier League game. It insisted that when the rights for the 2007-10 were auctioned that at least one of the packages offered went to a different broadcaster. As a consequence of the six packages offered by the Premier League for the 2007-10 period, BskyB only secured four of them consisting in total of 92 live matches. BskyB paid £1.3 billion for

these games at a cost of £4.76 million per game compared with what an average cost per game over the 2004-7 period of £2.47 million per game, a 93% increase in the cost to BskyB. The other two packages went to an Irish television station, Setanta. Their packages consisted of 46 live games per year at a total cost of £392 million, or £2.8 million per game, considerably less than the cost to BskyB but more than BskyB paid for each game over the 2004-7 period. The total income to the Premier League of the new deal was £1.7 billion over three years, a massive 67% increase compared to 2004-7. The intervention by the European Commission resulted in a considerable escalation in the price of the broadcasting rights.

Manuscripts are invited for the special edition in any of the areas below or other areas within the general topic of the economics of professional sport and the media:

- Broadcast demand for professional sport
- Structure of the supply side of broadcasting
- Theoretical perspectives on the economics of sport and the media
- Procedures for the sale of sports rights
- Innovation in the sport broadcasting industry
- Pricing policy
- Integration between professional sport and broadcasters

Manuscripts should conform to the APA standard(5th edition). They should be submitted to the guest editors, Chris Gratton and Harry Arne Solberg no later than June 1st 2007.

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