

Sports & Entertainment Marketing

Unit One Outline, 2020-21 School Year

Unit 1: History & Evolution of Sports & Entertainment Marketing

OVERVIEW

Unit one provides students with an understanding of the evolution of sports and entertainment as it relates to business. Identifying industry “pioneers” and important milestones will assist students in the comprehension of how the sports and entertainment industry has become the multi-billion dollar industry it is today.

OBJECTIVES

- 1) Define the acronym SEM
 - 2) Identify factors that contributed to the growth of the sports and entertainment industry
 - 3) Understand the concept of “fandom” and its importance to the business of sports and entertainment
 - 4) Discuss the impact specific individuals had on the evolution of the industry
 - 5) Recognize specific milestones relevant to industry growth
 - 6) Define media
 - 7) Understand the importance of media (broadcast) rights
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LESSONS

- Lesson 1.1** Genesis of Sports & Entertainment Marketing
Lesson 1.2 Factors Contributing to Industry Growth
Lesson 1.3 Media Impact on Industry Growth
Lesson 1.4 Industry Pioneers
Lesson 1.5 Important Milestones in SEM History
Lesson 1.6 Where Are We Now?
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KEY TERMS

Fandom
SEM

Media
Superfan

Media (Broadcast) Rights

Lesson 1.1

Genesis of Sports and Entertainment Marketing

*** INSTRUCTOR'S NOTE ***



Many SCC members kick off their SEM classes by playing the “Introducing SEM: Trivia Game” as a fun way to encourage students to shift their perspective of the sports and entertainment industry to view things with a business and marketing orientation. It is available in the Unit 1 resources folder.

- A. The origins of sports and entertainment marketing (SEM)
1. What is SEM?
 - a. **SEM** is the acronym for sports and entertainment marketing
 2. Sports and entertainment marketing is a relatively new player in a field of multi-billion dollar industries.
 - a. Forms of sports marketing started as early as 1858 (first known athletic event to charge admission took place at a baseball game)
 - b. Entertainment as we know it today (movies, radio, television, music) exploded from 1900 on, and as technology improved, so did the products being offered
 - i. Silent movies progressed to sound, and radio eventually expanded to television;
 - ii. Vinyl records evolved into tape and CD and today's digital formats
 - c. The 1900's also brought the advent of carnivals, amusement parks, and theme parks which evolved from (but did not completely replace) fairs, circuses and festivals
 3. Many events have influenced the industry's transition from leisure activity to big business
 - a. Evolved as fan support grew with willingness to spend discretionary income
 - b. Emergence of radio and television offered more opportunity for consumption of sports and entertainment products
 - c. Corporations began to see the benefit with sports and entertainment affiliations, resulting in a marketing and sponsorship boom
 - d. Celebrity endorsements and naming rights deals became common industry practice
 - e. Advancement of technologies making it easier to consume sports and entertainment while more sports and entertainment properties are introduced
 4. Size and scope of the sports industry
 - a. The sports business industry is one of the largest and fastest growing industries in the United States
 - b. Research conducted in by [Plunkett Research](#) estimates the overall size of the entire sports industry in the U.S. is around \$498.4 billion (globally, the sports industry is estimated to be around \$1.5 trillion) ¹
 - c. Comparatively:
 - i. More than twice the size of the auto repair services and parking industries ²
 - ii. Larger than such industries as insurance carriers and legal services ²
 5. Sports industry revenue breakdown ³
 - a. \$43.8 billion in sales of U.S. sporting goods *equipment by retailers*

- b. \$35.8 billion in racetracks, sports teams and other spectator sports
 - c. \$34.9 billion in company spending for sports advertising in the U.S.
 - d. \$33 billion in revenues for the “Big 4” U.S. sports leagues
 - i. NFL, MLB, NBA, NHL
 - e. \$22.4 billion in revenue in fitness and recreation centers
 - f. \$1 billion in NCAA sports revenue
 - i. Click [here](#) to learn more about how the NCAA surpassed \$1 billion in revenue for the first time in 2017
6. Click [here](#) to watch a video from Plunkett Research on the current state of the sports industry. The video provides a very broad introduction to the business of sports.
7. Size and scope of the entertainment industry
- a. Industry extends from movies, television and radio, to theatre, home entertainment, amusement/theme parks, gaming and much more
 - b. Consumers have shown an insatiable appetite for entertainment resulting in an industry boom
 - i. Broadly measured, the entertainment and media industry spans multiple sectors
 - (a) There are 9,566 FM radio stations in the United States
 - (i) According to the latest figures from Nielsen’s annual “Year in Sports Media Report,” sports radio attracts 23 million weekly listeners, who tune in for an average of 4 hours a week
 - (b) Over 1.4 billion movie tickets are sold each year in U.S. theaters
 - (i) According to information from statista.com, forecasts predict that the entertainment industry will grow to over \$679 billion in value over the next four years, proving its worth in domestic markets and as a major U.S. export. The film industry is one of the biggest, if not the biggest, player in the broader entertainment sector; it is considered a cornerstone of the industry.
 - (c) Analysts at PwC estimate The US virtual reality market saw \$934 million in revenue in 2018, and is expected to grow at a 16.6% CAGR to reach US\$2bn in 2023 ⁴
8. Entertainment industry revenue breakdown (according to latest US Census Data) ⁵
- a. \$91 billion in film/theatrical/DVD rental/related revenues
 - b. \$80 billion in TV broadcast and cable revenues
 - c. \$76 billion in music industry revenues (CDs, downloads, radio, concerts, etc.)
 - d. \$18 billion in electronic gaming ⁶
 - e. \$12 billion in amusement/theme park revenues
 - f. \$7 billion in theatrical productions
 - i. Click [here](#) to watch a video from Plunkett Research on the current state of the entertainment and media industry. The video provides a very broad introduction to the business of entertainment.
 - g. However, these figures are likely to shift as the industry will be impacted by the fallout from the 2020 COVID-19 pandemic

*** DISCUSSION IDEA ***



Like almost any other industry, the COVID-19 pandemic had an unprecedented impact on sports and entertainment businesses around the world. In some cases, the fallout could be catastrophic (like the prospect of a missed college football season) while others, like the streaming companies (Netflix) and gaming sector enjoyed a sales boost. The one thing that is a constant, regardless of segment or industry, is the looming uncertainty about how to recover.

Take this opportunity to engage your students in discussion on how the pandemic has impacted and will continue to impact the business of sports and entertainment. To help illustrate the impact of COVID-19 on the industry, consider downloading the “COVID-19 Part 3: Industry Impact” lesson plan, located in the unit one folder.

DISCUSSION

- 1. How has the COVID-19 health crisis impacted the sports and entertainment industry?*
- 2. Have all segments of the industry been impacted in the same way?*
- 3. Do you think the industry will recover? Why or why not? How?*

Lesson 1.2

Factors Contributing to Industry Growth

- A. Many factors in sports and entertainment business led to its enormous growth
1. Increase in numbers of those **participating** in sports and entertainment
 - a. The U.S. Youth Soccer Association reports that there were 100,000 registered players in 1974. Today the organization has grown to 3.2 million registered players and over 800,000 coaches and volunteers.⁸
 - b. The number of U.S. golfers has risen to 12.6% of the population vs. 3.5% 50 years ago⁹
 - i. According to the [National Golf Foundation](#), the number of Americans over the age of five who played at least one round of golf on a course increased incrementally from 23.8 million to 24.2 million in 2018.
 - ii. Participation in “off-course” golfing, in the form of play at facilities such as Topgolf or at facilities with on-screen simulators, rose 6 percent, to 23 million participants, last year according to a [Forbes](#) report
 - c. According to the National Federation of State High School Associations, the sport of lacrosse has seen a 280% increase in participation in the last decade¹⁰
 - d. Among sports and recreation activities that grew more than 15% the past 10 years, skateboarding led the way with a 74.1% growth, according to the National Sporting Goods Association (NSGA)¹¹
 - i. *“Skateboarding saw a remarkable increase in the last 10 years, due in part, to the television exposure provided by ESPN’s X-Games,”* said NSGA Vice President of Information & Research Thomas B. Doyle (NSGA)¹¹
 - e. According to a [CBS Sports report](#), USA Hockey saw a record 519,547 people register as amateur hockey players in the US in 2014, 8,000 more players than any other year as non-traditional markets like California, Texas and Florida have grown exponentially over the past 20 years
 - f. Data from USA Water Polo (USAWP) shows water polo is one of the fastest growing sports in the USA, specifically at the high school level
 - i. According to [swimmersworld.com](#), nationwide participation is up 25% in the last five years while memberships increased by 67% from 26,873 to 44,773 (an all-time high) in the last eight years
 2. Increase in numbers of those **following** sports and entertainment
 - a. U.S. television broadcast 800 hours of sports TOTAL in 1971¹²
 - i. Compare that to the coverage of the 2016 Summer Olympics in Rio, Brazil, when NBC featured more than 6,000 hours of television coverage (up from 5,535 in 2012) across its platforms (including NBC, USA, Bravo, CNBC, MSNBC) and all 130 competitions were streamed online¹³
 - (a) NBCUniversal had planned to carry more than 7,000 hours of coverage across broadcast, cable, digital and social for the 2020 Summer Olympic Games in Tokyo before the event was postponed because of COVID-19, according to a [report](#) from Hollywood Reporter.
 - ii. NBC streamed 1,800 hours of 2018 Winter Olympics coverage, twice what the network streamed in the 2014 Winter games -- just over 1,000 hours of footage, which also marked the first time that every event was streamed online
 - (a) The 2018 games were the first Winter Olympics to feature a live simulcast of broadcast network coverage for authenticated pay-tv subscribers. Those users were able to watch at the NBC Olympics website or on mobile apps, as well as through connected TV devices such as Roku and Apple TV.¹⁴

- iii. According to a [LA Times](#) story, Americans collectively spent 31 billion hours watching sports on TV last year — a 40% increase from a decade ago
- 3. Increase in sports/entertainment offerings
 - a. More options for sports as participants
 - i. Disc Golf
 - (a) The sport had 560 courses in the U.S. in 1995; by 2020 that number had grown to more than 10,000 and the sport has averaged 16% growth annually over the past 15 years
 - (i) In 2000 there were 5,653 active members of the [Professional Disc Golf Association](#); by 2020 there were more than 53,000 active members
 - 1. 14,492 people joined the PDGA in 2019 alone
 - (b) Visit the [Professional Disc Golf Association](#) website to learn more about the sport
 - ii. Spikeball
 - (a) This fast-paced game was invented in the 1980's, disappeared during the 90's, and burst back on the scene in 2013 – today the sport boasts over 125,00 participants, has its own [governing body](#) and is the self-proclaimed fastest growing sport in the U.S.
 - (i) According to the [Columbus Dispatch](#), over 300 official USA Spikeball tournaments were scheduled throughout the U.S. last year
 - (ii) According to Spikeball's website, there are over 1 million players in the US alone and 1,500+ nationally ranked teams
 - (iii) Today, ESPN covers spikeball events, even describing the sport as “mainstream”
 - 1. Click [here](#) to read the ESPN story about how Spikeball went “mainstream”

*** VIDEO SUGGESTION ***



In season seven of ABC's popular entrepreneurship show, 'Shark Tank', Spikeball founder Chris Ruder pitched his new sports idea to potential investors. To view a clip of the negotiation in which he secured \$500,000 in funding on [abc.go.com](#), click [here](#). The entire episode (season 7, episode 16) is also available for purchase via Amazon or the iTunes store and is currently streaming on Hulu for those of you who may have a subscription.

- iii. Rugby is another sport poised for explosive growth in the U.S. According to [bloomberg.com](#), the number of rugby participants has increased 14 percent annually for the last five years and now boasts a record 1.2 million participants throughout the country.
 - (a) Last year, NBC televised a match between the United States rugby team and the top ranked team in the world, the New Zealand All Blacks. The event drew 62,000 spectators at Chicago's Soldier Field and NBC's ratings were higher than any Major League Soccer game in the network's broadcast history.
 - (b) In 2016, Rugby was a competitive event at the Summer Games in Rio for the first time since the 1924 Olympic Games (the Rio event was be Rugby "Sevens", a 7-on-7 version of the sport)
 - (i) [Nielsen](#) predicted that, by the 2020 Summer Games in Tokyo where Rugby Sevens was scheduled to make its second appearance as an official Olympic competition, the sport will have gained more than 30 million new fans

*** VIDEO SUGGESTION ***



For a great look at Rugby's growth (and potential) in the United States, consider sharing [this five-minute video from World Rugby on YouTube](#).

- iv. U.S. high schools have recently recognized non-mainstream sports as officially sanctioned sports in recent years
 - (a) Five years ago, Hawaii became the first state to sanction surfing as an officially recognized high school sport
 - (b) Several states offer bass fishing as an officially sanctioned high school sport (including states such as Illinois, Kentucky, Missouri and Tennessee)
 - (c) One school in Florida is attempting to legitimize [Go Kart racing](#) as an official varsity sport
 - (d) According to the [National Federation of State High School Associations](#), other high school athletic and activity associations have been adding sports such as bowling, archery, beach volleyball, rodeo, air riflery, chess, Nordic skiing and canoe paddling
 - (e) *Forbes* reported last year that at least seven state high school associations are offering esports at a varsity level, with many more on the way
 - (i) Many states without official varsity esports run state tournaments, and prizes can include scholarship money to one of the 115 colleges (and growing) fielding esports teams, and, in many cases, offering scholarships to gamers
 - (ii) Click [here](#) to read more from forbes.com how e-sports penetrated the high school activities market
- b. Media broadcast offerings
 - i. According to the *Sports Business Journal*, ESPN's coverage features over 65 sports (including MLB, NBA, NFL's Monday Night Football, NASCAR, MLS, FIFA World Cup, WNBA, college football, men's and women's college basketball, golf, Little League World Series, fishing, spelling, billiards, poker, arena football, eating championships, and the X Games), 24 hours a day in 15 languages in more than 150 countries
 - ii. DirecTV offers over 285 channels as part of their "premiere" package, including over 50 channels dedicated specifically to sports programming (and that doesn't include the seventeen "specialty" packages that require an additional subscription like the NBA League Pass, NFL Ticket or NHL Center Ice)
 - iii. Last year, Maple Leaf Sports and Entertainment (the company that owns the Toronto Raptors, Toronto Maple Leafs, Toronto FC, Toronto Argonauts, Raptors 905 and Toronto FC II) [partnered](#) with [Spalk](#) (a virtual sportscasting studio that enables teams and organizations to provide hundreds of different commentators for live streams) to create a broadcast experience that allows fans all over the world to see their favorite teams play while watching in their preferred language
 - iv. New broadcast companies like DAZN and FloSports have recently entered the market with ambitious growth plans, buying up media rights and determined to provide even more access to sports and events content

- (a) According to [Bloomberg](#), DAZN agreed signed boxer Canelo Alvarez in 2019 to the richest athlete contract in sports history, a \$365 million agreement, for the rights to broadcast his next 11 fights
 - (i) DAZN also signed a [deal](#) in 2019 with Major League Baseball for a program designed to serve as the “Red Zone Channel” of MLB+
 - (b) Starting in 2021, DAZN will add the global media rights to the Champions League coverage which will likely expand their audience exponentially
 - (c) Dubbed as the “[Netflix of Sports](#)”, DAZN is consistently pursuing opportunities in international markets and expand their existing sports coverage. The company now operates offices in London, Berlin, and Tokyo, among other major cities around the world.
 - (i) Airing over 8,000 sports events on PC, Mac, tablets, smartphones, smart TVs and game consoles every year, fans of other sports have also had access to high-quality streams live and on demand. Other disciplines regularly available on DAZN include American Football, Baseball, Basketball, Cricket, Motorsport, Rugby and Tennis.
 - (ii) All those rights fees add up, however, as DAZN has lost more than \$1 billion in the past two years, according to a [NY Times](#) report
 - 1. Click [here](#) for a story from Digiday offering a look at DAZN’s ambitious plans and challenges as they continue to invest in sports programming to grow the company
 - (d) According to [SportsPro](#) magazine, FloSports has built its content line-up to include more than 10,000 live events annually “by catering to underserved sports and audiences”
 - (i) FloSports has rights agreements in place with a variety of properties, ranging from the Professional Bowlers Association (PBA) and Rugby Europe to Gymnastics Canada, the International Cycling Union (UCI), Ice Hockey World Championships and Euroleague Basketball
4. Attendance increases had an enormous influence on the size and scope of the sports and entertainment business industry
- a. Despite seeing nearly a million fewer fans than the previous season, the NHL enjoyed its sixth highest attendance figure in league history during the 2018-19 season with 21,254,753 fans visiting NHL arenas (click [here](#) for an individual breakdown of team attendance figures)
 - i. To put the league’s growth into perspective, the NHL’s attendance in 1978-79 was just 7,758,05 ¹⁶
 - ii. Click [here](#) for an updated link for more attendance figures for other sports leagues
 - b. Over 75 percent of movies in the top 50 all-time highest-grossing films (before inflation) were released after the year 2000. Nearly 70 percent of films in the top ten were released in 2015 or later.
 - i. The highest grossing film in the 70s was *Star Wars*, at just under \$800 million, and in the 80s was *E.T.*, at roughly \$750 million (click [here](#) for the full list). ¹⁷
 - ii. In the summer of 2019, “Avengers: Infinity War” needed just 5 days in theater to surpass \$1.2 billion in gross sales, setting a new record
 - (a) The previous record of 11 days was set just one year earlier by the blockbuster “Avengers: Infinity War”

- (b) The record before that was 12 days, set in 2017, by "Star Wars: The Force Awakens" (so the record was broken three times in three years)

*** DISCUSSION IDEA ***



This is a good time to gauge your student's familiarity with the concept of inflation (great way to tie in a quick economic lesson)! Ask students if they think twice as many ticket buying patrons attended Titanic as they did Star Wars. Introduce the concept of adjusted box office gross (reflecting inflation). See the discussion topic presented in the PowerPoint slides for more details and an example illustrating this valuable lesson.

DISCUSSION

** Titanic more than doubled Star Wars at the box office in terms of overall global ticket sales, but is that the whole story?*

Do you think twice as many ticket-buying patrons attended Titanic than Star Wars? Why or why not?

Although Titanic's box office figures are incredibly impressive, the box office figures do not necessarily tell the whole story.

Ticket prices in 1997 were much higher than they were in 1977, the year Star Wars was released, and box office records are not adjusted for inflation.

TRIVIA

** When box office numbers are adjusted for inflation, the domestic top grossing film in American history is NOT Titanic. It isn't 'Avatar' either, nor is it 'Avengers: Infinity War' or 'Jurassic World.'. What is it???*

After adjustment, the top spot goes to 'Gone with the Wind.' According to filmsite.org, 'Star Wars: Episode IV - A New Hope' is second followed by 'The Sound of Music' and 'E.T.' with 'Titanic' taking the fifth spot. Click [here](#) to see a list of the Top 100 films at the box office after inflation.

5. Media coverage of sports and entertainment has grown significantly in the past half-century, placing athletes and entertainers in the public eye with incredible frequency
 - a. Television and radio provide alternative news sources to newspapers while social media provides an even newer alternative to all other forms of media
 - b. Profit potential and increased competition among media companies encourage increased competition for top stories
 - i. It is why we see the intense, over-the-top coverage of sports and entertainment stories like the "Kawhi Watch" following NBA superstar free agent Kawhi Leonard as he mulled his options on which team to sign with in 2019

- (a) Click [here](#) to see more on the media frenzy “Kawhi Watch” stirred up in Toronto, including a helicopter “chase” that followed a SUV thought to be driving front office personnel from the airport to a downtown hotel
- c. Introduction of Internet makes information available “on demand” with increased frequency and accessibility
 - i. Tiger Woods explains: “Arnold Palmer...came along at the same time television was exploding in America. Now we’ve got global Internet access. Our sport wasn’t global when I began playing the Tour. Now it is. You can log on anywhere in the world and see what any player did in any tournament or for the year. With that international boom, that international stream of information, golf is getting exposed to parts of the world that it never even thought of getting into.” ¹⁸

*** VIDEO SUGGESTION ***



The Golf Channel aired a three-part documentary on the life of legendary golfer, Arnold Palmer. Palmer is widely recognized as the first professional athlete to leverage his celebrity and fame to build a business empire. Click [here](#) to read more from Palmer’s website and consider sharing this content again in lesson 1.4 on industry pioneers. As for a video suggestion, the Golf Channel made the documentary available on YouTube for \$1.99 per episode. The documentary features lengthy discussions about the impact Palmer had on the business of sports. Click [here](#) to visit the Golf Channel’s YouTube page for access.

- 6. The international marketplace continues to provide a platform for driving sales of sports and entertainment products and services
 - a. J.K. Rowling’s (UK) *Harry Potter* series
 - b. Athletes like the NBA’s Luka Dončić (Slovenia), Ben Simmons (Australia), Rui Hachimura (Japan), Nikola Jokic (Serbia) and Giannis Antetokounmpo (Greece), MLS’s Javier “Chicharito” Hernandez (Mexico), the NHL’s Sidney Crosby (Canada), Alexander Ovechkin and Evgeni Malkin (Russia), the PGA Tour’s Rory McIlroy (Ireland), LPGA Tour stars Ko Jin-Young (South Korea) and Nasa Hataoka (Japan), Tennis stars Novak Djokovic (Serbia), Rafael Nadal (Spain) and Roger Federer (Sweden), Track star Usain Bolt (Jamaica), UFC’s Conor McGregor (Ireland) and MLB’s Vladimir Guerrero Jr. (Dominican Republic), Yasiel Puig (Cuba) and Yu Darvish (Japan) help their respective sports, teams and leagues draw fans from all over the world
 - i. In 2017, Takuma Sato became the first Japanese winner of the Indianapolis 500 when he denied Helio Castroneves a record-tying fourth victory as the two traded the lead in the final laps
 - ii. At the start of the 2019-2020 season, and for the sixth year in a row, [NBA rosters](#) included over 100 international players representing 38 different countries and each of the 30 teams had at least one international player
 - (a) There were 11 international players on opening-night rosters who had been NBA All-Stars

- (b) Last season, Washington Wizards forward Rui Hachimura's jersey was the top seller in Japan, ahead of stars like LeBron James and Steph Curry, and his jersey accounted for 24% of all jersey sales in the country. Additionally, the Wizards made up 13% of all team merchandise sales in Japan, according to the [NBA](#).
- iii. According to a [release](#) from Major League Baseball, 28.5% of players on last year's Major League Baseball's Opening Day rosters were born outside of the United States, over 100 hailing from the Dominican Republic
- iv. There are currently 93 international players from 29 countries and territories outside the United States currently playing on the PGA tour
- v. 63% of the Top 100 money leaders on the LPGA tour are from countries outside of the United States
- c. European musicians like the Rolling Stones, U2, Adele and Coldplay, Columbian artist Shakira, Canadian Justin Bieber and Barbados-born Rihanna sell millions of records (and downloads) to consumers all over the globe
- d. Actors and actresses such as Cate Blanchett, Kate Winslet, Colin Farrell, Emma Watson and Russell Crowe help boost International box office sales for the films in which they have a prominent role
- e. Global events like Wimbledon, the Tour de France, FIFA World Cup, Olympic Games, and Cannes Film Festival attract world-wide attention, providing an exceptional marketing opportunity for ticket sales, sponsorship sales, licensing and merchandise opportunities while providing a tremendous economic impact for host cities
 - i. ESPN, CANAL + Events and Tignes Ski & Snowboard Resort (in France) launched the first Winter X Games to be held outside the United States and X Games Munich 2013 demonstrated the growth in global appeal of the event when 47.5 hours of action were broadcast across [ESPN](#)'s various platforms, including 26.5 hours on live television
 - (a) In 2021, ESPN will live-stream every X Games Calgary event through their app and social media platforms, including the official X Games YouTube channel, Twitter and Facebook
 - (b) Beginning in 2019, [ESPN](#) launched a series of X Games events in China, featuring both summer and winter events
 - ii. Brands recognize the opportunities presented by the global audience which is why companies like Gillette invest in sponsorship events like EA's FIFA 20 Global Series
 - (a) According to a story from [mediapost.com](#), Gillette recognizes the reach of a global event, suggesting the Global Series included more than 20 gaming leagues worldwide, including Australia, Austria, Denmark, Norway, Poland, Malta, Ukraine and Saudi Arabia
- f. The global demand for footwear and sports apparel continues to grow with international brands like China's Li Ning, South Korea's Fila, Japan's Mizuno and Germany's Adidas and Puma fiercely competing with American brands like Nike, New Balance and Under Armour for market share
 - i. A number of NBA stars have either opted out of relationships with American brands to pursue deals with Chinese sportswear brands or signed contracts to endorse brands, notably Dwyane Wade who left Jordan Brand for [Li-Ning](#), Dwight Howard (formerly the face of adidas basketball, now with Chinese brand "Peak") and Klay Thompson who has his [own signature shoe](#) (the "KT FIRE") with Anta ¹⁹
 - (a) Click [here](#) for details on Anta's extension with Klay Thompson (for a reported potential \$80 million deal) from *USA Today*

- (b) Click [here](#) to see a pop-up store opened by Li-Ning in Portland, celebrating the release of Trail Blazers' star C.J. McCollum's sneaker release in 2019
 - (c) Click [here](#) for a fascinating, in-depth look at Chinese sportswear brands
- ii. [Reebok](#) has intensified its marketing efforts to reach consumers in India (with its population of more than 1.2 billion people) by signing Indian cricket captain M.S. Dhoni as its ambassador, along with other yet-to-be-revealed "well-known personalities from different walks of life such as musicians, entertainers and professionals" (according to the *Economic Times*)²⁰
- g. Prominent American sport properties are making a push to expand their presence overseas
 - i. NBA
 - (a) At a [press conference](#) NBA commissioner Adam Silver suggested that the NBA would consider scheduling regular season games in the morning to reach more international fans
 - (b) In 2020, the NBA played its first-ever regular season game in [Paris](#) when the Milwaukee Bucks defeated the Charlotte Hornets
 - (c) To continue expanding their global brand, the NBA will host its 4th annual NBA Africa Game in 2019
 - (i) "Basketball is witnessing explosive growth in Africa," NBA Commissioner Adam Silver said in a [statement](#). "Our return to Johannesburg this summer is part of the league's continued commitment to bring the authentic NBA experience to fans around the world."
 - (ii) According to the league's website, the NBA sold-out three of the three Africa Games, in support of charities including UNICEF, the Nelson Mandela Foundation and SOS Children's Villages South Africa (SOSCVSA)
 - (iii) The league launched the NBA Africa YouTube channel last season, exclusively [serving](#) fans in Sub-Saharan Africa
 - (iv) Basketball Africa League, a new professional league featuring 12 club teams from across Africa, was originally set to debut its inaugural season in 2020, before the COVID-19 pandemic brought the sports world to a standstill. The league, a partnership between the International Basketball Federation (FIBA) and the NBA, had not announced an official launch date by the summer of 2020.
 - (d) The league has also [shared](#) its strategy for reaching basketball fans in India with a digital media partnership to provide access to short-form videos featuring on-court storylines, player profiles, and coverage of the league's history.
 - (i) For the first time ever, India hosted two preseason NBA basketball games to kick off the 2019-20 season when the Indiana Pacers played the Sacramento Kings in Mumbai
 - (e) The NBA [announced](#) plans for a two-game international series in Mexico City launching in 2019-20, when the Dallas Mavericks beat the Detroit Pistons in December (with Mavs' international star Luka Doncic putting on a show and posting a triple-double), while the San Antonio Spurs defeated the Phoenix Suns in an overtime thriller two days later
 - (i) In addition, the NBA is expanding its reach into Mexico by [announcing](#) that Capitanes, a Mexico City-based team from the top Mexican professional basketball league Liga Nacional de Baloncesto Profesional, will be joining the NBA G League starting with the 2020-21 season

- (ii) The Capitanes will become the first G League franchise based outside of the United States and Canada
- ii. NFL
 - (a) NFL Commissioner [Roger Goodell](#) has been very public with his sentiments that he would like to see a much bigger NFL presence in London, even suggesting the possibility of bringing an expansion franchise to the city
 - (i) Click [here](#) for an in-depth look at the NFL's strategic plan for growing their presence in London, including the formation of a NFL Academy
 - (ii) In 2019, London played host to four regular season NFL games with every game resulting in a sell out
 - (b) In 2017, the NFL played its first game in Mexico when 77,357 fans attended a regular season game in Mexico City between the Oakland Raiders and New England Patriots
 - (i) According to a [USA Today](#) report, 205,000 fans attended a 2017 fan fest in Mexico City, while 55,000 took part in additional community events related to the NFL game
 - (ii) The league has continued to establish a presence in Mexico with a game last year being played between the Super Bowl-winning Kansas City Chiefs and the San Diego Chargers at Mexico City's Estadio Azteca, drawing a crowd of more than 76,000
 - (iii) In 2020, the NFL was scheduled to play four more games in London and another in Mexico City but they have been postponed until 2021 as a result of COVID-19
- iii. MLB
 - (a) Major League Baseball is also eyeing Europe as an opportunity to grow its fan base
 - (i) The league scheduled a regular-season series between the rival New York Yankees and Boston Red Sox in 2019 in London (MLB had staged regular-season games in Australia, Japan, Mexico and Puerto Rico, but never in Europe)
 - (ii) In 2020, the Minnesota Twins and the Detroit Tigers faced off for a one game series in the Dominican Republic marketing the first game played in the baseball-crazed country in nearly twenty years
 - (iii) A series between the San Diego Padres and Arizona Diamondbacks in Mexico City and another between the New York Mets and Miami Marlins in Puerto Rico were canceled due to the Covid-19 pandemic
 - (iv) In March of 2021, the World Baseball Classic will feature the best players in the world playing for their home countries and territories.
- iv. The UFC staged a bout (UFC 120 featuring Michael Bisping and Yoshirio Akiyama) at London's O2 arena and the event was attended by 17,133 fans, breaking the European attendance and gate receipts record which was set by the MEN at UFC 105. It was also the biggest box office sporting event in O2 Arena history.²¹
 - (a) In 2020, UFC 251 held its first of four "Fight Island" events in Abu Dhabi, United Arab Emirates, averaging 809,000 viewers over the four-hour broadcast
 - (b) The event also racked up approximately 1.3 million buys on pay-per-view, the most-purchased UFC fight without Conor McGregor since 2009, generating \$78 million in revenue

*** DISCUSSION IDEA ***



Discuss the idea of building a global brand with your students in class. Ask them why leagues like the NBA, MLB, MLS, NFL and NHL all are engaged in efforts to build their brands internationally. Ask them why each league might be targeting specific markets (like NBA in China, India and Africa, MLB in India, Japan or Australia and NFL, MLS & NHL in Europe). To narrow it down, ask students specifically if they think it is a good idea for the NFL to eye expansion efforts in England or Mexico City. What are the advantages? What are the potential drawbacks? The idea here is to build a fundamental understanding of how a global marketplace helps sports and entertainment properties to grow.



This would be a good time to introduce the “Global Expansion Project” located in the “Lesson 1.2” folder. The project casts each group of students as a “consulting firm” and encourages students to develop an expansion strategy for U.S. professional sports leagues into international markets.

B. Signs of continued industry growth

1. Indications point toward heavy increases in consumption of sports and entertainment
 - a. Overall industry revenues continue to climb, domestically and internationally
 - i. According to a report from [NewZoo](#), the global gaming market is expected to grow from \$137.9 billion in 2018 to more than \$180.1 billion in 2021 ²²
 - ii. According to *Billboard*, the U.S. music industry grew 11.9 percent to nearly \$10 billion last year, thanks to continuing explosive growth from streaming, marking the third consecutive year of double-digit growth for the industry ²³
 - iii. The global theme parks market is projected to reach \$44.3 billion by 2021, according to a report by Global Industry Analysts, Inc. ²⁵
 - (a) Click [here](#) to see a graphic illustrating U.S. theme parks revenue growth since 2011
 - iv. According to Grand View Research, the global athletic footwear market is expected to reach \$95 billion by 2025 ²⁶
 - v. To illustrate how sports can provide a driver for sales growth, consumer electronics makers like Sony, Samsung, LG and Panasonic reported a whopping 100 percent jump in sales of large-screen and 4K TVs (55-inch and above) in the five days leading up to the 2019 Cricket World Cup ²⁷
 - vi. Last year, the Big Ten conference set a collegiate sports record by generating nearly \$760 million in revenue for the fiscal year, a year-over-year revenue increase of 48 percent (according to a [USA Today](#) report) ²⁸

- vii. Despite the negative publicity surrounding the league the past few seasons, NFL revenue has increased in all but one year since 2011 and set a record \$8.78 billion in national revenue last year (revenue is up 33% from five years ago) ²⁹
 - viii. According to the *Sports Business Journal*, the NHL generated more than \$5 billion for the first time in league history last year and has enjoyed consistent growth for the past decade ³⁰
 - ix. Sales of Minor League Baseball merchandise are soaring, breaking a revenue record for the second straight season last year with reported retail sales of retail sales of \$73.8 million ³¹
 - x. [Forbes](#) reports that ESPN is valued at over \$13 billion, making it one of the 50 most valuable brands in the world (more valuable than brands like Ford, Nestle, Sony, UPS and Fox) ³²
- b. Television audiences continue to grow while sports and entertainment properties expand the various means for distributing content (social media, streaming etc.)
- i. The 2017 NBA Finals saw record [viewership numbers](#) – Game 5's 25.5 million viewers made it the second-most watched NBA Finals contest since 1998
 - (a) While ratings slipped for the 2019 NBA Finals in the United States, the broadcast smashed ratings records in Canada (thanks to the Toronto Raptors becoming the first franchise outside of the U.S. to win the NBA championship)
 - (i) According to the [NBA](#), 56% percent of the Canadian population watched at least some part of the NBA Finals, while game six was the most-watched NBA game in Canadian television history and viewership for each of the six finals games ranked among the 10 most-watched television programs in Canada
 - (ii) The NBA continues to be a leader in social media, setting new records in the 2018-19 season with 918 million actions (+14 percent) and 11.5 billion total video views (+5 percent)
 - (iii) Overall, the NBA now has more than 1.6 billion likes and followers combined across all league, team, and player social platforms worldwide (according to [nba.com](#))
 - (b) According to a 2020 story published on SI.com, of North America's four major men's sports leagues, the NBA has by far the biggest following online
 - (i) As of April, the league had nearly 47 million followers on Instagram, around 30 million more than the NFL, 40 million more than MLB and 42 million more than the NHL
 - (ii) On other platforms, the NBA had twice as many followers as the NFL on Facebook, three times as many as the NFL on Tik Tok (10.1 million to 2.9 million) and five million more on Twitter (30.3 million to 25.2 million)
 - (iii) As soon as the COVID-19 pandemic forced the league to hit the pause button on its season, the league and its players turned to their social media platforms to help educate and inform fans about the on-going health crisis
 - ii. Sports and entertainment consumers are increasingly turning to streaming content to consume major events and binge their favorite programs, breaking viewership records along the way
 - (a) The 2020 Super Bowl was [reportedly](#) the most live-streamed Super Bowl ever, delivering an average minute audience (one of the closest digital metrics to the Nielsen average viewership standard) of 3.4 million viewers, up 62% from last year's Super Bowl

- (i) That means, at any given minute, some 3.4 million people were streaming the game online
 - (ii) According to the [Los Angeles Times](#), commercials shown only on the stream were sold for between \$300,000 and \$400,000
- (b) According to [SportsPro Media](#), the NCAA reported streaming records in 2019, with March Madness drawing more than 100 million live streams and more than 24 million live hours consumed
 - (i) These figures were up 31 percent and 29 percent from the previous year
 - (ii) There was also an increase in streaming numbers for the championship game, with the University of Virginia overtime victory over Texas Tech University drawing a 19 percent increase in live streams over the previous year's title game
 - (iii) Engagement on official NCAA March Madness social media platforms also saw significant bumps, with videos across Facebook, Twitter and Instagram generating more than 135 million views, a 74 percent increase over the previous year
- (c) The final season of HBO's 'Game of Thrones' series set several records, including 19.3 million viewers for the show's finale (breaking the record for largest audience for a single episode), along with a gross average of 44.2 million viewers per episode across all platforms (including live audience, streaming, and DVR) for the entire season (a whopping 10 million more viewers than the previous season)
- iii. While the COVID-19 health crisis forced consumers to stay indoors, fans tuned in to any sports content they could find to fill the void left by the cancellation and postponement of many sports leagues, resulting in massive ratings numbers during quarantine and when sports around the world began to resume
 - (a) ESPN's "The Last Dance", a 10-episode docuseries about Michael Jordan and the Chicago Bulls averaged 5.65 million viewers, record viewership for a documentary
 - (b) Turner Sports received a similar ratings bump for its exhibition golf event, "The Match" featuring Tiger Woods, Phil Mickelson, Peyton Manning and Tom Brady. "The Match" drew an average of 5.8 viewers with a peak of 6.3 million people tuning in to watch the made-for-tv exhibition event.
 - (c) Germany's Bundesliga was the first of Europe's major soccer leagues to return to play following a two-month delay caused by Covid-19
 - (i) The restart drew record viewership in Germany and the United States, giving Fox Sports 1 its best rating ever for a Bundesliga soccer telecast
 - (d) One industry analyst suggested the return of live sports to U.S. TV screens in the summer would set "record" ratings in the second half of 2020 across all sports as the NBA, MLS, MLB and NHL all restarted play with football season anticipating a late-summer start
 - (i) Click [here](#) to read more from hollywoodreporter.com.
 - (ii) In May, NASCAR's return (The Real Heroes 400 race at Darlington Speedway) [posted](#) a three-year high of 6.3 million viewers
 - (iii) In June, the final round of the PGA Tour's Charles Schwab Challenge experienced its most-watched final round in 16 years, [averaging](#) 3.1 million viewers on CBS
 - (iv) In July, Major League Baseball's "Opening Day" coverage for its shortened 60-game season in 2020 [smashed](#) ratings records

1. The league's opening-night game between the New York Yankees and World Series champion Washington Nationals drew 4 million viewers, the best TV ratings for a regular-season game on any network in nine years, and the largest opening-night audience for ESPN ever
 - a. For perspective, ESPN's Boston Red Sox/Seattle Mariners opening night game last year drew just 1.19 million viewers
- (v) The WNBA and NBA also enjoyed strong ratings with its restart broadcasts
 1. According to ESPN, the network's four-game opening of WNBA coverage averaged 401,000 viewers across ESPN and ABC, up 63% over the 2019 WNBA regular-season average
 2. NBA's opening night doubleheader drew an average audience of 2.9 million viewers on TNT, an increase of 109% over the average viewership for an NBA game prior to the COVID-induced shutdown
 - a. The Clippers-Lakers game averaged 3.35 million viewers on TNT while the Utah Jazz and New Orleans Pelicans matchup, the early game of the doubleheader drew 2.11 million

*** DISCUSSION IDEA ***



As the popularity of streaming grows and more social media platforms invest in rights fees, most analysts expect a shift in consumer preferences in terms of how sports and entertainment events are consumed. Forbes posed the question, "Will Facebook Become The Preferred Way Fans Watch Sports" (click [here](#) to read the story).

Ask students which platform they would be most likely to use to stream live sports or entertainment events. Why should sports and entertainment properties be concerned with the preferences of your students? Will a new platform (or even new technology) come along that will displace the way we currently view streaming sports and entertainment events? Ask students what they think the future of streaming live events might look like.

- c. The value of major league sport franchises continues to grow at a furious pace. In 1973, the late George Steinbrenner bought the New York Yankees for just under \$9 million. In 2020, *Forbes* magazine valued the historic franchise at \$5 billion.³⁴
 - i. Despite the COVID-19 early lockdown and an abbreviated season, the average value of MLB teams increased by 4% in 2020 \$1.85 billion
 - (a) Click [here](#) to view *Forbes'* entire list of 2020 MLB franchise valuations
 - ii. In its annual NFL [report](#), *Forbes* reported that the Dallas Cowboys franchise was the most valuable sports team *in the world* at a whopping \$5.5 billion (a 10% increase over last year's valuation)
 - (a) Rounding out the top five most valuable sports teams in the world were:
 1. Dallas Cowboys, \$5.5 billion (NFL)
 2. New York Yankees, \$5 billion (MLB)

3. New York Knicks, \$4.6 billion (NBA)
4. Los Angeles Lakers, \$4.4 billion (NBA)
5. Golden State Warriors, \$4.3 billion (NBA)
 - a. This was the first time in several years that the top five in Forbes' ranking of the most valuable sports teams in the world did not include a franchise outside of the United States
 - b. Click [here](#) to view Forbes' complete list of the 50 most valuable sports franchises in the world
- iii. In 2018, the Houston Rockets were [sold](#) for a NBA league-record \$2.2 billion (the team's previous owner, Leslie Houston's former owner, Leslie Alexander, bought the team in 1993 for \$85 million)
 - (a) By comparison, the NBA's Milwaukee Bucks were sold in 2015 for \$550 million – illustrating the impact market size can have on the value of a franchise
 - (i) Since 2010, the average NBA team value is up nearly six-fold and growing at a much faster rate than the other three major U.S. sports leagues, thanks to strong international growth prospects and blockbuster media deals.
 - (ii) The average basketball team is worth more than \$2 billion for the first time. Ten years ago, not a single NBA franchise was valued at \$1 billion.
 1. Click [here](#) to view Forbes' entire list of NBA franchise values
 - (b) In another example of how market size impacts franchise values, the NFL's Rams franchise nearly doubled in value (from \$1.45 billion to \$2.9 billion) as soon as it was announced that they would re-locate from St. Louis to Los Angeles (according to [CBS Sports](#))
- iv. According to [Forbes](#), the average Major League Soccer franchise is now worth \$313 million, an increase of more than 30% from just one year ago
 - (a) Atlanta United is now valued at a half billion dollars, the most valuable Major League Soccer franchise, and up from a valuation of \$330 million from the previous year
 - (b) Even more impressive, the league's year-over-year growth in franchise values outpaces team value increases in the NBA (13%), NFL (11%), MLB (8%) and NHL (6%).

C. Fandom

1. The level of "fandom" in today's culture shows no signs of slowing down
 - a. **Fandom** is a term used to refer to a subculture of fans characterized by a feeling of sympathy and camaraderie with others who share a common interest ³⁵
 - i. Ultimately, fandom is what motivates the sports and entertainment consumer to make purchase decisions relating to available sports and entertainment products
 - b. The term fandom can be used to describe all types of fan groupings or "subcultures"
 - i. *Star Wars*, *Harry Potter* or *'Game of Thrones'* fans
 - ii. Fans of Beyoncé, Jason Aldean or Kendrick Lamar
 - iii. Manchester United fans
 - (a) Based on a study commissioned by the popular English soccer club, Manchester United claims to be the most popular sports franchise in the world. Its fan base has doubled in the past five years to 659 million people, nearly one tenth of the world's population.
 - iv. Fans of Broadway musicals
 - v. Fans of *Call of Duty* video games
 - vi. Fans of a particular comic book series

- vii. Fans of athletic shoes (affectionately referred to as “sneakerheads”)
- c. Impact of fandom
 - i. ESPN’s annual “SportsNation Survey” has revealed the following over the years:
 - (a) A whopping 90% of male respondents claimed to be sports fans on some level ³⁶
 - (b) Over 50% of respondents claimed to more of a sports fan than they were five years ago ³⁷
 - (c) 58% of respondents would prefer to receive free season tickets to their favorite sports team than be promoted at work ³⁸
 - (d) 80% of home team fans talk about their favorite team *every day* during the season ³⁸
 - ii. Fans have, on occasion, successfully organized on behalf of a cancelled television series to lobby networks to bring back their favorite show (examples include *Chuck* in 2010, [Community](#) in 2012 and NBC’s *Timeless* in 2017 while fan support led to Netflix’s second resurrection of cult hit series *Arrested Development* in 2018)
 - (a) In 2015, fans outraged over the death of key characters in three different shows all launched petitions to have the characters resurrected (Grey’s Anatomy, The Walking Dead and Game of Thrones)
 - (b) According to [FanSided.com](#), in 2018, ‘Brooklyn Nine-Nine’ fans managed to save the show from cancellation in just 24 hours
 - (i) Click [here](#) to see FanSided.com’s ranking of the top 250 “fandoms” in the world
 - (c) Also in 2018, fans managed to save NBC’s ‘Timeless’ for a second time in just two seasons when the network [announced](#) plans for a two-part series finale
 - iii. In some instances, fan feedback has resulted in film and tv producers revisiting scripts and character development
 - (a) In 2019, angry Sonic the Hedgehog fans caused a delay in the release of a live action “Sonic” movie release so the studio could redesign the character’s look
 - (b) Having been delayed from November 2019 to February 2020, ‘Sonic the Hedgehog’ raced past \$200 million worldwide at the box office in its first two weeks, setting the record along the way for the biggest opening weekend of all time for a video game movie
 - (c) Leaning on feedback from passionate fans, the studio’s successful redesign of the character likely played a major part in the film’s box office success
- d. The intensity levels of fandom vary, ranging from a casual sports fan who might take in one game per year to those fans that put the “fan” in “fanatic” (and otherwise engage in behavior that other fans might otherwise find to be irrational)
 - i. Fans who go to extremes to show their loyalty to their favorite team, athlete, band, actor or other celebrity are often referred to as “**superfans**”
 - (a) Self-proclaimed Clippers superfan “Clipper Darrell” spent \$12,000 customizing his BMW to reflect his love for the Los Angeles Clippers (complete with the license plate “CLIPERD”) ³⁹
 - (i) Clipper Darrell even has his own [website](#) where he shares Clippers news, promotes events and encourages fans to book him for events
 - (ii) Because Clipper Darrell began charging people for public appearances, the Clippers franchise asked that he disassociate himself with the team in 2012. They would later [sort the issue out](#) and Darrell returned to his regular seats.
 - (iii) Click [here](#) to see a video about Clipper Darrell's fandom
 - (b) Jets superfan Fireman Ed “[retired](#)” in 2016, then was publicly chastised by other NFL superfans for allegedly “quitting” on his favorite team (the Jets [allegedly](#) reached out

- to Fireman Ed to persuade him to come back, but he turned them down and encouraged them to find someone else to lead the chants) ⁴⁰
- (i) Click [here](#) to see comments from NY Giants superfan, “License Plate Guy”
 - (ii) Click [here](#) to see comments from Miami Dolphins superfan, “Big Papa Pump”
 - (iii) Click [here](#) to USA Today’s list of “most annoying fans ever”, a list which comprised primarily of superfans like Fireman Ed
- (c) Toronto superfan Nav Bhatia has attended every single Raptors home game in the franchise’s 23-year history, and has never arrived late to a game or left early ⁴⁰
- (i) Click [here](#) to read Mr. Bhatia’s touching message to Raptors’ stars Kawhi Leonard and Danny Green following their decision to leave the team in 2019 via free agency after helping the franchise to win its first ever NBA championship
- (d) Even college teams enjoy the support of superfans
- (i) Northwestern University superfan, Jake Schaefer, dressed as a purple-themed Phantom of the Opera for every Wildcats home basketball game last season
 - 1. Click [here](#) to see Jake’s game day routine
- ii. Examples of activities that demonstrate the concept of fandom include:
- (a) Waiting in lines for tickets or video game releases
 - (i) On opening night, Activision says that approximately 1.5 million gamers lined up outside 13,000 stores to buy a copy of Modern Warfare 3 at midnight ⁴¹
 - (ii) [USA Today](#) published a story suggesting the number of people calling in to work sick the day after Call of Duty is release results in a significant increase
 - (iii) Diehard Toronto Raptors fans began lining up three days in advance (in less than ideal weather conditions) for a spot in the outdoor fan zone known as Jurassic Park for Game 5 of the 2019 NBA Finals
 - 1. Click [here](#) to see a video clip of two fans who were rewarded for their fandom with free tickets to Game 5
 - (b) Fans engaging in “irrational” behavior in support of their favorite sports teams, athletes or celebrities
 - (i) University of Kentucky fans paid between \$7,500 to \$12,500 for the opportunity to attend a basketball camp (called [John Calipari Basketball Fantasy Experience](#)) and “essentially experience what it’s like to be a Kentucky basketball player” ⁴²
 - (ii) One New York man built a replica of Yankee Stadium using [75,000 matches](#) in honor of his favorite team (the team was so impressed by the effort once they learned of the creation that they put the replica on display at the new Yankee Stadium)
 - (iii) When the Toronto Raptors squared off against the Milwaukee Bucks in the NBA’s Eastern Conference Finals in 2019, a local Milwaukee radio station banned hip-hop star Drake’s music (Drake is a Raptors superfan), [refusing](#) to play his songs throughout the series
 - (iv) The Green Bay Packers have 360,760 “shareholders” who own “stock” that have no value and cannot be traded (not to mention a waiting list of 115,000 more fans waiting for the chance to buy more shares when they become available again)
 - (v) In 2018, Peru soccer fans quit jobs, slept on floors and gained weight to try to get tickets designated for bigger fans while another soccer fan (of the Brazilian team Flamengo) had his entire body covered in a tattoo of the team’s jersey
 - (c) Fans engaging in behavior many might consider to be irrational in protest of their sports teams, athletes, shows or celebrities

- (i) Many 'Game of Thrones' fans were disappointed in the final season of the show, so much so that nearly two million fans signed an online [petition](#) that called on HBO to remake the show's final season with a new team of writers
- (ii) In 2019, disgruntled Los Angeles Lakers fans staged a [protest](#) at the Staples Center. According to a USA Today report, the goal was "to garner ESPN Media Coverage. Voicing our displeasure of the front office." The protest organizer urged protest attendees to emphasize their displeasure with the Lakers' dysfunction and apparent willingness to waste the twilight years of LeBron James' career.
 - 1. Click [here](#) to read the thread originally posted on Reddit
- (d) Fans [proposing](#) at sporting events or hosting a [themed wedding](#) centered on their favorite sports team
 - (i) Click [here](#) for a story about a Green Bay groom who took his wife's surname so the couple could be introduced as "The Packers"
 - (ii) Click [here](#) to read about a bride-to-be who gave her future husband a Miami Dolphins helmet to wear on their wedding day

*** DISCUSSION IDEA ***



Ask students if they can think of any examples of fandom. What is the craziest thing they can think of that a friend or family member has done in support of their favorite sports team, favorite athlete or celebrity? What is the craziest thing they have ever done?

- e. The existence of fandom is what ultimately fuels today's non-stop, around the clock media coverage of celebrities and sports stars and drives a culture in which athletes and celebrities are often forgiven for behavior that was once a lightning rod for criticism
 - i. While many media pundits publicly chastised LeBron James' decision to announce which team he would be joining in a one-hour ESPN special, the show (aptly named "The Decision") drew very high ratings as nearly 10 million people tuned in to watch ⁴³
 - ii. Despite being suspended for six games by the NFL in 2017 after a series of off-field incidents alleging domestic violence and crude behavior, Dallas Cowboys' star running back Ezekiel Elliott consistently remains at the top of league's list of best-selling jerseys (his jersey was the #3 top-seller last season according to the NFL) ⁴⁴
 - iii. Alex Rodriguez, former Major League Baseball star turned ESPN analyst, was at one point in his career considered to be not only the most hated athlete in baseball, but all of sports
 - (a) Retirement from the game and a job in the studio helped to rehab and repair his image, now many fans find Rodriguez to be extremely likeable
 - (i) Click [here](#) for a brief video from MSN.com on how A-Rod succeeded in reviving his post-baseball career

- f. Because of the strong emotional connection fans maintain with their favorite sports teams, wins and losses on the grandest of stages can yield incredible influence on a community at large
 - i. It can provide a positive experience when communities tap into fandom to help rally around a common cause
 - (a) As Nelson Mandela once famously stated: *“Sport has the power to change the world. It has the power to inspire. It has the power to unite people in a way that little else does.”*
 - (b) After struggling with one of the worst national disasters in US history (Hurricane Katrina), fans in the New Orleans area often cited the New Orleans Saints Super Bowl win as an inspiration for the city’s resurrection
 - (c) After another devastating hurricane hit the gulf coast region, Houston area sports teams and athletes played a significant role in helping the area begin the recovery process
 - (i) Emotionally, the area got a huge lift when the Houston Astros won the 2017 World Series
 - 1. Click [here](#) to read a USA Today story on how “Astros’ World Series run lifts Houston amid Harvey recovery”
 - (ii) Financially, the area got a giant boost from donations and fundraising efforts from local sports figures
 - 1. The Houston Rockets’ owner (who recently sold the team) donated \$10 million while James Harden, one of the league’s biggest stars, voiced his support and pledged \$1 million to aid in the city’s recovery
 - 2. Houston Texans’ star JJ Watt set up a fundraising campaign with a goal for raising \$200,000 for disaster relief. In one of the greatest examples of the powerful platform available to athletes and entertainers, the campaign [raised](#) \$37 million, thanks to donations from more than 200,000 people.
 - (d) Sports have played a role in helping communities impacted by mass shootings to heal
 - (i) Click [here](#) for a touching story from abcnews.com discussing how sports helped the Orlando community move past the tragic nightclub shooting that took place in 2016
 - 1. In addition to providing an “escape” and emotional relief for fans in the community, area sports teams raised money for victims (the Orlando Magic donated \$100,000, and their owners, the DeVos family, gave \$400,000 to the victims, the Orlando City Soccer Club donated \$100,000 and the Tampa Bay Rays raised \$300,000 between ticket sales and donations for the game they dedicated to the city)
 - (ii) After a mass shooting in Las Vegas in 2018, many media outlets credited the city’s new NHL expansion franchise’s success for helping provide a diversion that helped the community get back on its feet by giving them something to rally around
 - 1. Click [here](#) to read more from the *Las Vegas Review-Journal*
 - 2. Click [here](#) for a brief video from Fox 5 Vegas
 - (iii) In 2019, Miami Heat star Dwyane Wade surprised graduates of Marjory Stoneman Douglas High School by appearing at the school’s graduation ceremony, sharing a message of hope and inspiration

1. Wade and other Heat players visited the school in 2018 to try to lift the spirits of students and faculty after a mass shooting left 17 people dead
- (e) Fandom and the powerful emotional connection consumers have with their favorite teams, athletes, events and celebrities could very well have a positive influence on how the world recovers from the COVID-19 pandemic
 - (i) Aside from the emotional attachment consumers have with sports and entertainment, athletes and celebrities have gone above and beyond to lend an assist during the pandemic
 - (ii) As the pandemic brought the sports and entertainment industry to a standstill, athletes and celebrities jumped into action, doing their part to support not only the thousands of hourly workers at stadiums and arenas but the frontline workers fighting to slow the spread of COVID-19
 1. For example, NBA players Giannis Antetokounmpo, Kevin Love, Zion Williamson and Blake Griffin were quick to respond by making donations to cover the salaries of many of the workers
 2. By April, roughly 100 NBA players and the NBA Players Association Foundation had already donated a combined \$5.5 million to nonprofits to assist in pandemic relief

*** DISCUSSION IDEA ***



To see how sports teams, brands, athletes and celebrities stepped up to help when the pandemic hit, consider downloading the "COVID-19 Industry Response" lesson plan, located in the "Lesson 1.2" folder online (it is also accessible in the "downloads" section of SCC's website).

- ii. Fandom can, unfortunately, also result in an unhealthy (and potentially dangerous) subculture of fans that become too emotionally invested and obsessive with their favorite sports teams or celebrities
 - (a) In 2017, 4 people were killed and 25 injured when thousands of soccer fans stampeded their way into National Stadium in Honduras to watch a championship match between Motagua and Honduras Progreso ⁴⁵
 - (b) After missing a critical call in a 2019 NFL playoff game, the officiating crew from the Saints vs. Rams NFC title game was forced to change hotels (escorted with heavy security) from downtown to the suburbs after a series of harassment while two Saints season-ticket holders sued NFL Commissioner Roger Goodell and the league for a range of damages, including mental anguish, emotional trauma, "loss of enjoyment of life" and "distrust of the game which has become the National pastime." ⁴⁶
 - (i) One die-hard Saints fan purchased billboards around the Atlanta area, where the Super Bowl was held, to voice his displeasure with the league with messages like "'NFL Bleaux It!" and "Saints Were Robbed!"

- (c) Unruly fans sometimes tarnish sports championship celebrations when their revelry results in property damage, vandalism and/or violent activity
 - (i) Four people were [arrested](#) after four people were shot in downtown Toronto during the Raptors' NBA title celebration in 2019
 - (ii) According to [nbc29.com](#), after the University of Virginia won the 2019 NCAA Men's Basketball Championship, Charlottesville fire and rescue crews responded to a total of 11 calls for service, including—seven furniture and/or bonfires, two medical calls for service, and two fire code enforcement actions for removing persons from the roof tops of two businesses
 - 1. For perspective, that was considered to be a low-key celebration, even prompting the Chief of the Charlottesville Police Department to tell [nbc29.com](#): *"I am proud of the City of Charlottesville in that they responsibly celebrated in this community. Fans did little to take away or detract from a national win or to bring any negative attention to the city."*
- (d) After 13 years of being vilified and blamed for ending the Chicago Cubs' championship hopes for interfering with a play in 2003, a fan was given a \$70,000 championship ring when the team won the 2016 World Series
 - (i) The vitriol directed at the fan warranted police protection and eventually he and his family had to move
 - 1. The incident was even featured in ESPN's popular "30 for 30" sports documentary series when "Catching Hell" aired in 2011
 - 2. Upon receiving the gift from the Cubs franchise, the fan's [statement](#) specifically addressed the concept of fandom: *"My hope is that we all can learn from my experience to view sports as entertainment and prevent harsh scapegoating, and to challenge the media and opportunistic profiteers to conduct business ethically by respecting personal privacy rights and not exploit any individual to advance their own self-interest or economic gain."*

*** VIDEO SUGGESTION ***



ESPN featured the incident with the Cubs' fan in its popular "30 for 30" documentary series when it aired "Catching Hell" in 2011. The film is (for now) available to stream on Netflix and is also available for purchase on Amazon and in the iTunes store.

- iii. Because of the high levels of loyalty created by fandom, companies often create marketing strategies that try to connect their brands directly with fans (consumers)
 - (a) [Continental Tire](#), recognizing the incredible passion of soccer fans, tapped into fandom by becoming the official sponsor of Major League Soccer
 - (i) In 2017, the company launched a marketing campaign paying tribute to fans with a 10-part video series called "supporters"
 - 1. Click [here](#) to see one of the "supporters" commercials

- (b) USA Today, recognizing the elevated levels of fandom surrounding shows on the brink of cancellation, created a “Save Our Shows” campaign
 - (i) Click [here](#) to see which shows garnered the most support in the 2020 campaign
- (c) For the 2019 college basketball season, Dove Men+Care leveraged the intense emotion associated with sports rivalries by [creating](#) limited-edition rivalry jerseys to help fans celebrate March Madness, encouraging fans to post pictures of those jerseys to social media using the hashtag #RepTheRivalry
- (d) College football rivalry games tend to create an extremely passionate bond between fan (consumer) and their favorite teams so, not surprisingly, some brands have found ways to sponsor these rivalry “trophy” games
 - (i) Every year, hundreds of these rivalry games are played, and according to [Sports Business Journal](#), 32 of them are sponsored. Corporate involvement ranges from local State Farm insurance agents to global brands like AT&T and Proctor & Gamble.
 1. Click [here](#) for a comprehensive list of all the college football rivalry trophy games

Lesson 1.3

Media Impact on Industry Growth

A. What is media?

1. **Media** refers to a means of communicating a message to large numbers of people ⁴⁷
2. In the earliest days of sports, fans would have to wait to read the paper to “see” the game
 - a. It was not until the 1936 Olympics (broadcast by ABC radio) that Americans were truly exposed to the amazing talents of Jesse Owens, one of America’s greatest athletes of all time
 - b. Now, fans can follow athlete performances live through television, radio, Internet as well getting information through national papers, local papers, magazines, and industry specific journals
3. Media rights
 - a. **Media rights** (or broadcast rights) are fees paid by broadcast companies to sports or entertainment properties for the opportunity to provide live coverage of the property’s games and events on television, the radio or the Internet
 - i. Many media rights deals provide exclusive coverage rights
 - (a) Because of the NFL’s deal with DirecTV, no other television network can broadcast out of market games in their respective geographic markets. In other words, if you are a Green Bay Packers fan living in Virginia, you would need to order DirecTV for the opportunity to watch Packers games at your home each week.
 - (i) In 2014, DirecTV renewed their deal with the NFL through 2022 at a [reported](#) average of \$1.5 billion per year
 - (ii) However, the league has the option to opt-out of that deal next season, leading many to speculate the possibility of a non-exclusive NFL Sunday Ticket package opportunity for fans
 1. Among those considered to be interested include non-traditional sports media companies like [Apple](#) and [DAZN](#)
 - (b) Fifteen years after Comcast Sports Northwest (a cable television provider who also owns a regional sports network) partnered with the Portland Trail Blazers for exclusive TV distribution rights, nearly 50% of fans in the Portland area still cannot watch Blazers games if they are DirecTV or Dish subscribers
 - (i) With the Comcast deal expiring at the end of the 2015-16 season, many fans hoped the franchise would find a broadcast partner that would expand its distribution
 1. After months of negotiations with other prospective partners and exploring other distribution options (like live-streaming via Twitter), the Blazers determined that Comcast Sports still offered the best option for reaching the most fans and [extended their deal](#) through the 2020-21 NBA season, a decision that disappointed many fans
 - ii. Media rights contracts are not reserved for national broadcasting companies as sports franchises work to maximize revenues by selling regional broadcasting rights to regional partners in addition to generating revenue through national broadcast deals
 - (a) Time Warner Cable paid a reported \$3 billion for exclusive rights to [broadcast Los Angeles Lakers](#) games in the L.A. market through the 2032-33 season. ⁴⁸

- (b) Even in smaller markets, regional rights deals can be extremely lucrative. In 2018, the Milwaukee Bucks agreed to a new seven-year local TV deal with Fox Sports Wisconsin that was worth a [reported](#) \$200 million.
 - (c) In 2019, Walt Disney Co announced plans to sell 21 Regional Sports Networks to Sinclair Broadcast Group Inc. for a [reported](#) \$9.6 billion, including channels like Fox Sports Detroit and Fox Sports Florida
- iii. Rights fees have grown at a rapid rate
 - (a) Media rights fees for the Rose Bowl (per year) were \$2 million in 1974, \$30 million in 2012, and reached \$80 million annually when ESPN inked an 11-year deal in 2015 ⁴⁹
 - (b) According to [Plunkett Research](#), today the NFL generates over \$6 billion annually from their contracts with major television stations and providers
 - (i) To put that in perspective, the NFL earned \$2.4 million in broadcast rights in 1960 (adjusted for inflation, that's \$19.4 million today)
 - (ii) Click [here](#) to see an interactive graphic illustrating the meteoric rise of NFL broadcast deals
 - (iii) Click [here](#) for a graphic breaking down the NFL's deals with each network from SCC's Pinterest page
 - (c) Major League Baseball's new media rights deal with Turner Sports, signed in 2020, is worth over \$3 billion
 - (i) The deal will pay the league \$470 million per year, up from the \$325 million per season in revenue generated by the previous deal according to [CNBC](#)
- b. Why are media rights important to sports and entertainment properties?
 - i. In a word, *revenue*
 - (a) NASCAR generates a reported \$820 million annually in media rights for television broadcasts from Fox, a 46% increase from the previous deal. ⁵⁰
 - (b) According to the *Chicago Tribune*, a dispute over the value of the Chicago Cubs' broadcast contracts complicated efforts to sell the iconic franchise. Because media rights are such an important piece to any major league sports organization's bottom line, negotiations to sell the franchise momentarily fell apart until the issue could be resolved. ⁵¹
 - (c) According to Nielsen (a company who measures ratings): "*Ratings are used like currency in the marketplace of advertiser-supported TV. When advertisers want a commercial to reach an audience, they need to place it in TV programs which deliver an audience. The more audience a program delivers, the more the commercial time is worth to advertisers.*" ⁵²
- c. Why are media rights important to broadcast companies?
 - i. Companies want to invest in advertising that will reach as many consumers as possible and sports and entertainment events provide an effective platform for advertisers to do that
 - (a) In 2015, the Super Bowl set a record for American television viewing when the Nielsen Co. estimated 114.4 million people watched the New England Patriots' 28-24 thrilling victory over the Seattle Seahawks ⁵³
 - (i) Super Bowl LIV, played in 2020 between the San Francisco 49ers and Kansas City Chiefs, was watched by 102 million people, the second smallest Super Bowl audience in 11 years, according to data from Nielsen
 - 1. For perspective, that still ranks as the 12th largest television audience in American history

- (b) More than 3.5 billion fans tuned in to watch the 2018 World Cup in Russia – that’s half the total world population ⁵⁴
 - (c) According to [FIFA](#), the 2019 Women’s World Cup attracted more than one billion viewers globally throughout the tournament for the first time in history
 - (d) According to the research firm Kantar Media, advertisers have spent \$4.55B during CBS’ coverage of the men’s NCAA basketball tournament over the past decade to reach the millions of fans tuning in ⁵⁵
 - (e) NBC invested in the rights to the 2018 Super Bowl and 2018 Winter Olympic Games. According to [AdWeek](#), the broadcast company was rewarded by generating a whopping \$1.4 billion in advertising sales in just a 22-day period in February.
 - (i) Click [here](#) for a short video clip from AdWeek’s website, entitled “How to Make \$1.4 Billion in 22 Days”
- d. Media rights examples
- i. Network/Cable TV
 - (a) The NBA recently extended its deals with TNT, ESPN and ABC through the 2024-25 season, generating over \$2.66 billion per year in revenue for television broadcast rights (more than double what the league earned through its previous rights deal) ⁵⁶
 - (i) As a result, teams now have more money than ever to spend on payroll and player salaries will increase exponentially
 - (ii) Click [here](#) for an in-depth look at how the NBA’s lucrative TV deals impact the league’s salary cap (thereby increasing player salaries) from the *New York Times*
 - (b) NBC won a bidding war to retain its rights to broadcast the Olympic Games through 2020 for \$4.38 billion ⁵⁷
 - (i) Why would NBC spend billions on the media rights to the Olympic Games?
 1. Said Dan Lovinger, Executive VP of Ad Sales at NBC Sports Group in an interview with [Hollywood Reporter](#), “We’re still going to deliver over 200 million viewers in 17 nights. We’ll average over 15 million viewers in any given night. You can’t find that kind of scale anywhere else. I think advertisers recognize that even if there’s a slight decline in overall reach, [the Olympics] is still dominant.”
 2. According to [Hollywood Reporter](#), the company had already surpassed \$1.2 billion in ad sales for the 2020 Summer Olympics in Tokyo before the Games were postponed because of the pandemic
 - (c) ESPN signed a deal reportedly worth nearly \$500 million for the exclusive broadcast rights of Wimbledon through 2023 ⁵⁸
 - ii. Satellite TV
 - (a) DirecTV’s exclusive agreement for broadcast rights for out of market NFL games was extended in 2014 for eight years at a [reported](#) \$1.5 billion per year (a 50% increase on an annual basis over the previous deal) but is set to expire at the end of this season
 - iii. Satellite Radio
 - (a) Reuters suggested in an online news story that Sirius satellite radio has invested “billions” on rights to the NFL, NBA, NASCAR ⁵⁰
 - iv. Network Radio
 - (a) The NFL’s deal with Westwood One as its exclusive network radio partner is reportedly worth over \$30 million ⁵⁹
 - v. Multimedia rights

- (a) Within the 17 months of acquiring Host Communications and folding it into its college division, IMG invested more than \$700 million in multimedia rights fees ⁶⁰
- e. Ratings
 - (a) Radio, cable and broadcast television companies and streaming providers measure their effectiveness and reach through ratings, which are expressed as a percentage of the potential TV audience viewing at any given time
 - (b) Basically, a rating refers to the number of households or people tuned into a particular radio or television program at a specific time
 - (c) Example ⁶¹
 - (i) ESPN's telecast of the Alabama's thrilling 26-23 win over Georgia in the 2018 College Football Championship drew the best ratings for the network's college football coverage in eight years, attracting 28.4 million viewers
 - (ii) According to ESPN, its MegaCast of the 2020 College Football Playoff National Championship average 25.5 million viewers
 - (iii) Nielsen can identify peak hours in which the most people are tuned in to watch or listen
 - 1. For example, viewership peaked at 29.2 million viewers during the 2020 College Football National Championship when LSU took its first lead of the game
 - 2. Nielsen can also [identify](#) specific markets in which ratings are the highest; New Orleans led all markets for the telecast with a 48.9 rating, followed by Birmingham (42.7), Greenville, S.C. (33.9), Knoxville, TN (26.5) and Columbus, OH (26.4)
 - (d) International example
 - (i) Spain's top domestic soccer league, La Liga, saw a massive increase of viewership upon resuming play in June of 2020 after COVID-19 forced a postponement
 - 1. Based on a data from a [SportsPro Media](#) story, Nielson Sports reported a growth of 210% in South Africa
 - 2. Viewership also saw a 73% increase in Africa and a 72% jump in Asia and India where games are broadcast on Facebook
 - 3. Europe experienced an increase of 56% with a 130% jump in Belgium, 46% in Denmark and 12% in Spain
 - (e) Without ratings, broadcast companies would have a difficult time selling advertising and sports/entertainment programs would not be able to command million-dollar rights fees
 - (i) Ratings will fluctuate from year to year, but a ratings increase or decrease will have an impact on the sports property and broadcast company
 - 1. When NBC renewed its hockey deal (at a cost nearly triple the previous rights deal), the decision was heavily influenced by the fact that overall NHL television ratings in the United States had increased by 84 percent over the last four years ⁶²
 - a. After another year of record ratings, ESPN extended the deal Major League Eating (parent company of the Fourth of July International Hot Dog Eating Contest) in 2014 for ten years, guaranteeing the rights to broadcast the annual event on its various platforms through 2024 ⁶³

*** DISCUSSION IDEA ***



This would be a good time to discuss how media rights deals between broadcast companies and sports properties impact consumers. The huge sums being paid for broadcast rights are ultimately passed down to the consumer. Cable providers like Dish and Comcast pay a monthly “carriage” fee for each channel provided in their bundled packages. Sports programming through networks like ESPN and TNT are the channels that cost the most.

As these networks continue to spend billions on rights fees, the monthly bill that the provider charges its customers will continue to rise. Right now, live sports is more valuable than ever because it is the one segment of programming keeping many loyal sports fans from “cutting the cord” (dropping cable subscriptions in favor of less expensive options, like Netflix or other streaming options).

Ask students what they think the future holds. How will cable companies evolve and adapt? Can networks afford to continue paying billions for broadcast rights to sporting events? How will any changes in the future impact consumers?

- B. The progression of media and its impact on the business of sports has been significantly influenced by several specific events ⁶⁴
1. 1921 – First baseball game on radio (Philadelphia Phillies at Pittsburgh Pirates)
 2. 1935 – First full season broadcast (Chicago Cubs)
 3. 1946 – First major sports event on television (Joe Louis boxing match)
 4. 1954 – First sports exclusive magazine hits the stands, *Sports Illustrated* is introduced
 5. 1970 – *Monday Night Football* kicks off
 6. 1973 – Tennis match between Billie Jean King and Bobby Riggs (billed as the “*Battle of the Sexes*”) watched by 48 million in the US and 90 million worldwide
 7. 1995 – DirecTV and the NFL join forces to offer the *NFL Sunday Ticket*, a subscriber-based cable program enabling customers to watch any games of their choice ⁶⁵
 8. 1999 – Major League Baseball broadcasts World Series on the Internet ⁶⁶
 9. 2009 – CBS’ free online broadcast of the 2009 Men’s NCAA Tournament reaches an audience of 7.5 million ⁶⁷
 10. 2012 – NBC provides unprecedented [LIVE coverage of EVERY Olympic event](#) by streaming content online in addition to its traditional television coverage
 11. 2015 – The boxing match between Floyd Mayweather and Manny Pacquiao generated 4.6 million pay-per-view purchases in the U.S. alone (good for over \$400 million in revenue, tripling the previous revenue record for a pay-per-view event)
 - a. The highly anticipated fight between Mayweather and UFC star Conor McGregor was expected to break the record set by Mayweather vs. Pacquiao, but in the end came up short, generating 4.3 million PPV buys ⁶⁸

- C. In the early days of team sports, concessions and tickets provided the only real source of revenue for team owners. Today, because of the numerous multi-media opportunities available, organizations have more options available to them to drive revenue. Examples of revenue generated through the sale of media rights could include:
 - 1. National television contracts
 - 2. Local television contracts
 - 3. Cable television contracts
 - 4. Sale of radio rights
 - 5. Streaming Internet audio
 - 6. Online revenue
 - 7. Team specific publications
- D. Sports and entertainment business coverage has become widespread and easily accessible
 - 1. National publications devote consistent coverage to the business of sports
 - a. CNN / MONEY and CNBC feature sports business columns on their Websites
 - b. The *Wall Street Journal* employs a regular sports business columnist
 - c. *Forbes* magazine frequently offers readers exclusive sports business-related reports and news
 - 2. Thousands of podcasts coverage all aspects of the sports and entertainment industry
 - a. For example, the Portland, Oregon based [Sports Business Radio](#) podcast show produces content focused on the business of sports
 - b. Local newspapers all around the country offer readers sports and entertainment business related coverage on a regular basis on their websites
 - i. The *New York Times* and *Wall Street Journal* regularly cover the industry while mainstream business and financial publications like *Forbes*, *Money* and *Fortune* magazine often cover the business of sports and entertainment

Lesson 1.4

Industry Pioneers

* INSTRUCTOR'S NOTE *



Lesson 1.4 of this unit reviews several industry pioneers. The list is extensive, but by no means is it “all-inclusive”. Challenge your students to create a list of their own pioneers. Make sure they can identify specific areas where the individual has made an impact and how it helped shape the state of the industry. You may also want to reference the Arnold Palmer discussion from lesson 1.2.

Alternatively, consider compiling a list in class PRIOR to discussing lesson 1.4 in class.

- A. Discuss the legacy of sports industry pioneers and their impact on the industry’s evolution
 1. Pierre de Coubertin ⁶⁹
 - a. Responsible for the re-introduction of the Olympic Games in the 18th century after Emperor Theodosius I had abolished the games existence in 393 A.D.
 - b. Fourteen countries and 245 athletes competed in the Games
 2. Bill Veeck
 - a. One of the most imaginative sports entrepreneurs of the past century and the most creative marketer in baseball history
 - b. Sent 3’7” Eddie Gaedel to the plate in an official game in one of the most outrageous promotions seen in professional sports
 - c. Introduced “Bat Day” – the first of many giveaway days featuring premium items which have become commonplace in sports today
 3. Mark McCormack
 - a. Became the first sports agent with an agreement to represent Arnold Palmer
 - b. Founded International Management Group (IMG), the largest sport marketing agency in the world
 - c. Is credited with developing the concept that customers would all like to identify with athletes
 4. Mildred “Babe” Didrikson Zaharias ⁷⁰
 - a. Widely regarded as the greatest female athlete of all time
 - b. Won Female Athlete of the Year award six times
 - c. Entered team track event and won the entire meet
 - d. First female athlete to sign an endorsement contract, signing with Wilson Sporting Goods in 1948
 - e. Co-founder of the Ladies Professional Golf Association (LPGA) in 1950
 5. Boone Arledge
 - a. Recognized as the visionary for “Monday Night Football”

- b. Responsible for the integration of slow motion and the replay into broadcasts
- 6. Jackie Robinson
 - a. Broke segregation barrier in pro sports when offered a contract to play for Major League Baseball's Brooklyn Dodgers
 - b. Went on to win a batting title and Most Valuable Player award
- 7. Mohammed Ali
 - a. Transcended every barrier (from racial to political) to bring the sport of boxing to a global level of recognition
 - b. Uncanny ability to generate publicity, arguably unmatched by any other athlete in history
 - c. Became a celebrity on an international scale
- 8. William (Bill) H.G. France Sr.
 - a. Founded the National Association of Stock Car Auto Racing (NASCAR)
 - b. Founded the International Speedway Corporation (ISC), which owns and/or operates such venues as Daytona International Speedway, Phoenix International Raceway, North Carolina Speedway and the Michigan International Speedway
- 9. Arnold Palmer
 - a. Became one of the first athletes to focus on a personal brand when he trademarked his name and developed a logo
 - b. Made more than \$350 million from endorsements over his career (more than 50 times his earnings from golf) and paved the way for athletes to sign more lucrative endorsement deals
 - c. Known as one of the best golfers of all-time and for having his name attached to the famous summer drink of half lemonade and half iced tea
 - i. In partnership with Arizona Iced Tea, sales of "Arnold Palmer" beverages eclipse \$200 million annually
 - ii. Click [here](#) for the ESPN story that called Arnold Palmer the "father of modern day sports marketing"
- 10. Pete Rozelle
 - a. As commissioner of the National Football League (NFL), guided the league from relative instability to arguably what has become the model for professional sports leagues today
 - b. In 1960, Rozelle, in his first year as commissioner, the value of the Dallas Cowboys was \$1 million. The storied franchise is now valued at nearly \$1 billion.
- 11. Michael Jordan
 - a. Responsible for the emergence of athlete/shoe company partnerships because of successful marketing and sales of Nike sneakers
 - b. Marketed as "Air Jordan"
 - c. Helped the National Basketball Association (NBA) gain recognition as a global product because of his worldwide appeal and the marketing efforts of the league
 - d. In 1998, Fortune Magazine estimated that Jordan alone generated \$9.9 billion for the economy
 - e. Starred in the movie *Space Jam* in 1996 with Bugs Bunny
 - f. Still brings in hundreds of millions in endorsement deals a year - even though he hasn't set foot on a court in a decade
- 12. David Stern ⁷¹
 - a. Credited for the NBA's economic turnaround after becoming commissioner. Since he took over in 1984, the NBA's revenue has increased by 500%
 - b. Responsible for positioning the NBA as a global brand

- c. Opened international NBA offices in Barcelona, Hong Kong, London, Melbourne, Mexico City, Miami, Paris, Singapore, Taiwan, Tokyo, and Toronto
 - d. Responsible for the creation of the WNBA
 - e. Developed a minor league basketball system (NBDL) directly affiliated with the NBA
13. Jon Spoelstra
- a. Widely regarded as one of the most innovative and successful sports marketers
 - b. During his tenure as president of the New Jersey Nets, the team set its all-time attendance record and sellouts at Meadowlands Arena increased from zero to 25 and local sponsorship sales went up from \$400,000 to \$7,000,000
 - c. In his 11 years with the Portland Trail Blazers as Senior VP/General Manager, there was never a game that wasn't sold out and he was integral in making the Blazer front office a model for all team sports
14. Phil Knight
- a. Founder of Nike, Inc.
 - b. Named the "Most Powerful Man in Sports" by *The Sporting News* in 1992
 - c. Started by selling running shoes from the trunk of his car
 - d. Grew Nike to a multi-billion dollar company with effective marketing strategies, primarily by luring top athletes (such as Michael Jordan and Tiger Woods) to endorse Nike products
- B. Discuss the legacy of entertainment industry pioneers and their impact on the industry's evolution
1. P.T. Barnum
- a. Credited as the creator of the circus
 - b. Branded his shows "The Greatest Show on Earth"
 - c. His museum grossed over \$100,000 in its first three years and he would later become the second richest man in the United States ⁷²
 - d. Had a New York newspaper print his obituary before his death as a publicity stunt, only to pass away two weeks later ⁷²
2. Walt Disney
- a. Developed the first fully synchronized sound cartoon when Mickey Mouse was featured in *Steamboat Willie*
 - b. Went to Hollywood with only \$40 in his pocket, drawing materials and an animated film
 - c. Produced the first full-length cartoon feature film, *Snow White* in 1937
 - d. Invested \$17 million into Disneyland in 1955. By 2003, more than 400 million people will have visited the California attraction ⁷³
 - e. Opened Magic Kingdom in Walt Disney World in 1971. Since then, three subsequent parks have opened in Paris, Hong Kong and Tokyo. ⁷⁴
3. Adolph Zukor
- a. Founded Paramount Pictures
 - b. In 1912, made entertainment history when he daringly offered the American public its first feature-length film, "Queen Elizabeth," starring Sarah Bernhardt ⁷⁵
 - c. Became one of the first producers to generate significant crowds at his theaters, creating the first real opportunities to generate substantial revenue through ticket sales
 - d. In 1919, bought 135 theaters in the Southern states, making him the first individual owner of a theater chain
 - e. Built the Paramount Theater in New York City
4. Charlie Chaplin ⁷⁶
- a. Introduced "slap-stick" comedy

- b. In a 1995 worldwide survey of film critics, Chaplin was voted the greatest actor in movie history
 - c. He was the first, and to date the last, person to control every aspect of the filmmaking process — founding his own studio, producing, casting, directing, writing, scoring and editing the movies he starred in
 - d. In 1916, his third year in films, his salary of \$10,000 a week made him the highest-paid actor — possibly the highest paid person — in the world
5. Louis Armstrong
 - a. Revolutionized the musical genre of Jazz, raising its level of popularity to where it is today
 - b. His death on July 6, 1971, was front-page news around the world, and more than 25,000 mourners filed past his coffin as he lay in state at the New York National Guard
 - c. In 2001, New Orleans International Airport was re-named Louis Armstrong International to honor his legacy and as a tribute to his impact on the city ⁷⁸
6. Lucille Ball
 - a. Known for her talents as an actor, musician, comedian, model and producer
 - b. She was TV's first leading lady
 - c. For four out of its six seasons, *I Love Lucy* was the No. 1-rated show on television; at its peak, in 1952-53, it averaged an incredible 67.3 rating, meaning that on a typical Monday night, more than two-thirds of all homes with TV sets were tuned to Lucy ⁷⁹
7. Jerry Siegel and Joe Schuster
 - a. Creators of "Superman" comic strip, introduced in 1939
 - b. "Superman" was considered to be the first comic book superhero to gain international fame
 - c. "Superman" is later adapted in Hollywood in the form of four movies that would gross \$328 million at the box office, making it one of the top 20 highest grossing film series of all-time ⁸⁰
 - d. Paved the way for the future of comic book superheroes, many of which would later become blockbuster Hollywood movies (Batman, Spiderman, X-Men, Wonder Woman, Daredevil and the Incredible Hulk)
8. Rodgers and Hammerstein (Richard Rodgers and Oscar Hammerstein) ⁸¹
 - a. Rodgers, a composer, and Hammerstein a librettist, collaborated on nine musicals
 - i. Of the nine, five are considered classics; *Oklahoma!*, *Carousel*, *South Pacific*, *The King and I* and *The Sound of Music*
 - b. The pair also contributed much of the creative work in Walt Disney Studio's *Cinderella*
9. The Beatles
 - a. Created the first concept album (songs unified by a common theme)
 - b. The Rock and Roll Hall of Fame proclaims The Beatles "revolutionized the music industry" ⁸²
 - c. Set a music industry record (that will unlikely be broken) when they occupied all five of the top positions on Billboard's Top Pop Singles chart ⁸³
10. Elvis Presley
 - a. Sold over 1 billion albums worldwide, far more than any other artist in history
 - b. Revolutionized television performances with his controversial dancing style
 - c. Dubbed as "Undisputed King of Rock and Roll" by the Rock and Roll Hall of Fame ⁸⁴
 - d. Proved pop music icons can also star on the big screen by becoming an accomplished actor, starring in *Blue Hawaii*, *Jailhouse Rock* and *King Creole*
 - e. His home (Graceland) ranks as one of the top tourist attractions in the city of Memphis and is ranked by CitySearch Online as the 7th best tourist attraction in the country! ⁸⁵

11. William Hanna and Joseph Barbera ⁸⁶
 - a. Founded Hanna-Barbera studios
 - b. One of the first animators to bring live characters to television (Flintstones, Yogi Bear, The Jetsons, Scooby Doo and The Smurfs)
 - c. Helped drive the popularity of Saturday morning cartoons as we see today
 - d. Many of their characters have become cultural icons by crossing the boundaries into film, books, toys and many additional forms of media
12. Theodor Seuss Geisel ("Dr. Seuss")
 - a. Generally regarded as the greatest author of children's books of all time
 - b. His 46 children's books, which he both illustrated and wrote, have sold more than 220 million copies and have been translated into twenty languages as well as Braille ⁸⁷
 - c. His books have seen adaptations in animation film format, Broadway musicals and success in Hollywood (*The Grinch* and *The Cat in the Hat*) ⁸⁸
13. Hiroshi Yamauchi ⁸⁹
 - a. Took over a small company founded by his great-grandfather in 1949 called Nintendo
 - b. He transformed Nintendo from a small card making company in Japan to the multi-billion dollar video game company it is today
 - c. Leaders in the home video game industry throughout the 80s and early 90s, selling its Nintendo Entertainment System, Super Nintendo and Nintendo 64, Wii and games like Super Mario Brothers and Tecmo Bowl to millions of customers worldwide
 - d. Nintendo's incredible success in the video game industry led to other entries into market such as Sony (Playstation systems) and Microsoft (X-box systems). Nintendo's primary console, the Wii, is still the top selling console in overall unit sales to this day.
14. Steve Allen, Ed Sullivan, Johnny Carson
 - a. Steve Allen created The Tonight Show, the first of its kind to interview guests and introduce musical and comedy acts ⁹⁰
 - b. Ed Sullivan hosted an immensely successful television show from 1948 to 1971 that featured everything from dancing dogs and jugglers to the Beatles
 - c. Johnny Carson took The Tonight Show to a new level of popularity, essentially putting the concept of late-night television on the map
15. Mort Sahl ⁹¹
 - a. Revolutionized the format of standup comedy by becoming the first comedian to break away from covering the traditional light and un-offensive material and drawing on his own personal experiences as an opportunity to relate to the audience
 - b. He was the first comedian to openly adopt political material
 - c. The first comedian to record a comedy album
 - d. First stand-up comedian to appear on the cover of *Time* magazine
 - e. His style eventually paved the way for a future generation of comedians such as Lenny Bruce, Woody Allen, George Carlin, Richard Pryor, Dennis Leary, Chris Rock, Dane Cook, Louis CK, Amy Schumer and many others
16. Jim Henson
 - a. Created the *Muppets* and Kermit the Frog
 - b. Had arguably the most profound influence on children of any entertainer of his time
 - c. Created the characters for *Sesame Street* (Bert and Ernie, Big Bird, Grover and the crew)
 - d. His characters have entertained hundreds of millions of children worldwide ⁹²

17. Steven Spielberg
 - a. One of the world's most proficient film producers
 - i. Produced many of today's highest grossing films (*Jurassic Park*, *E.T.*, *Jaws*, *Men in Black*, *Shrek*, *Indiana Jones* and *Schindler's List*)
 - ii. Successfully integrated a commercial tie-in with a major motion picture with the use of Reeses Pieces in the blockbuster film *E.T., The Extra Terrestrial*
18. Steve Jobs
 - a. Co-founded Apple Computers in 1972 from his garage with Steve Wozniak
 - b. Co-founded Pixar, the Academy-Award-winning animation studios in 1986
 - c. Pixar's five films have earned more than \$2.0 billion at the worldwide box office to date, including *Toy Story*, *Toy Story 2*, *Monsters, Inc.*, *Finding Nemo* and *A Bug's Life*
 - d. A leader in the online music distribution revolution by offering the first pay-per-song service to music fans worldwide with Apple's iTunes music store, introduced in 2003
 - e. Served as chairman for Apple at a salary of \$1 per year until his death in 2011⁹³
19. Vince McMahon⁹⁴
 - a. In June 1982, McMahon purchased the World Wrestling Federation from his father, who decided to retire from the wrestling business
 - b. Strategically took the WWF national, eventually leading to Wrestlemania in March 1985. Celebrities such as Mohammed Ali, Liberace, and baseball's Billy Martin turned the extravaganza into a media spectacle
 - c. The crowning of the WWF as a national powerhouse came in March 1987 at Wrestlemania III. Over 78,000 fans jammed Detroit's Pontiac Silverdome to witness the legendary Hulk Hogan defeat Andre the Giant
 - d. Admitted professional wrestling was not a sport, but became the first person to refer to his product as "sports entertainment"
 - e. Battled with World Wildlife Fund to keep the acronym WWF. Courts ruled the World Wildlife Fund had the name first and owned the rights to the WWF acronym. The World Wrestling Federation is now known as World Wrestling Entertainment (WWE)
20. Michael Jackson⁹⁵
 - a. Known internationally as the "King of Pop"
 - b. 1982 blockbuster album, *Thriller*, became the biggest-selling album of all time
 - c. First African American artist to find stardom on MTV, breaking down innumerable boundaries both for his race and for music video as an art form
 - d. Won a record eight Grammys in one night
 - e. Earned the largest endorsement deal ever (at the time) when Pepsi paid him \$5 million to be their spokesperson in 1983
 - f. Jackson's three-song medley during halftime in 1993 led to the extravaganza that currently defines today's Super Bowl performances
 - g. In the first three weeks after his death, over 9 million digital copies of his songs were sold online, setting a record that's likely to stand for years. Before that, no music act had ever rung up even 1 million digital tracks in a single week. In that same period, fans also bought more than 2.3 million Jackson albums.⁹⁶
21. JK Rowling⁹⁷
 - a. Author of the Harry Potter series of books
 - b. In a generation where the youth demographic statistically prefers television, film and video games, all seven Harry Potter books have landed in the top 20 best-selling children's books of all-time

- c. The final installment in the Harry Potter series became the world's fastest-selling book when it sold nearly 15 million copies worldwide in its first day
 - d. Nearly a half billion books have been sold and have translated into 67 languages and the last four books have consecutively set records as the fastest-selling books in history
 - e. The 2011 release of *Harry Potter and the Deathly Hallows, Part 2* took just 17 days to gross \$1 billion in worldwide box office sales ⁹⁸
22. Ted Turner
- a. Popularized cable television by creating "super stations" with a basic programming menu of sports, news and old movies
 - b. In 1996, Turner sold his company to Time Warner for \$9 billion
 - c. He won the prestigious America's Cup sailing race in 1977 with his yacht *Courageous*
 - d. Sold the NHL Atlanta Thrashers and NBA Atlanta Hawks for \$250 million ⁹⁹
23. Sean "Puffy" Combs (aka Diddy)
- a. Founded Bad Boy Entertainment in 1991
 - b. Considered to be one of the first to bring the rap and hip-hop genre "mainstream"
 - c. Accomplishments include ownership of a clothing label, restaurants, a successful recording career, producer and actor ¹⁰⁰
24. Shawn Fanning and Sean Parker ¹⁰¹
- a. Co-founders of Napster, an online file-sharing portal that many consider to be the most innovative Internet program of all time
 - b. Napster, at its peak, had over 80 million registered users
 - c. Program opened the door to the digital music revolution, paving the way for successful commercial online music companies such as Apple's iTunes, Rhapsody, Spotify, Pandora, Rdio and MOG
25. Evel Knievel ¹⁰²
- a. Legendary motorcycle daredevil and entertainer
 - b. Knievel's nationally televised motorcycle jumps, including his 1974 attempt to jump Snake River Canyon at Twin Falls, Idaho, represent four of the twenty most-watched ABC's Wide World of Sports events to date
 - c. His achievements and failures, including his record 37 broken bones, earned him several entries in the Guinness Book of World Records
 - d. Became one of the first athletes to enjoy success as an individual brand with merchandising efforts including a bendable action figure and a pinball machine
 - e. Widely recognized as a pioneer who opened the door for a future generation of action sports athletes

Lesson 1.5

Important Milestones in SEM History

- A. Significant dates in the history of the **sports** industry (as it relates to the business of sports)
1. 1869: Cincinnati Red Stockings become the first sports team in history to have each member of the team on salary
 2. 1923: First known individual player endorsement deal between golfer Gene Sarazen and Wilson Sporting Goods
 3. 1928: Coke teams up with the Olympics as an “official sponsor” of an athletic event
 4. 1949: The first major female endorsement deal takes place with Wilson Sporting Goods agreeing to sponsor the Ladies Professional Golf Association (LPGA)
 5. 1951: Eccentric owner of the Chicago White Sox, Bill Veeck, sends 3’7” Eddie Gaedel to the plate in an official game as a publicity ploy as one of the most outrageous promotions seen in professional sports
 6. 1979: An all sports television network makes its debut on cable television as the world gets its first glimpse of ESPN
 7. 1980: Evidence of the power of an alliance between corporations and sports is taken to a new level as Syracuse University becomes the first college to offer naming rights to a facility as they introduce the “Carrier Dome”
 8. 1984: The Olympics become commercialized, and made profitable for the first time under the leadership of Peter Ueberoth
 9. 2003: The lucrative possibilities of naming rights reaches new heights as the Chicago Bears become the first professional franchise to sell the naming rights of their team as Bank One becomes the “presenting” sponsor and in all media the team is mentioned as “The Chicago Bears presented by Bank One”
 10. 2010: FIFA (the governing body for soccer internationally) estimates that just over 3 billion people – nearly half of the world’s population – tuned in to watch the 2010 FIFA Men’s World Cup Final held in South Africa
 11. 2016: Twitter signs deals with sports properties like Wimbledon the NFL, MLB, NBA and MLB to become the first legitimate social media platform to live-stream major league sports programming
- B. Significant dates in the history of the **entertainment** industry (as it relates to the business of entertainment)
1. 1550-1700: Outdoor entertainment and recreational games are introduced, such as bowling, music and dancing
 2. 1919: Recording and sound on motion picture film is developed
 3. 1920: The first radio stations begin airing regularly scheduled programming
 4. 1931: RCA establishes the National Broadcasting Company (NBC)
 5. 1951: The first color television sets are offered to consumers
 6. 1955: Disneyland opens in Anaheim, California
 7. 1961: The first regional theme park, Six Flags, opens in Texas
 8. 1980: Turner Cable Network launches the first all-news television network, CNN
 9. 1981: IBM makes the first personal computers available for consumers
 10. 1981: Music Television (MTV) is launched
 11. 1983: The first compact disc is released
 12. 1985: Nintendo introduces its home entertainment system for video games

13. 1996: German inventor Fraunhofer Gesellschaft receives a patent for MP3 technology
14. 2003: Apple introduces iTunes, the first commercial online music service
15. 2006: Nintendo launches the Wii platform, revolutionizing the video game industry with the introduction of motion sensor technology
16. 2009: Amazon introduces a digital book “e-reader” device known as the Kindle
17. 2011: Justin.tv spins off its gaming division as Twitch, creating the platform that helped fuel the explosive growth of eSports
18. 2016: Augmented reality goes mainstream with the introduction of Pokémon Go

Lesson 1.6

Where Are We Now?

A. How big is the sports industry now?

1. The number of fans following sports and the rate at which they consume content is astounding
 - a. According to the *Sports Business Journal*, 200 million Americans, or 7 of every 8 adults, consider themselves sports fans ¹⁰³
 - b. American fans spend an average of 8 hours per week consuming sports content ¹⁰⁴
2. Fantasy sports
 - a. According to Rolling Stone, the fantasy sports industry has an estimated total market impact of \$11 billion dollars annually ¹⁰⁵
 - b. In 1988, there were an estimated 500,000 people playing fantasy sports of some kind in the US and Canada
 - i. According to a [study](#) from American Express, 74.7 million Americans plan to participate in fantasy football in some form this season
 - c. Fantasy sports have grown to include everything from [Premier League](#) soccer to fantasy [bass fishing](#) leagues and the [World Surf League](#)
 - d. The introduction of “daily” fantasy sports sites that allow fans to play fantasy sports with real money any day of the week, along with the legalization of gambling in some states, has boosted the popularity of fantasy sports to an unprecedented level
 - i. According to the sports media coverage website [awfulannouncing.com](#), Draft Kings and Fan Duel (the two largest daily fantasy sports sites) rake in a combined \$3 billion in entry fees annually (more than triple what they grossed four years ago), despite the consistent legal challenges facing both companies
 - ii. Even with COVID-19 shutting down the play of sports teams and leagues around the world, the daily fantasy company DraftKings stock still skyrocketed in 2020
 - (a) Click [here](#) to read story by Barron’s story on why DraftKings stock is soaring

*** DISCUSSION IDEA ***



Given the tremendous growth of daily fantasy sports sites, now would be an appropriate time to discuss the industry with students. Do students think these types of sites should be legal? Who should profit from these games? Why are professional leagues and teams partnering with these sites? Do students think the daily sports gaming industry will continue to grow?

For more fantasy football statistics, consider accessing the “Business of Fantasy Sports” lesson plan guide from the “Lesson 1.6” folder. The lesson also explores concepts previously addressed in Unit 1, like fandom and factors that influence industry growth.



For teachers looking to incorporate a fantasy football element, consider joining Sports Career Consulting's annual fantasy football league. The project will feature several "sports marketing challenges" as students navigate the process of launching an expansion professional football franchise. We only accept 40 entries (teams) each year and only one entry per school, but please let us know as soon as possible if you are interested in participating. To see a recap of last season's competition, please visit our blog by clicking [here](#).

Alternatively, you can always administer the project in class without participating in our national competition. The general rules and each of the challenges will be posted online as the season progresses so please keep an eye on the weekly e-mail updates for information on how to access this year's version of the project.

3. Major sporting events now attract so much attention that they can have an adverse impact on worker productivity
 - a. An estimated 3 million American workers spend one to three hours a day during work watching the NCAA men's basketball championship tournament, according to a study from outplacement firm [Challenger, Gray & Christmas](#).¹⁰⁶
 - i. Click [here](#) to see a video discussion of how brackets impact the workplace on the Today Show
 - b. American companies lose an estimated \$134 million in "lost wages" in *the first two days* of the tournament alone¹⁰⁶
 - i. Click [here](#) to download the entire Challenger, Gray & Christmas report/press release from the 2019 NCAA Men's Basketball Tournament ("March Madness")
 - c. A [study](#) conducted by the European Central Bank suggests that the soccer World Cup (played every four years) significantly slows down activity in the world's stock exchanges¹⁰⁷
 - i. Click [here](#) for a qz.com report on how the World Cup can potentially influence stock prices
 - d. One *Fortune* magazine [study](#) suggested that a drop in employee productivity as a result of employees playing fantasy football costs employers \$13.4 billion per season
- B. How large has the entertainment industry become?
 1. Movies
 - a. Seven of the top ten biggest combined grossing movies in a single weekend at the box office ever were movies released within the last five years (click [here](#) to see the list)¹⁰⁸
 - i. Click [here](#) for a slide show from USA Today featuring the biggest blockbusters of all-time (the 25 movies that made the most money ever)
 - b. Actors and actresses are being paid more now than ever, particularly those with proven "star power" who can give the box office a boost (Dwayne Johnson earned a reported \$89.4 million last year according to Forbes' annual ranking of the highest-paid actors)¹⁰⁹

2. Streaming Services
 - a. Streaming services were one of the few segments of the entertainment industry that actually benefitted from COVID-19
 - b. Last spring, Netflix reported that it had lost subscribers for the first time in company history in the first quarter of the fiscal year
 - c. In the spring of 2020, however, the company added a [record](#) 15.8 million subscribers as many parts of the world began shutting down because of the coronavirus pandemic, and added another 10 million new subscribers in the second quarter
 - d. Netflix wasn't the only streaming service to see a sales surge during the pandemic
 - i. By April of 2019, Disney+ had 33 million subscribers. By May of 2020, the company announced they had nearly 55 million subscribers, an astounding growth rate in just one year.
 - (a) Hulu saw 27% more subscribers from last year, and ESPN+ gained nearly 6 million new subscribers
3. Music
 - a. Over 25 billion songs have been downloaded from Apple's iTunes store
 - i. By contrast, 2006 was the first year to see over 1 billion digital download tracks sold ¹¹⁰
 - ii. HOWEVER, as the industry has shifted from vinyl, to compact disc, to digital downloads, streaming music is the fastest-growing segment of the recorded-music industry (according to the Recording Industry Association of America)
 - (a) In 2015, paid music streaming services generated a record \$2.4 billion and overtook paid digital downloads in sales for the first time ever
 - (b) In 2019, Apple shut down its iconic iTunes music service, shifting its business entirely to streaming platform Apple Music
 - (c) According to Nielsen Music and MRC Data's 2019 Year-End Music [Report](#), Americans streamed a record of nearly 1.15 trillion songs last year, or roughly 3,500 songs for each of the country's 327 million inhabitants and a 29 percent increase from the previous year
 - (d) Last year, Post Malone was the most-streamed artist on [Spotify](#), accounting for 6.5 billion streams from fans around the world
 - (e) [Goldman Sachs](#) estimated the online music streaming market could grow to capture 1.2 billion users by 2030, almost four times higher than the 2019 level of 341 million streamers
4. Books
 - a. The wild popularity of Author Veronica Roth's *Divergent* series of books shows the crossover appeal books have with other forms of entertainment, spawning a box office smash and successful soundtrack sales
 - i. Amazon reported that the final book in the trilogy, *Allegiant*, surpassed sales of *The Hunger Games* book three, *Mockingjay* at a pace of nearly five to one ¹¹¹
 - (a) Even as bookstores closed due to the Covid-19 pandemic, the "Ballad of Songbirds and Snakes" (*The Hunger Games* prequel book by Suzanne Collins) [sold](#) 500,000 copies in its first week
 - ii. First-day sales for *Allegiant* surpassed 455,000 — a company record for publisher HarperCollins ¹¹²
 - iii. *Divergent* opened with a \$54 million weekend at the box office and took just 14 days to surpass \$100 million in sales ¹¹³

- iv. The film soundtrack debuted in the top 30 on the Billboard charts in its first week despite being released well before the film hit the theaters ¹¹⁴
 - v. *Divergent* went on to make nearly \$300 million globally ¹¹⁵
 - b. “Harry Potter and the Cursed Child”, the script for J.K. Rowling’s new play, became the fastest-selling book this decade in the U.K. when it was released in July of 2016 and was on track for the second biggest single-week sales for a book ever ¹¹⁶
4. Video games
- a. According to guinnessworldrecords.com, sales of the video game *Grand Theft Auto V* broke six world records, including the highest revenue generated by an entertainment product in 24 hours and the fastest entertainment property to gross \$1 billion ¹¹⁷
 - b. In less than six months, Fortnite generated over \$1 billion in revenue, despite being *free to play*
 - i. Epic Games, Fortnite’s developer, took an unconventional approach to its revenue generating model by offering a free game with “in-game” sales opportunities like power-ups and character cosmetics
 - (a) Click [here](#) for a *Forbes* story describing how the game makes money
 - (b) Click [here](#) for a *USA Today* story describing how ‘Fortnite’ made \$318 million in the month of May alone
 - ii. In 2019, Electronic Arts saw 25 million players sign up for its own version of a “battle royale” style video game, “Apex Legends”, in less than one week (including 10 million players in just three days, a [milestone](#) that “Fortnite” took two weeks to reach)
 - c. According to market data, an estimated 65% of U.S. households and over 59% of Americans (that’s over 150 million people) play video games ¹¹⁸
 - d. Last year, consumers spent a [reported](#) \$43.4 billion on video games (according to The NPD Group), an 18% increase over the previous year and the highest sales total in seven years
 - i. Click [here](#) to see the list of the top 20 best-selling video games of 2018
 - e. According to a [report](#), the global video game market is expected to reach an estimated \$179.1 billion by 2024
 - f. As the popularity of eSports continues to explode, many industry analysts expect to see significant growth in video game sales as a result
 - i. In 2020, Microsoft [announced](#) that it had sold over 200 million copies of Minecraft, extending its lead as the best-selling video game of all time, and according to techspot.com, it was the most-watched video game on YouTube last year
 - (a) Click [here](#) to view Wikipedia’s list of all-time selling video games
 - ii. Video game sales got a major boost during the pandemic as consumers looked for ways to keep themselves entertained while quarantined at home
 - (a) Nintendo’s smash hit “Animal Crossing: New Horizons” sold 5 million copies in March, making it the highest-selling title for any console in a single month
 - (i) According to the [Washington Post](#), Nintendo also sold more Switch consoles in March than when the product first launched in 2017
 - (b) In April, software sales increased 55% compared to the previous year and set a new record for the month
 - (i) The release of Final Fantasy 7 Remake set a new franchise sales record in both overall unit and dollar sales (via a NPD Group [report](#))
 - (c) Overall video game spending went up 73% in April compared to last year, increasing to \$1.5 billion

3. Theatre

- a. In 2018, “Harry Potter and the Cursed Child” set a new record at the Broadway box office — by a wide margin — for the highest single-week gross reported by a nonmusical in Broadway history when it grossed over \$2 million ¹¹⁹
- b. The 2018-19 Broadway season smashed box office records, generating \$1.8 billion in sales, up 8% from the 2017-18 season
 - i. The trend was expected to continue with 2019-20 potentially becoming the first \$2 billion Broadway season in history ¹²⁰
 - ii. However, like so many other segments of the entertainment industry including sporting events, movie theaters and the concert business, Broadway must consider how they can survive in a post-pandemic world
 - iii. Click [here](#) for one analyst’s perspective on how Broadway will strategically push forward after the world re-opens after the COVID-19 health crisis from wtop.com.

Unit 1 Key Terms Defined:

Fandom: A term used to refer to a subculture composed of fans characterized by a feeling of sympathy and camaraderie with others who share a common interest

Media: A means of communicating a message to large numbers of people

Media (broadcast) rights: Fees paid by broadcast companies to sports or entertainment properties for the opportunity to provide live coverage of the property’s games and events on television, the radio or the Internet

SEM: Acronym for Sports and Entertainment Marketing

Superfan: Fans who go to extremes to show their loyalty to their favorite team, athlete, band, actor or other celebrity

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TEACHER NOTES

