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### SCC LESSON GUIDE: Lesson 3.2 / Lesson 3.3 / Lesson 3.5 – Financial Principles in Sport / Financial Principles in Entertainment / Economic Impact

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| Unit 3: Impact of COVID-19 |
| In this lesson, you will learn to:  * How has the spread of the disease has impacted the sports and entertainment industry * Understand the concept of revenue and learn how the industry generates revenue * Recognize the fallout from postponing events like March Madness and the Summer Olympics in Tokyo * Understand the overall concept of economic impact as it relates to the business of sports and entertainment |

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| **Resources** | Questions |
| |  |  | | --- | --- | | 1 | **Discussion Prompts**  Discuss these questions with your classmates or with a partner. | | *Estimated time: 5 mins*   1. What is revenue? The means for an organization’s cash inflow, typically as a result of the sale of company products or services 2. How do sports and entertainment companies generate revenue? Primarily through the sale of media rights, tickets, sponsorship, licensing and merchandising, concessions, parking 3. Why is revenue important for sports and entertainment industry companies? Can’t make money without it! |
| EXPANDED DISCUSSION   |  |  | | --- | --- | | 2 | **COVID-19-IMPACT-BTN PPT**  To help examine the impact of the virus on the global economy and the sports & entertainment industry, open the “by the numbers” Powerpoint. | | *Estimated time: 60-90 mins*   1. What is sponsorship? A form of marketing in which companies attach their name, brand, or logo to an event for the purpose of achieving future profits. Sponsorships provide a natural partnership between two parties 2. Why is sponsorship important to the Olympic Games? Couldn’t survive without the revenue! 3. What is economic impact? Economic impact can be defined as the net change in an economy resulting from sport or entertainment event related activity. This change is caused by either the activities involved in the development of new facilities and/or the revenue generated from visitor and public spending, employment opportunities and taxes 4. How will postponing the Summer Games impact the city of Tokyo? How does it affect its sponsors? Its advertisers and broadcast partners? Answers will vary 5. In what ways is the NBA impacted by the postponement of its regular season? Answers will vary 6. Identify how the cancellation of March Madness has severe economic consequences for the NCAA. How does it impact D1 schools? Athletic Conferences? Host cities? Answers will vary 7. Consider the impact of COVID-19 and how it as affected the U.S. Sports Leagues (NBA, NHL, NFL, MLB, NCAA, MiLB, PGA, LPGA). Also, how the spread of this disease has impacted the Entertainment industry (Movie Theaters, Concerts, Broadway Shows, Theme Parks, Streaming Netflix, Amazon Prime, etc).    1. What is the difference between direct and indirect effects as it relates to the economic impact? Answers will vary |
| STUDENT ACTIVITY  **COVID-19 AND MiLB**   |  |  | | --- | --- | | 3 | [Coronavirus Pandemic Creates 'Disaster Situation' For Some MiLB Teams](https://www.baseballamerica.com/stories/coronavirus-pandemic-creates-disaster-situation-for-some-milb-teams/) | | *Estimated time: 20 mins*   1. Some Minor League Baseball teams might not survive the crisis. Why?   *Student Answers will vary* |
| |  |  | | --- | --- | | 4 | **CHECK COMPREHENSION** | | *Estimated time: 15 mins*   1. What is revenue and why is it important in the sports and entertainment industry? The means for an organization’s cash inflow, typically as a result of the sale of company products or services 2. Identify ways that sports and entertainment companies generate revenue:    1. Ticket sales    2. Sponsorships    3. Licensing and merchandise    4. Concessions    5. Parking    6. Television contracts    7. Additional media contracts (satellite, radio, Internet)    8. Fundraising and Donations    9. Pay-per-view   3. What is sponsorship and why is it so important to Sport and Entertainment companies? A form of marketing in which companies attach their name, brand, or logo to an event for the purpose of achieving future profits. Sponsorships provide a natural partnership between two parties  4. TRUE OR **FALSE**: Professional sports teams do not rely on ticket sales as a major revenue stream.  5. List 3 major revenue generators in the entertainment industry.  1. Ancillary products  2. Licensing  3. Royalties  6. What is economic impact and how can sports and entertainment events impact a local economy? Economic impact can be defined as the net change in an economy resulting from sport or entertainment event related activity. This change is caused by either the activities involved in the development of new facilities and/or the revenue generated from visitor and public spending, employment opportunities and taxes |