Future Opportunities and Threats in a Fragmented Sport Media World – Trends and Strategic Implications for Sport Media Enterprises

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Abstract

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Current literature, as well as practice, indicates the rapidly growing importance of digital media technologies within the global sport industry, e.g. in terms of revenue generation. The aim of this paper is to examine and discuss the symbiotic relationship between sport and new media, using grounded theory as the foundation of a general methodology. Selected media and sport industry professionals and academics were interviewed in order to identify current trends and future insights related to the strategic implications of digital media for both sport and media enterprises. The results of the interviews indicated that one central development trend was common to both media and sport; that of fragmentation. Sport media rights deals as a manifestation of the fragmentation trend are regarded in more detail and analysed from a media as well as a sport business perspective. Strategic implications concerning market segmentation and customization as well as new coordination forms regarding integration and partnerships are given for strategic sport and media marketing.

Keywords: Sport and new media, strategic marketing management, fragmentation, grounded theory, expert interviews

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Introduction

From the first sport broadcast (radio and TV) ever, the Berlin Olympic Games in 1936, and the first international broadcast of the 1956 Cortina Winter Games, which triggered a massive increase in domestic TV sets (LA84 Foundation, 2004, p.2), to the success of pay TV and nowadays high definition TV, sport content has always played a weighty role for media companies. Sport consumers seem to be more innovative and willing to pay for media and telecommunication goods and services in order to access sport related content. As a result they have generally been among the early adopters in the diffusion process of technological innovations in the converging Telecommunication, IT, Media and Entertainment (TIME) markets (Turner, 2000).

The impact of media on sport has been extensive. The media has changed sport itself, its rules and the staging of sport events. The centre of attention has shifted from the live audience to the mediated audience. Tennis matches during the Australian Open take place in the middle of the night and Formula 1 pushes the Asian Pacific countries into a twilight or night setting, as showcased by the inaugural Night Grand Prix in Singapore (FOA, 2007) and the Australian Grand Prix in Melbourne which is set at ever-later times (Herald Sun, 2008).

Totally new television friendly versions of a sport such as Cricket are created such as Twenty20 Cricket matches (Nicholson, 2007, pp.25-26). All of that is done in an effort to increase the ability of the sport to attract larger audiences, because more viewers are supposed to lead to higher exposure, advertising and sponsorship funds or pay TV fees.

Although, as will be discussed later, some empirical studies focused on certain aspects of the sport media nexus already exist, there is still a need to develop the literature related to the economic relationship between sport and media (Humphreys, 2007, p.1). A broad overview of trends and implications related to opportunities and threats awaiting sport and media companies in the future are lacking. Hence, the principal objective of this paper is to gain new insights into the business realm of the sport and media nexus, which also take the developments of digital media into account. This paper aims to explore the potential impact of new media developments on the current sport media ecosystem and its stakeholders in the future. Therefore, two research questions are formulated:
1. **What are the main trends occurring in the developing sport and media environment?**

2. **What implications can be derived from these trends regarding the strategic options for sport and media enterprises?**

For the purpose of answering those questions, a holistic picture of the developments and dynamics in this system is drawn. Literature was studied and sport and media professionals and academics were interviewed in order to generate information related to current trends and to analyse their implications for sport and media enterprises. Grounded theory serves as the foundation of a general methodology of data analysis in this paper.

**Object of Investigation**

Regarding the sport media sector many different actors play an individual role in the market. Based on the commercial dimensions of the sport media nexus as described by Nicholson (2007, p.57), focus has been placed on the sport media realm with **sport organisations, media companies**, telecommunication service providers (**telcos**), **sport rights marketers, sponsors and advertisers**, and **consumers** being the main actors of interest building a value-creation network. The actors and their relationships in the sport media world are outlined in Figure 1. Because the sport and media perspectives will be highlighted in this paper some terms need further explanation.

**Sport** has been divided into five types by Stewart et al. (2004): spontaneous sport, exercise sport, recreational sport, competitive sport and elite sport. Of those, only competitive sport and elite sport receive significant media coverage and are therefore considered in this paper. Elite sport is the major player in the sport media nexus, comprising professional and semi-professional competitions as well as major events on a global scale. The Olympic Games, the Formula 1 Grand Prix and the FIFA World Cup are examples for elite sport events but so too are the UCI World Championship in Mountain biking or BMX. Competitive sport includes all organized competitions below elite level that usually use media coverage to increase participation and financial capacity. There are different kinds of sport objects that contribute to the creation of media and spectator relevant content: athletes and players, teams and clubs, coaches and managers, events and series which are summarised under the term ‘sport enterprise’ in this paper.
Today, the term **media** typically applies to two separate yet related elements. On the one hand, media refers to means of mass communication, such as newspapers, radio, television or the Internet, including special types such as pay and free-to-air television. On the other hand, media might refer to global corporations such as the News Corp., Walt Disney or TimeWarner in discussions about mergers and acquisitions. When focusing on broadcast regulation, media might also be interpreted as the entire industry, nationally or globally. Today, the technological dimension of media is widely described with the image of four screens. The cinema, television, and Internet accessible computers were the first three screens. Mobile devices such as cellphones or tablet computers such as the iPad create the newest technological platforms. These are called fourth screen by many who believe that it will be another strong competitor for the existing media platforms (Betti, 2005; Radio, 2005; Markoff, 2007). These facets are summarized under the term ‘media enterprise’ in this paper.

**Figure 1:** Actors, relationships, money, products & services streams in the sport media business.
The actions of all players in the sport media realm are focused on creating value in the eyes of stakeholders, thus increasing the value of their own business. This ‘value’ usually is of monetary nature, for example by increasing revenues for the companies’ shareholders. However, since in the end revenue only comes with an appropriate willingness-to-pay on behalf of the customers, a particular business model has to satisfy the customers’ needs and wishes. Since for both sport and media the customer markets have a ‘dual proceeds character’, sport and media enterprises operate within two customer markets at the same time: recipient/consumer and advertiser/sponsor markets. Thus, even the free-to-air broadcast media depends on the consumers – namely their media attention and willingness-to-watch advertising or sponsors’ brands. Advertisers and sponsors are willing to pay for the (potential) contact with the sport and media recipients hoping to reach their (potential) consumers. Telcos provide the means to transferring the signals of the media to the recipients by antenna, satellite, cable, Internet or mobile networks. In some cases sport rights marketers intervene between sport enterprises and the media providing a service in trading those rights. Sport rights marketers demand whole packages of bundled sport rights from sport enterprises, split them up and offer them tailored to particular needs of the sport media.

Each enterprise is engaged in a specific business model and a specific revenue model. Following the definitions by Amit and Zott, a business model “depicts the content, structure, and governance of transactions designed so as to create value through the exploitation of business opportunities” (Amit/Zott, 2001, p.511) and the defense against threats. Business opportunities and threats are external conditions that help or harm the realization of business models. Thus, the identification of challenges facing the sport media world is important within the framework of an enterprise’s strategic marketing management. This paper focuses on opportunities and threats challenging sport and media enterprises. Following the SWOT analysis approach, each stakeholder has specific capabilities (internal strengths and weaknesses) to either exploit opportunities or avoid threats.

Value creation usually incurs costs. The revenue model “refers to the specific modes in which a business model enables revenue generation” to cover or better exceed these costs in order to have sustainable success (Amit/Zott, 2001, p.515). The ability of an enterprise to manage value and cost drivers leads to competitive advantages (Stabell/Fjeldstad, 1998, p.422).
Methods

A combination of various paradigms and methods is used in this work. Grounded theory serves as general theoretical framework and the foundation of methodology of analysis. A review and analysis of related research was conducted, as well as interviews with sport and media professionals and academics, and triangulation was used. These methods will be explained in the following.

Grounded Theory

The objective of this study is to develop a more comprehensive picture of the complexity of today’s sport media environment and to identify important new issues and trends that have not yet been identified thus far in the literature. This objective was the decisive factor in determining whether to pursue a quantitative or qualitative empirical approach. While quantitative methods require the use of standardized measures in order to fit the varying perspectives of different people into predetermined categories (Patton, 2002, p.14), “researchers and evaluators analyzing qualitative data strive to understand a phenomenon or program as a whole” (Patton, 2002, p.59).

Especially with explorative research, predetermined categories are of little use. A great advantage of qualitative research, therefore, is that it allows real adaption to the particular research objective: “approaching fieldwork without being constrained by predetermined categories of analysis contributes to the depth, openness, and detail of qualitative inquiry” (Patton, 2002, p.14). Golden-Biddle and Locke (1997), who describe qualitative research as a systematic, empirical strategy for answering questions about people in a bounded social context, also corroborate the decision for conducting qualitative research in the sport media market as it can be seen as a market characterized by the way its protagonists interact with each other – thus acting in a bounded social context (Silk/Andrews/Mason, 2005).

Once the decision was made to conduct a qualitative study, the correct form of qualitative research was identified. Of the various options, as described for example by Patton (2002, pp.132-133), grounded theory was chosen. Developed in the 1960s by Glaser and Strauss (1967; Patton, 1990), grounded theory is “a general methodology of analysis linked with data collection that uses a systematically applied set of methods to generate an inductive theory about a

After their initial joint publication, Glaser, as well as Strauss and Corbin, diverged in their descriptions of grounded theory. While Glaser supports a higher degree of freedom and allows issues to freely develop in the course of the research process, Strauss and Corbin advocate a more systematic approach. This is exemplified in that the researcher should closely adhere to the process of analyzing the data through various “coding steps” (Douglas, 2003). It is important to note that the methodology employed in this study follows Strauss and Corbin’s (1990). Because of its initial complexity of use, grounded theory has been used only on a limited basis in academic research thus far (Meyer/Göbel/Blümlhuber, 2009, p.401). The authors of this paper would like to encourage the employment of grounded theory for its significant contribution of inductive theory building. Especially in qualitative research, much attention has to be paid to the processes underlying the research work. Therefore, using a method that is ‘grounded’ in original data is believed to contribute towards the necessary rigor in qualitative work (Gasson, 2004, p.80). In the results and discussion part of this paper, statements are therefore always supported by direct quotes of the interview partners. Furthermore, the steps taken in this work will be explained as detailed as possible to create the confidence that is often lacking in qualitative research (Smith/Stewart, 2001, p.2).

Collection of secondary data: Systematic literature research

Thorough review of the existing literature is vital for the aim of generating new insights. Books written by academics (e.g. Nicholson, 2007; Hirst/Harrison, 2007; Westerbeek/Smith, 2003; 2004) were analysed in order to provide an understanding of the sport media world. In addition, media market reports authored by consulting companies such as Ernst & Young (Ernst&Young, 2003) or PriceWaterhouseCoopers (PWC, 2001) were also analysed. In addition to being very helpful for understanding and classifying several sport media issues, these resources also made it clear that the scarcity of literature available warranted an additional, systematic review of selected academic journal research.

Hence, after standard literature research, extensive analysis of relevant sport and media journals followed. Sport-related journals were selected from the ‘International Ranking of Sport Management Journals’ (Woratschek/Schafmeister/Schymetzki, 2009). Media journals were
selected according to the listing of the International Media Management Academic Association (IMMAA, 2008) and finally, four more journals were added because of their apparent significance. The process resulted in the selection of twenty journals (listed in Table 1), which were analysed in detail.

Table 1: Sport and Media Journal Research – Overview.

The next step was to investigate several keywords regarding the sport media nexus. For sport related journals the general term ‘media’ as well as the four screens ‘cinema’/’movie theater’, ‘television’, 'Internet', and ‘mobile’ were used as keywords; for media related journals the general term ‘sport’ as well as the most frequently mediated sports ‘soccer’/’football’. Since the purpose of this paper is to develop an understanding of possible sport and media developments in the future, articles published before the year 2000 were excluded. The research was conducted in early 2008, thus, only publications until the beginning of that year were considered. A total of 446 articles were found. Using abstracts and summaries, the resulting articles were rated according to their actual relevance for the research aim. This narrowed the result down to 98 relevant articles which are listed in Table A1 in the appendix. Table 1 shows the results of this journal research in condensed form.

A first finding is that sport media related articles are more likely to be found in sport related journals than in media related ones. Regarding the quantity of articles published in specific
journals the IJSMS, SMQ, and JSM followed by the ESMQ and the SMR were the journals providing the highest frequency of articles with relevance to the future of the sport media business. However, it should be mentioned that journals such as the SMR review and summarize sport relevant literature from other non sport media specific journals such as the Journal of Consumer Research (e.g. Vosgerau/Wertenbroch/Carmon, 2006). These reviews and summaries are included in the tables above and below even though they refer to content of other original journals. Published interviews were handled in the same way. Certainly the bibliographies of the analysed journal articles were beneficial for identifying more literature on the subject.

In total, the literature research illustrated that the future of the sport and media nexus has not yet been extensively investigated by academics. Academic books on the relationship between sport and media usually cover the future of sport media only rudimentarily. The same is true for journal articles, which address either broad aspects of new media only for a specific sport or league (e.g. Amato et al., 2005), or they analyze very specific aspects such as fandom (e.g. Gladden/Funk, 2001; Gantz/Wang/Paul/Potter, 2006; Robinson, 2006; Neale, 2006; Meir/Scott, 2007), motivation of sport media consumption (e.g. Kim/Ross, 2006; Hur/Ko/Valacich, 2007; Seo/Green, 2008), or spectators’ willingness-to-pay for sport content (Theysohn, 2006; Solberg, 2006). The most discussed sports were baseball, soccer and football as well as mega sport events such as the Olympic Games. However, also action sports and extreme sports such as rafting were examined recently (e.g. Willoughby/Mancini, 2003). Sponsorship, especially within action sports and the attractive market of generation X (individuals born 1965-1979) or Y (individuals born 1980-1994) members apparently gained increased attention recently (Zhang/Bennett/Henson, 2003; Cianfrone/Zhang, 2006). Nevertheless, many topics related to branding and advertising have been identified (e.g. Cianfrone/Bennett/Siders/Tsuji, 2006; Couvelaere/Richelieu, 2005). Sport rights (Solberg, 2006; Burden/Li/Masiu/Savini, 2006) as well as trend analyses (e.g. Fenton, 2001; Cuneen/Branch, 2003; Collins, 2006; O'Reilly/Rahinel, 2006; O'Malley 2008) are other topics discussed with relevance to this paper.

In conclusion, literature research indicated that academic discourse would benefit from a research project with a broader perspective on sport and new media – as carried out in this study. The results may be well suited for a better understanding of the complex sport media world and could also serve as a starting point for further research of newly identified issues. Literature was used in this study to increase the theoretical knowledge of the researchers, to facilitate the
decision for a qualitative approach, as well as the sampling, the design of an interview guide, and as supporting documentation for the statements collected from sport media professionals and academics.

**Collection of primary data: Qualitative research**

Qualitative interviews can be classified according to several criteria. For example, the interview can either follow a certain structure to increase comparability or be conducted rather loosely in order to provide the interviewee with a greater degree of freedom. Obviously, a combination of both characteristics is also possible and is called a semi-structured interview. In this case, the interviewer uses a form of interview schedule, but remains free to adapt to the responses of the interviewee (Atteslander, 1995, p.179; Patton, 2002, p. 347). The interview can, at least theoretically, be divided according to the degree of freedom for the interviewee as well as the interviewer. This is called standardization of answers or questions, respectively. Table 2 shows these options.

<table>
<thead>
<tr>
<th>Interview criteria</th>
<th>Options</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Degree of structure</td>
<td>Unstructured</td>
</tr>
<tr>
<td>2) Standardization of answers</td>
<td>Open</td>
</tr>
<tr>
<td>3) Standardization of questions</td>
<td>Open</td>
</tr>
<tr>
<td></td>
<td>Semi-structured</td>
</tr>
<tr>
<td></td>
<td>Closed</td>
</tr>
<tr>
<td></td>
<td>Structured</td>
</tr>
</tbody>
</table>

**Table 2**: Interview criteria (Atteslander, 1995, p. 179).

**Expert interview**

With respect to the objective of gaining an understanding of the complexity and breadth of the field of sport media, an ‘expert interview’ was employed. This type of interview is special because it is presented almost exclusively in German academic literature. The Anglo-American counterpart is referred to as an ‘elite interview’ and although many similarities exist, it is necessary to understand the differences between both before selecting one or the other (Patton, 2002, p.402; Littig, 2007).

In contrast to the previously mentioned forms both expert and elite interviews follow the notion that the topic to be investigated is usually only comprehended by a specific group of people. Consequently, sampling follows the principle to include only people who have special
knowledge regarding the research topic. The differences between expert and elite interviews are only found in the details. According to the founders of the term ‘expert interview’, Meuser and Nagel, the earlier mentioned special knowledge applies to “a person who has privileged access to information about groups of persons or decision processes or who is responsible for the development, implementation or control of solutions, strategies and/or policies” (Meuser/Nagel, 2002, cited in Picone, 2007, p.95).

‘Elite’, on the other hand, is ascribed to “a person or a group or class of persons, having a superior social, intellectual, economic status and thus power (or at least the possibility of great societal impact)” (Littig, 2007). Therefore, while the focus in expert interviews is on the knowledge of the respondents, elite interviews focus on the implications of this knowledge for the respondent and the environment.

According to Dunn (2004), expert knowledge has three dimensions: technical, process and explanatory knowledge. Technical knowledge refers to having very specific and detailed information on history, operations, laws etc. in a specific field. Process knowledge means that the expert is in a position that provides him with insight into interactions, processes or routines in the research field. Explanatory knowledge describes the subjective interpretation of rules, beliefs, ideas and its relevance from the standpoint of the expert. Using that explanatory knowledge in aiming to reconstruct the implicit (latent) knowledge in expert interviews is called social constructivism (Bogner/Menz, 2005). Therefore, social constructivism is the main aspect separating the expert interview from its counterpart elite interview. The latter follows a positivist/objectivist approach (Littig, 2007) assuming that the research goal should always be to explain reality without any value bias (Dexter, 2006/1969; Kattestaart, 2007, p.102). That means that the elite interview focuses on the ‘objective’ facts presented by the respondent, which are usually related to "power structural impacts of the elite’s social position and networks, actions, belief systems or identity” (Littig, 2007).

The orientation towards the future and the interest in various possible scenarios in this work practically excludes a positivistic approach. Total objectivity, as required by Dexter (2006) in his book ‘Elite and Specialized Interviewing’ cannot be assumed in this case. In order to gain useful insights into that area, it is explicitly necessary to ask for opinions and use the inherent knowledge of certain experts to make these insights as valuable as possible.
Nevertheless, the aim of the journal review was not only to enhance insight into the current state of research in the field of sport media, but to serve as the first methodological step in the actual data collection and as a means to objectify the subjective opinions of the experts. The co-founders of grounded theory, Strauss and Corbin, support this when stating “literature can be used as secondary sources of data [...] for your own purposes” (Strauss/Corbin, 1990, p.52).

Sampling

The general purpose of sampling itself - the representation of a chosen market, situation or event in workable numbers - is equal in qualitative and quantitative research (Minichiello et al, 1995). The existing differences in sampling approaches, however, may be the best way to highlight the differences between both research forms (Patton, 2002, p.230). Quantitative research depends on a large number of randomly selected samples to maximize generalization and control selectivity errors before using statistical methods that allow extrapolation from the sample to the larger population. Qualitative research aims to select only a few but ‘information-rich’ samples or cases. “What would be ‘bias’ in statistical sampling, and therefore a weakness, becomes the intended focus in qualitative sampling, and therefore a strength” (Patton, 2002, p.230). The fact that, as explained before, deep insights are sought, the sample is necessarily smaller and, therefore, has to be highly focused. Hence the process of selecting an appropriate sample is called purposeful sampling.

Since the literature research revealed the importance of Australia as a sport media nation and the influence of Australian scholars in sport media research, in consequence, Australian sport media professionals and academics were considered appropriate to generate the first insights into the field via interviews. Hence, the main focus of this study was on Australian experts. Experts from three different categories were considered relevant for the study: firstly externals such as academics in the sport and media fields, secondly intermediaries such as consultants in the sport media business and thirdly internals such as managers from sport and media enterprises or advertisers and sponsors. The latter were not addressed in this research project since it focused on the perspective of sport and media enterprises as the main actors in the sport media realm. In order to reveal opinions from non-Australian experts one researcher from the USA and one consultant from Germany were asked to participate in the study as well.
Potential experts were invited by telephone or email but mostly via the latter. The advantage of email invitations was seen in its ability to provide very condensed information about the aim of the interview and the plans to achieve this aim. Generally, the principle of providing as much information as possible was followed. Besides the introduction, research subject and methodology aspects, the expected time frames, anonymity assurance and questions on reward were included. Especially the confidentiality assurance was deemed important when inviting experts, as indicated in the literature (Littig, 2007, p.2; Patton, 2002, p.408; Bogner/Menz/Littig, 2002).

Although significant effort had to be put into finding respondents from within the industry, this was deemed important not only due to their insights but also because it contributes to objective, traditional aspects. While still reporting about their beliefs, they were also able to discuss their actual plans and current practice relative to sport media. This could confirm or conflict with other experts, however, both cases have been acknowledged as contributing to the quality of the work, as will be shown in the analysis section. In order to reassure the qualification and to facilitate the possible preparation of the chosen experts, sample questions were sent directly after a general willingness to participate was expressed. During this step, several respondents turned out not to be suitable for this research, leading to a further reduction of the sample size.

The whole sampling process eventually led to 12 respondents (Table 3) out of 44 potential contributors. While the response rate of qualified external and intermediary experts willing to participate was appropriate (nine experts) the response rate for the potential internal respondents was low and disappointing. Only three experts from sport media enterprises were willing to contribute to this study. This issue can most likely be ascribed to the highly competitive nature of sport and media business and the fear of exposing confidential information to potential competitors. Moreover, it might have been of relevance that the authors did not maintain personal relations to sport media executives in Australia.

In-depth interviews were conducted with the selected sport media professionals and academics in February and March, 2008.
<table>
<thead>
<tr>
<th>Category/country</th>
<th>External (Academic 1-5)</th>
<th>Intermediary (Consultant 1-4)</th>
<th>Internal (Manager 1-3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>- Sport management (2)</td>
<td>Sport and Media (3)</td>
<td>Sport and media enterprises (3)</td>
</tr>
<tr>
<td></td>
<td>- Media science (1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Sport media marketing (1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>USA</td>
<td>- Sport media marketing (1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Germany</td>
<td></td>
<td></td>
<td>Sport and Media (1)</td>
</tr>
</tbody>
</table>

Table 3: Final study sample (N=12).

**Interview Guide**

As discussed earlier, when conducting expert interviews, proper preparation is crucial. Therefore, an extensive literature study was conducted prior to the development of the interview guide. Different dimensions driving the future development of the sport media nexus were identified in independent works (e.g. Westerbeek/Smith, 2003; Nicholson, 2007; Turner, 2007). For the purpose of structuring the interview schedule and preparing for subsequent analysis, four of those dimensions were used: globalization, technology, convergence and commercialization (in analogy to Nicholson, 2007, pp.200-202). While those dimensions helped provide focus and comparability, they turned out to be highly interrelated and, therefore, not suitable for use as structure for the findings section (results and discussion). Variations of the interview guides were used depending on the category to which the expert belonged.

**Data preparation**

In order to archive the interview, a digital voice recorder was used. In addition to recording every detail during the interview, the voice recorder facilitated taking additional notes that became part of the actual data collection and further improved the analysis. Right after the first interview was completed, the collected data was transcribed using the program NCH Swift Express Scribe. An average interview lasted for about 80 minutes. The shortest interview took 28 minutes and the longest took 97 minutes. After complete transcription, the statistical software package NVIVO 8 was used to analyse the data. NVIVO attenuates the aspect of analytical succession a little since it is thoroughly designed around the principles of grounded theory and therefore allows adhering to the respective processes without compromise (Pandit, 1996, p.11; Goes, 2007).
**Data analysis**

After data preparation, the coding process began, following the concepts of open coding, axial coding, and selective coding by Strauss and Corbin. Although these are separate approaches towards coding the underlying data, it should be mentioned that these steps are not strictly consecutive but interrelated and intertwined (Strauss/Corbin, 1990).

Open Coding is the most basic form of coding. It is about dividing the original raw data into little pieces that all together create one single statement. NVIVO was used to initially create in vivo codes based on the first interview transcript, leading to so-called ‘free nodes’. The second step of coding analysis explores the interrelationships of the just created categories around a central phenomenon (Creswell, 1998, p.151). It is called axial coding “because coding occurs around the axis of a category, linking categories at the level of properties and dimensions” (Strauss/Corbin, 1998, p.123). In NVIVO, the free nodes were gradually converted into tree nodes, building a complex structure around identified core aspects. The Selective Coding step is about “building a story that connects the categories” (Creswell, 1998, p.150). This story is the theory that emerged from the data that has been collected. NVIVO allows creating relationships between nodes as well as memos, sets and models to describe the emerging theory.

**Triangulation**

Triangulation is based on the idea that “by combining multiple observers, theories, methods, and data sources, [researchers] can hope to overcome the intrinsic bias that comes from single-methods, single-observer, and single-theory studies” (Denzin, 1989, p.307). Denzin identified four basic types of triangulation: data, investigator, theory, and methodological triangulation.

**Theory triangulation** is manifested in the attempt to analyse the underlying data applying both objectivist as well as constructivist criteria. Overall, while trying to be as positivist as possible and as constructivist as necessary, the constructivist approach was selected as the best method to present the results (Denzin, 2001; 1978; Guba/Lincoln, 1990). The methodological triangulation approach included the quantitative data from relevant journals in order to cross-check when analysing the expert opinions. Subjective single-sided influences were eliminated via data source-triangulation of several perspectives (internals, intermediaries and externals) during the sampling and interview process as well as by using two interviewers for data collection. This ensured that the questions were asked in the right way and also that the
interviewer followed the interview schedule in the manner that was established prior to the interviews. Furthermore, internal written material such as consulting or strategy reports as well as publicly available information such as Corporate Financial Reports were used as cross-references while analysing the expert interview data. A good way to eliminate personal subjectivity is to conduct the research work in a team (Kolbe/Brunett, 1991, p.245). **Investigator triangulation** amongst various researchers was implemented and aimed at increasing reliability. Inter-coder reliability, usually a way to assess team bias, was used in this work to check for plausible coding and to encourage discussion about possible other ways of analysing data with the global goal of coding as ‘grounded’ as possible.

Inter-coder reliability is usually calculated either as percentage-of-agreement between analysts (Keaveney, 1995, p.73) or as more or less ‘chance-corrected’ coefficient such as Cohen’s Kappa (Cohen, 1960; 1968) or the coefficient of Perreault/Leigh (1989). While recognizing the fact that using these coefficients as a ‘reliability index’ and especially the possibility of eliminating chance is discussed very critically in the literature (Thompson/Walter, 2002). Cohen’s Kappa was chosen as a method to enhance the quality in this research.

Cohen’s Kappa is generally defined as:

\[
\kappa = \frac{Pr(a) - Pr(e)}{1 - Pr(e)}
\]

Whereby \(Pr(a)\) is the observed agreement amongst coders in percent, \(Pr(e)\) is the percentage of expected agreement in case all categorization occurred by chance and ‘1’ represents the overall total of possible categorizations. In the case of transcribed interviews each character is an item that is either correctly categorized or not. The agreement or disagreement is then weighted by the number of characters not coded correctly. Calculating Kappa values based on the original text – here in the example per interview between 13.676 and 33.403 characters in length – would be impossible without computer programs especially designed for this task. Hence, NVIVO, which facilitates calculation of Kappa coefficients on individual node level, was selected.

Two external reviewers were selected to re-code the actual data within NVIVO. Since it is not possible to calculate any form of agreement without using at least the same categories, the final tree-code structure was available to the external researchers. However, they were explicitly instructed to suggest new categories when considered appropriate. They were also introduced to the study to the extent that they knew the aim and methodology of the work while of course keeping the respondents anonymous. Four interviews were randomly chosen for re-coding.
interview was re-coded twice in order to maximize the amount of cross-checked data. After those interviews were re-analysed, the majority of tree nodes were covered. This was in line with Martin/Turner (1986, p.149), who stated that four sets of data usually cover the majority of useful concepts for a certain task. NVIVO subsequently calculated Cohen’s Kappa for the different user groups and interviews. Only when both researchers coded the same character into the same node, it was valued as ‘agreed’. In a way, this led to an unintentional weighting since the more characters that were not coded into the same category by both researchers the lower was Kappa for this node, even if the node itself was chosen correctly. Nevertheless, the results were satisfactory. With almost every Kappa coefficient being higher than 0.6, the original coding process was judged as reliable (dependable) to the extent that it could be largely reconstructed by another researcher. As discussed in the literature, it is unclear exactly what a ‘good’ Kappa value is. While Landis and Koch (1977) provided a table for interpreting Kappa values, they did not supply any evidence to support it. Greve and Wentura (1997, p.111) report differing evaluations for Kappa values and Gwet (2002) even argues they may be more harmful than helpful. Especially the fact that Kappa follows a clear and transparent calculation can provide a degree of confidence for external readers that the ‘black box’ approach of qualitative analysis sometimes lacks. Therefore, not the final result, the coefficient, contributes towards increased reliability but the way of getting there, the discussion between independent researchers on how to remain as close to the original data as possible during analysis. In combination with the discussion results in case of disagreements between the coding researchers, this is believed to provide transparency of the analysis process (reliability) and also a high level of ‘groundedness’ for the tree-node structure derived from open and axial coding (internal validity). In the following section the results of the empirical study are presented and discussed. In accordance with grounded theory, statements are always backed up by direct quotes of the 12 interviewed experts and, if possible, by secondary literature. To assure anonymity to the experts the format of the experts’ quotes will be Academic 1-5, Consultant 1-4, and Manager 1-3.
Results and Discussion

The importance of the issues addressed in this section was determined largely based on the number of references coded into the category representing that issue but also on the context and relative importance mentioned by the respondents. The structure of the results derived from data analysis is shown in Figure 2:

![Diagram](image)

**Figure 2:** Structure of Results.

**Fragmentation**

In the course of the interviews as well as during data analysis, **fragmentation** emerged as the primary trend in the sport media nexus. If the findings were condensed into one single and concise statement it would be: fragmentation, more than any other factors, can (and in many aspects will) change the sport media world and proper preparation and anticipation by the sport media enterprises is needed in order to turn this change into a chance to increase profits.
Encarta Dictionary defines fragmentation as “the loss of unity and cohesion and the splitting of something into isolated and often conflicting parts.” That definition fits quite nicely, because some of the results in this study are indeed conflicting depending on the perspectives.

Fragmentation of both media and consumer markets is the most central and influential theme of the responses expressed by sport media professionals and academics. It occurs on the demand side as well as on the supply side of the sport media nexus and manifests itself, for example, in the multitude of sport products and services, the variety of media platforms and distribution channels, that diverse sport consumers with heterogeneous needs and wants have to choose from.

As derived from literature and emphasised by the experts, technology, globalization, and deregulation are influential drivers of fragmentation, which leads to various opportunities and threats in the sport media environment. In the data collected, technology was the driver that emerged as currently having relatively high implications for the chosen interviewees e.g. one expert stated: “the single most important thing that is happening is that new technology allows audiences to be totally fragmented” (Academic 4). Digitalization of television allows for establishing separate channels that are tailored to special sport audiences. Globalization boosts those technological developments, thus helping sport enterprises to address totally new, remote audiences and media companies to purchase sport contents worldwide. Finally, relaxed cross-ownership laws are an important result of the deregulation process, which has occurred in many countries liberalizing the media sector.

Fragmentation results from these development drivers (technology, deregulation, and globalization) because the number of markets potentially available for sport enterprises as well as media companies to sell and buy content increases dramatically.

**Sport Content Rights**

Content is at the core of sport media relations. One expert stated: “in my view the content will always be key […]. Sport will either own valuable content and then media companies want to buy it or sport won’t own valuable content and media companies don’t want to buy it“ (Consultant 2). This basic concept, according to most experts will not change. Viewers will probably not be interested in bad content, no matter how good the mode, quality or convenience of delivery may be: “the technology [is] still just a vehicle for the delivery of that content”
Content is king and “should be the core of any business model” because “if there is no demand for that content from a price point of view, and people are not willing to pay for it, then there is no business model” (Manager 2).

However, in addition to the obvious ‘core content’ (the actual event, match, fight or race) business models in the future have to address an increasing range of other aspects around that core content, “adding value to that small product, which is the game” (Academic 5; such as ‘emotional content’, Academic 2) in order to make consumers pay and to generate revenue.

During data analysis it appeared that, as a consequence of the fragmentation trend, sport and media enterprises are confronted with an increasing complexity of trading sport rights. One expert stated: “Broadcast rights become much, much more complex” (Academic 3). Fragmentation augments the supply of available sport rights provided by sport enterprises worldwide and the number of media screens and channels demanding these sport content rights. In consequence, the choice of sport content for sport media consumers (viewers and users) increases, meaning more entertainment and information options for sport fans and spectators.

This situation leads to increasing competition in sport media markets worldwide (Deloitte, 2007, p.21). Competition occurs among sport enterprises, among media companies and as well as between sport and media enterprises. In the rapidly converging Telco, IT, Media, and Entertainment industries (TIME-sector) the traditional major television broadcasters will be joined by the telcos (mobile phone companies, cable and Internet service providers, etc.) in the quest to bid for the best sport rights. “Telecommunication providers [as well as] Internet, are all scrambling to acquire content to attract subscribers and advertisers - and sport has always been seen as the one that everyone wants” (Consultant 4).

From the perspective of media enterprises the costs of rights for “mass attractive” sports increase. Triggered by fragmentation, the resulting competition and increasing costs of sport rights, media enterprises seek exclusivity and become eager to use the once acquired content in as many different ways as possible. Therefore, media companies need to become aggregators of content and cross-use that content over every available platform: “as more and more distribution platforms become available, they want to package as many rights as possible, [therefore], helping them attract advertisers and audiences” (Consultant 4). With their principle aim “to sell audiences to advertisers“ (Academic 4), media companies have to aggregate as many viewers as
possible. Not only does sport content attract viewers who want to watch the actual event, sport also helps media companies in “promoting new shows that are coming up on [the channel] or shows leading up to the [sport]“ (Manager 1). This cross-promotion opportunity is a major value driver of sport content for media companies and with increasing fragmentation in the future it may become even more important.

Regarding rights deals, the perspective of sport enterprises compared to the media “is almost the opposite. Sports enterprises are becoming more and more professional in recognizing that if they cut up the rights into various distribution windows, they have the opportunity to maximize the revenue in generating products for themselves” (Consultant 4). This means for example that “separating the license rights for free-to-air broadcast, separating the Internet rights, separating mobile rights [and] bringing competitive tension into each of these platforms and therefore the opportunity to maximize revenue“ (Consultant 4).

This shows what was also observed during data collection from internal respondents. The sport enterprises’ strategy in general is to avoid bundling of all the rights to one partner wherever possible in order to “exploit the competitors in each of those different sectors that are prepared to pay premium prices to obtain exclusive rights” (Consultant 4). This is directly opposite to the aim of media companies, which is to obtain rights that they can distribute throughout their entire network. It may also complement ‘weight’ to another variable in the equation of revenue maximization – control over the content.

For sports “there is a breaking point between maximizing value and maximizing control and the more the sport is willing to sell that content for, it is likely that they will lose some control“ (Consultant 2). The Olympic Games in Sydney in 2000 are a good example for this issue. During negotiations over exclusive live broadcast rights with channels such as NBC, the International Olympic Committee took no account of online broadcasting options. As a result the sponsor broadcasters were in the position to claim online distribution as part of their rights package. That meant Internet sites were locked out from broadcasting any material before the NBC had shown its own – at times “designed for the US viewers, anything up to 12 hours after the event” (PWC, 2001, p.27). Other examples such as the Tour de France scandal of 2007 or the Australian Football League matches not being shown in certain states of Australia corroborate the growing importance of control over the content for sports rights owners.
Customization

What has already been mentioned regarding the technology and globalization trends but was not explicitly identified is the need for segmentation and customization of rights for sport content (see Figure 3). “By segmenting the audience and then servicing its needs specifically you actually increase the total audience“ (Academic 4).

![CUSTOMIZATION Diagram]

**Figure 3:** Customization Implications.

**Creation of Core Sport Content by Sport Media Enterprises**

Resulting from the factors already established by the experts, it appears that the primary media challenge for sport enterprises in the future will be to strike a balance between the often disproportionately high revenue streams resulting from major broadcasting rights deals and the other revenue options that also provide control of their core contents. This ‘happy medium’ in the balancing of revenue and control may again be facilitated by the fragmentation new technology allows by splitting up the content into different geographic markets (international, regional, local), media platforms (free-to-air and pay TV, Internet, mobile), and timeframes (live, delay, replay, archive).

One recent example for geo-segmentation is “that Al Jazeera has made a big agreement to carry the UEFA championship” (Academic 3). Although the actual “bid figure was not revealed” it includes live broadcast rights of the UEFA Cup (today UEFA Europa League) as well as the UEFA Champions League for the period of 2009-2012 for television, Internet and mobile devices (Roberts, 2008). This opens up a whole new market for sponsors and advertisers: “the
whole Middle East is terribly interested in football and I think, as the Middle East continues to develop that opportunities in broadcast will be tremendous there“ (Academic 3). Qatar’s successful bid for FIFA World Cup in 2022 underlines the expert’s statement.

Also new ways of **distribution and time differentiation** will be important to increase the total audience. “Now that they are able to segment the rights based on the time of delivery […] sports organisations [are] starting to think a little bit more strategically about cutting up the broadcast rights into a range of different mediums but also a range of different times that this is broadcast […] whether it’s live, delayed, replayed, archived et cetera“ (Academic 5). The result “is that broadcast rights deals in the future might be for the live broadcast of the game and that the rights to showing the game in replay might be held by the sport organisation and delivered through the Internet” (Academic 5). This only needs **adequate contracts** which allow the sport enterprises to use the digital sport content that media companies capture and produce.

But, as already mentioned, many broadcasters are very enthusiastic about **exclusivity** and are only willing to pay a premium when the replay is only available a ‘reasonably long’ time after their live broadcast. Therefore, “the broadcasters and the license rights holders have to be very careful about how they segregate the various rights so that they maximize the revenue without cannibalizing other release windows” (Consultant 4).

Advertisers and sponsors also strive for exclusivity and obtaining new advertisers and sponsors for the various broadcast options is one of their highest priorities and biggest opportunities. However, media companies may “have a substantial number of conflicts that is actually affecting the business model as a whole” (Manager 2). A sponsor for live coverage may not be happy when another sponsor of the same industry as the main sponsor on the Internet broadcast. Ensuring partial exclusivity at least within the industry is therefore a serious issue.

It is also essential that **customized contents** fit for a certain channel or platform. “We used to try and put the Internet highlights and the mobile highlights up as one package, which didn’t work. We now have to specifically cover mobile and Internet footage. There are lots of people with Internet screens of 17 or 18 inches and you need to get that down to square inch” mentioned a respondent from within the sport business (Manager 1). This must be considered when **sports** companies plan to sell their rights in packages.
While the tensions and threats for the big players in the sport media world are likely to increase through fragmentation as well as the opportunities, the latter prevail for the traditionally smaller players. Especially **niche sports** have been identified as candidates that might benefit disproportionately from the observed developments. Niche sports in a narrow sense are sports that have little or no continuous free-to-air or cable television coverage in any market. These niche sports, which “clearly don’t have the mass audience that would enable them to get a significant television contract” (Academic 5), start to benefit from new media: “The Internet and mobile will provide tremendous opportunities for niche sports to gain a foothold and gain an audience“ (Consultant 4). “Niche sports can be driven globally through a new media platform. In other words, you can expose it to the rest of the world. So the Internet and the .tv provide an opportunity“ (Academic 3). Particularly the opportunity to broadcast via the Internet has already started to gain momentum, as the examples of freecaster.tv, high.tv, mtbcut.tv or cycling.tv demonstrate. The most prominent example of a media company which provides the technology behind the mentioned channels is Narrowstep Inc. with an ever-increasing array of channels, such as paralympicsport.tv.

Focusing on niche markets in general may also be a highly desirable strategy for companies because niche markets are characterized by the fact “that they can be highly profitable“ (Academic 2). The sport media nexus will therefore most likely see two distinct strategies. One is using sports that “have mainstream appeal and […] television, especially free-to-air TV coverage“ to respectively sell general mainstream products (Academic 5). The other is for niche sports or specialty shows of “major sports that start […] to segment the audience […] to get sponsorship deals and partnerships or relationships that are directed to only one segment of the market“ (Academic 5).

**Creation of Fringe Sport Content by Sport Enterprises**

For the development of new products and services within the nearly unlimited space that new digital media provides, one thing will most likely turn out to be key for all actors and that is to appear unique. However, appearing unique does not have to be reached solely by the traditional approach of total exclusivity of the core content. In order to use one’s rights extensively it might be useful to create **fringe sport contents around the main events** in terms of product extensions.
For example, when exploiting the new technology forms such as mobile devices it will be important to “do other things that in theory are exclusive. So you have cameras in the dressing room or behind the scenes coverage that you won’t see on TV or something like that that gives the consumers the perception that they are getting something extra that they otherwise wouldn’t have gotten from something else” (Consultant 4). Despite the new options and names, it will still be much about “understanding what the consumer wants and how to package it and deliver it to them where they find it valuable” (Consultant 4).

Consumers may be interested in those add-ons especially in particular types of sport. An example that was given for this was a traditional cricket game, which can be quite lengthy and therefore may be decided before being officially over: “There’s nothing at stake anymore […]. The only thing the viewers want to see is Adam Gilchrist hit another 100” (Academic 2). So fans could be interested in a special add-on product. Sports could “chop their product into different pieces and with digital [technology, they] can milk it to the max. You have one […] sport match going on and you have 50 different products – […] the ‘Look behind the Scenes’ show, the ‘Follow-the-Wives-of-the-Cricketers-on-the-Stand’ show – you can think of so many […] products that […] people will buy“ (Academic 2). This shows how sport enterprises could use the actual sport match to create a range of products around that which can be sold as well. For some stakeholders, not only for consumers, those products might turn out to be more important than the actual core content.

A sponsor, for example, who values the number of eyeballs focuses on a specific sport event most, may see the add-ons as especially valuable when they address totally new audiences. “I think that sports organisations are starting to understand that particularly their members and the very committed fans are prepared to in the highest instance pay or in the lowest instance receive a product while accessing other sponsor messages” (Academic 5).

Since those shows are probably too special for the media companies to broadcast them on free-to-air television where only big numbers count, especially the Internet and mobile TV may allow broadcasting and monetizing them. The possibility of linking “different associative products, sponsorships, advertisements […] to that” is another advantage of the Internet and mobile TV which increases the value for sponsors (Academic 2).
However, the opportunities to exploit those options largely depend on the current situation of the sport organisation and may not always be the best strategy. The danger of losing in the competition when not focusing on the core business is also a big concern for sport companies today: “We are only two years old, where you have to be careful. You have to get your basic product right first“ (Manager 3).

The companies that tap into that field early may be rewarded in the future when “there are a lot of products and the profitability decreases because there’s limited distinction between them” (Academic 2). When “the real value lies in not putting all those shows on but in making sure that you still offer a distinctive, a different offering from the competition” (Academic 2), not only the experience gained by the companies that enter that field early, but also the potential loyalty established amongst fans can provide a level of competitive advantage.

Although those shows may be options especially for sport enterprises to generate revenue and keep some degree of control over their content when broadcasting through their own website, they may also be used to increase revenue by selling those rights or parts of those rights to a media company.

**Creation of New Sports by Media Enterprises**

Media enterprises could also create sports and related programming themselves what will be addressed in the following.

**Creation of Real Sport Content**

The creation of media friendly sports like Twenty20 Cricket was already mentioned in the introduction. “If media companies want to obtain the content, I think that that’s how they are going to do it - by creating new content. But they need to be able to show the participants the value for them” (Consultant 2). For example ESPN created the X games, News Corp. created the Rugby ‘Super League’.

The latter proves to be a good role model as the Rugby ‘Super League’ was probably the largest-scale example of media creating real sport content. In the mid 1990s, News Corp. unsuccessfully attempted to acquire pay television rights from the Australian Rugby League that were purchased together with free-to-air rights by rival media mogul Kerry Packer of Channel 9/Optus in 1993. Great uncertainties for Packer’s (especially Sydney based) teams, paired with approximately
doubled salaries for players willing to sign contracts with the so-called ‘Super League’ led to News Corp.’s successful creation of this counter league (Skinner/Edwards, pp.127-130). Although its creation worked in principle, the results were not satisfying. In 1997, “the rival competitions had turned fans off the game“ (Phillips/Hutchins, 2003, pp.215-232) and could therefore not be sustained. In 1998, the newly formed Super League merged with the ARL and “the National Rugby League was formed”. Although “News Corp. still owns 50% of that“ (Consultant 4), the company has “lost AUD 560 million in funding” that rebel league (AFR, 2005). This example, as well as the also unsuccessful Packer’s World Series Cricket forays in the 1970s, shows that rebel leagues probably will not work. Especially the end customers are likely to prevent this strategy from being a very successful one “because the tribal connections to their local clubs are too strong. This artificial thing that was set up didn’t seem to buy peoples loyalty. If you’ve got suburban identities that are more than 100 years old, it’s very hard to kind of demolish those and then just set up other clubs” (Academic 4). Furthermore, the examples found in history only worked because of immature legal frameworks around those issues, which is very unlikely to happen again. “I think sports organisations around the world now woke up to that and protect their own content“ (Academic 4).

Creation of Virtual Sport Content

A further strategy to bypass the expensive broadcast rights acquisition process that emerged from the interview data is to create virtual content online. The advantage this could have is the possible creation of a new fan base within a larger market: “while people watch real sport, a far larger group of people will experience sport virtually or from a distance via technology” (Academic 1). This could avoid the slowly grown and strong tribal connections that are associated with traditional real sports clubs. Virtual sports could take “that into another level in which you link people who are members of different diasporas, which could be quite profitable” (Academic 4).

It also avoids the need to build up players who are good in the sport which is extremely time-consuming and “not the media companies’ expertise” (Consultant 4). As one expert from the sport industry stated: “the broadcasters are not going to invest billions into other junior competitions to develop these kids, it’s just not – (a) no one would watch it, and (b) it’s a waste of money, so it’s better they let us to run that” (Manager 1). Virtual worlds could avoid that from the beginning.
Furthermore, if it is possible to attract a number of people to those places, a sponsorship or advertisement driven revenue model may become very lucrative. Those models require a large amount of viewers, “no matter if it’s in a physical space or virtual space” (Academic 2), “as the technology increases you’ll see brands being able to leverage their brand within the fantasy game experience” (Academic 3).

When succeeding in gathering an interested audience, this audience in itself could underpin a lucrative revenue model. Several articles indicate that the people interested in those virtual games are most likely members of Generation X or Y due to their particular media usage (e.g. Bennett/Sagas/Dees, 2006) and lifestyle: “the next generation, people who are younger, come through this kind of lifestyle and as a consequence they expect to experience sport in different ways” (Academic 1).

Another aspect indicating a possible success of virtual sports is the **imperfection** possibly inherent in **real sports**: “if you look at your soccer team, your favorite player is sick or injured and can’t play, […] that is imperfect because you like to see him play” (Manager 2).

Still another aspect is the **desire for acceptance and happiness** that virtual environments could address in ways the physical world does not: ”if people aren’t happy in real life, if virtual reality is real enough, they will try to be happy in virtual reality” (Academic 2). Again, although psychological issues of sport consumption have been addressed occasionally (e.g. Mahony et al., 2000, who used a Psychological Commitment to Team scale to segment sport consumers), a follow-up study examining the attitude of several audiences towards online sports games could be warranted.

A very recent example of media enterprises actually trying to establish virtual content on a higher level than the usual fantasy league applications is that of the **virtual sports world** ‘Empire of Sports’ developed by a Swiss/French joint venture between Infront Sports & Media and F4. While traditional sports such as soccer, basketball, tennis, skiing and athletics have already been implemented, the fact that members of Generation Y prefer “action sports over the traditional sports of basketball and baseball” (Zhang/Bennett/Henson, 2007, p.95) may be of particular significance when developing virtual worlds. The special marketing strategy of energy drink ‘Mountain Dew’ for example, that focuses particularly on the Action Sport segment (Bennett/Henson/Zhang, 2002), might be a perfect fit for the online world and could pave the
way for other sponsors to use this opportunity. Focusing on certain sports such as action sports can pay off (Bennett/Henson/Zhang, 2002, pp.182-183). Not only does that particular audience of Generation Y members have a high discretionary income, creating awareness in markets that are attractive for younger generations also has the potential to generate lifetime loyalty (Bennett/Sagas/Dees, 2006, pp.41-42). Energy drink company Red Bull follows a similar strategy. Red Bull sponsors action sports, manages and supports sport events such as high diving, produces sport media content – including its own brand – and even distributes the content via its own broadcasting media such as Servus TV in Europe.

After having discussed implications concerned with customization of sport content rights and segmentation, implications of the challenges related to new coordination forms (integration and partnerships) facing sport and media enterprises are analysed in the following section.

**New Coordination Forms**

Instead of sport and media enterprises creating fringe contents or new sports they could attempt to integrate vertically or cooperate horizontally or virtually (see Figure 4).

![Figure 4: New Coordination Forms Implications.](image)

**Vertical Integration by Sport Enterprises**

From the perspective of the sport enterprise one extreme strategy would be to **strive for total control on their mediated content**. For sport enterprises this would mean moving one step forward in the value creation process, integrating the media production and broadcasting of all
their contents themselves. This could have some advantages for sport enterprises. One is the opportunity to start negotiating great deals with sponsors if they can communicate that they know their audiences well and are able to deliver messages tailored to special segments of that audience. The creation of sport specific cable channels in the US is an example of this such as Yes Network (New York Yankees, Golf Channel, etc.).

Gambling-related sports like horse-racing could easily couple the broadcast stream with options for end-customers to gamble, which would be direct revenue to them. Horse-racing Australia has recently “been going down the path of broadcasting their own content through their own broadcast company” (Consultant 3) on the Sky Racing channel and “strives for ownership of their content because then they have a greater ability to access that fan and to provide that one-to-one sort of onsell” (Consultant 3).

For most sport enterprises, however, it will be hard or not desirable to cut through the bond to major broadcasting companies. One respondent said: “I don’t think that sport organisations should broadcast themselves because if you look at the value chain of sport content delivery to the final consumer, between sport organisations and broadcaster, there is a very important revenue stream between those two links in the value chain” (Manager 2). This may even be disproportionately important when regarding the indirect benefits of aggregating more viewers to other content the media companies own. This cross-promotion ability of sport content could make the media companies willing to pay extra money that might result in a positively distorted value of the rights package.

The sport enterprises themselves mostly see it as “too cost prohibitive to set up that system, you look at 20 million dollars worth of investment each year, just to keep up to date with the latest digital [equipment]. Everyone wants us to go to HD but, well, it’s really only the Olympic Games that are planning to broadcast, that are actually buying the equipment to do it” (Manager 1). Nowadays HD became the standard in sport content productions.

However, especially for these larger sport enterprises it is “a risk vs. reward equation, they have […] perhaps the greatest to gain but they are also risking the most because of their multibillion dollar broadcast contracts” (Academic 5). Whether sport enterprises other than those affiliated with the gambling industry will take that risk remains uncertain.
Another fact that should be addressed in this regard is, while new technologies, especially digital television, will allow the parallel distribution of more and more channels (fragmentation), “people are understanding […] that they need to be very good in what they do, not just good in many things […]. So with owning and broadcasting their own content and shutting out the market, if that goes wrong, other sports could go past [the sport enterprises] if they don’t focus on their core business” (Consultant 2). Again, this needs to be cleaned up because it is not clear to the reader. Therefore, this extreme version is not likely to be the best for sport enterprises to choose.

**Vertical Integration by Media Enterprises**

One possibility for media enterprises could be to **skip the rights auction process completely by acquiring the content including its roots**. Especially American media companies such as Disney [especially ESPN and ESPN Star], TimeWarner and News Corp. own “little bits and pieces [of sport content] all around the world” (Academic 1). While the reason for media companies’ participation is mainly “vertical integration [because] if they own the sport property then they don’t have to pay for the rights” (Academic 3), there are other advantages such as “a hedge against structural uncertainty in the sport (especially with the development of the Internet), greater control over program costs and a closer involvement in the sport's decision-making processes” (Gerrard, 2000, p.200).

However, the main target of vertical integration has been seen sceptically. “The catch is that owning every part of the distribution chain, from the content right through to the mobile delivery is so **expensive and it’s uneconomical**” (Academic 1). Particularly the example of AOL TimeWarner having spent billions on acquisitions and later had to sell sport properties such as wrestling company WCW, Atlanta Hawks, Thrashers and Braves as well as operating rights to the Philips Arena (Reynolds/Alvarez, 2004) shows that “looking for benefit out of the vertical integration by owning every part of the process [is] too unwieldy, it’s too big”. Those companies “lose the very benefits they need which is the customization and integration, the things the consumers actually want” (Academic 1).

Also, these acquisitions may not be healthy for the sports themselves. Media-owned teams are prone to a priority shift in the dimensions of sporting vs. financial performance. Especially the tendency for media-owned teams to heavily invest in star players can furthermore lead to
‘disillusionized’ smaller teams that lose their winning hopes (Gerrard, 2000, p.201). Since “competition is what excites people – the unpredictability of the outcome” (Manager 2), that major value driver of sports content may be severely harmed by excessive media ownership. Furthermore, the fans of media-owned teams “may resent the loss of their team's independence, the perceived increase in the commercialization of sport and the erosion of the team's community identity” (Gerrard, 2000, p.201).

In the light of the just described issues, cooperation may be the better way to go.

**Horizontal Cooperation by Media Companies**

While exclusivity can still be seen as one possible way out of the clutter created by fragmentation and uniqueness remains important in differentiating from other actors in the markets, the data revealed that different kinds of cooperation will be necessary in order to maximize revenues in the sport media business. **Horizontal cooperation** is an example where companies of the same stage in the value creation process cooperate. Since it is cooperation between competitors, the situation can be called ‘**coopetition**’ (cooperation and competition).

One reason for the need to cooperate horizontally is the **regulatory situation** in countries such as Australia. With the introduction of the ‘use-it-or-lose-it’ scheme, the Australian government blocked acquisition of rights by free-to-air broadcasters as a way of squeezing out competition by ‘hoarding’ sport content. Despite the fact that limited space in the programming of free-to-air channels does not allow them to show all that content, at least it was a way of making sure the competitors are also unable to show the content. The new government regulation forces free-to-air broadcasting companies to negotiate content sublicensing contracts with other channels. If they fail to do that, “the government will take it off them and they can’t compete with the pay TV industry” (Consultant 4).

But not only governmental pressure might lead to more cooperation between media companies, also **risk sharing strategies** might especially be triggered by the high sport content costs. “Content becomes so expensive that media companies don’t want to take the risk of being the exclusive owner of that content or the exclusive purchaser of that content might be a better term” (Consultant 2).
Another reason for horizontal cooperation is that fragmentation allows a coexistence of different channels that own fundamentally the same content, e.g. the rights on a football series. “Media companies understand their target audiences and quite often, two media companies have different targets, meaning they can own or they can purchase different segments of the same content. One media company might be happy to show that content on a Friday night. That might be very important for them. Another media company might think Saturday afternoon or Saturday night to be a very important time to them and market forces will dictate which market for instance is more expensive“ (Consultant 2). This might not only be applicable within a certain platform over the time of delivery but also spanning different platforms: “while kids want to stay most of the time on the computer and watch […] a video show in a download, it will spark their interest and […] what happens is that individual migrates to watching it on TV because the show is aired on television one day before it’s shown on the Internet” (Consultant 4). “We see it as an ecosystem where everybody has to work together and exploit all the opportunities for distribution and marketing to develop a proposition for the consumer that whenever they want to watch it and where, it’s available to them“ (Consultant 4).

These examples show that exclusivity, at least as it is understood today – one single broadcast channel or network owning one kind of sport content is likely to change: “The days of exclusivity are already starting to wane“ (Consultant 2). Exclusivity and differentiation in the future of sport and media might concentrate more on the ‘added value’ in form of broadcast events around the actual match as described before.

**Virtual Cooperation in Networks**

The increasing clutter makes ‘being the best of the best’ a number one objective. When “media companies recently recognized [that] their core expertise is not in sport” (Consultant 4) it appears to make sense to focus on the core competencies and cooperate with partners. As Dell Computer Corp.’s CEO Michael Dell put it in an interview with Harvard Business Review “virtual integration lets you be efficient and responsive to change at the same time“ (Magretta, 1998). The success of Dell shows that this model works for them but it also should become more and more recognized in the sport media world. Although its ecosystem does not exactly resemble Dell’s supply chain of chip manufacturers, circuit board assemblers and online traders, it is not less complex. There are college sport leagues, professional sport enterprises, the media production studios, broadcasters, sponsors and telcos to name only some.
As has already mentioned, **in the sport media business value is created mainly in networks of different actors.** Virtual cooperation does not mean one enterprise should own every part of the value creation process, but to have the connections that are needed to generate the highest value and offer two-way benefits. “They have to recognize […] that content providers, distributors and advertisers will all need to work together in order to keep their proposition relevant to consumers“ (Consultant 4).

While the players in the sport media nexus need to offer unique products and services in a more and more fragmented marketplace, they will also become more and more dependent on each other. “With the multiple distribution platforms all competing against each other, […] the various players need to see themselves as part of an ecosystem“ (Consultant 4).

**Summary and Outlook**

**Concluding Remarks**

The main goal of this paper was to analyse the developments in the sport media nexus, to identify the main trend and to analyse implications for sport enterprises and media companies. The results described and analysed in this work may be helpful for the particular players in defining a vision for their strategy, as it could help them understand not only their own possible challenges (opportunities and threats) but also those of competitors and potential partners.

Especially the data collected in this study, which covered not only academic material and the knowledge gained from interviewing experts within the academic field but also representatives from consulting companies as well as sport media enterprises is seen as contributing to the research within the sport media business nexus

The explorative character of this work led to a qualitative approach. After a critical appraisal of qualitative research, the grounded theory methodology has been identified as a suitable choice in business academia work. Using NVIVO as computer aided qualitative data analysis software is seen beneficial for objectivity and reliability as it allows clear and transparent processes.

During the coding process in NVIVO, particularly, great potential for contradicting strategies of sport and media companies around the **fragmentation** trend has emerged. What has been indicated in the interviews became apparent in the number of references and sources that had
been coded into distinct categories. Especially the **increasing complexity of trading sport content rights** as a consequence of fragmentation was highlighted in this paper.

Sports companies will no longer sell a simple bundled package that includes the rights to film and broadcast the sport event in whichever way the purchasing company wants. While this bundled approach usually led to one extremely, even disproportionately high winning bid by media enterprises, it prevented minor potential bidders such as telecommunication companies from participating. In order to expand the competition set, sports enterprises will become increasingly sophisticated in their approach towards media companies and separate rights into different packages. New **technological platforms** alone already allow a minimum of four possible different rights packages. As the players of each platform have different business models they also show a varying willingness-to-pay.

Manifestations of implications concerning the **customization of the sport content rights** were amongst others: ‘splitting content into different categories’ as a way for sport enterprises to increase future revenues and thus their value and the quite opposing ‘aggregate and cross-use content over platforms and other products’ as revenue-maximizing strategy on media side.

Separation by **geographical regions or languages** will provide even more options than today since new technology allows nearly endless reach even in the most remote areas. Another identified separation dimension is **time** – with live rights as the most valuable followed by the others such as replays, highlights and archived material.

While theoretically possible, neither broadcasting all the content themselves nor separating into every possible dimension is likely to become best practice for sport enterprises. Between those extreme poles of total control and maximum short-term revenue, every sport enterprise will have to find the **best individual balance**. Facilitated by relatively low costs on the Internet, it is likely that the packages which can be used on the Internet, such as highlights, interviews and other clips will not be sold but used by the sport enterprises to increase awareness and reach other strategic goals. This may be particularly promising for niche sports, whose main goal is to increase exposure in order to attract sponsors.

**New content** like interviews or theme shows **on the fringe of the core content** has been identified to separate rights for ‘sport’ as a merely abstract concept in the center of a range of
revenue opportunities. For media enterprises the creation of new real and virtual sports was discussed as a way out of the cost dependency on sport enterprises.

Finally, **different coordination forms** for sport enterprises and media companies were discussed. **Vertical integration** by media as well as sport enterprises was considered unlikely to become a common strategy. However, several reasons for **horizontal cooperation** between media enterprises to purchase and use sport content were identified. The need to **virtually cooperate** with several actors in the sport media business each concentrating on the core competencies in order to maximize value and revenues was highlighted as implication on coordination forms.

**Limitations and Further Research**

Despite many advantages, **qualitative research** always has some limitations. An overly ‘subjective’ approach has still been eliminated in this paper as much as possible. Especially data **triangulation** has been understood to be helpful in this regard. Respondents from different backgrounds and cross checking with other work identified in the sport media literature contributed to ‘objectivity’.

Another limitation is **external validity** that cannot be claimed in qualitative research in general and this work in particular since only experts in the sport media field were interviewed.

Furthermore, due to the explorative and broad approach, several detailed questions could not be addressed in this particular context. While cross-referencing to past scholarly articles helped in some cases, others need to be re-addressed in future research. However, identifying those gaps has been a particular goal of this work and is mentioned here for the sake of completeness.

The main focus of this study was on the generation of new data employing expert interviews. For a better understanding of the complex sport media nexus sport media **literature** was analysed. This could happen only to a certain extent. Primarily sport and media related journals, books and reports were analysed in a structured way. Other academic journals, for instance in the economics, management, marketing, and consumer behaviour areas might have considered the subject as well or might do so in the future. Hence, the applied approach of systematic literature research shown in this paper could serve as a starting point for further research. Research providing an extensive review of the sport media literature including journals from different
areas, regarding their research objectives, utilized methods, and findings could contribute to further research in the field.

The work’s broader approach also aimed to contribute to the identification of current research gaps. Since neither media practitioners, nor advertisers or sponsors, nor sport media consumers were interviewed in this study the conduction of their opinions would also be very valuable.

**Practitioners** risk revealing confidential information which might be relevant to their opponents in the market. Hence, one might always have to deal with difficulties when trying to find experts willing to be interviewed. There is a high strategic value in confidential information which sport enterprises and media companies are trying to protect. That makes it difficult to do research from the inside of the business as academic experts underlined.

While no clear answer could be given by the experts regarding the question of whether or not **consumers** will be willing to increase spending for sport content in the future, it became obvious that the opportunities provided to them will increase significantly. This leads to the need for further research especially focusing on the original perspective of the sport media consumer. Extensive consumer research on the relevant demand factors of sport media consumption and the consumers’ willingness-to-use and pay for sport content in different forms on different devices could contribute to further knowledge of the actors in the sport and media nexus. This knowledge could be very helpful for both sport and media enterprises optimizing their business models and marketing strategies in order to increase their revenue streams. The authors recommend that future studies should explore the consumers’ needs and preferences, motivations and intentions to use and buy sport content in the media. Research on direct sales, impulse buying and switching behaviour of sport media consumers was considered interesting and relevant by the experts. Addressing those gaps in future research may contribute further to the academic level of research in the sport media nexus.
Appendix

Appendix A1: Sport and Media Journal Research – Results in Detail

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<tr>
<th>A - Sport related Journals (see Woratschek/Schafmeister/Schymetzki, 2009)</th>
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<tr>
<td><strong>1 European Sport Management Quarterly ESMQ</strong></td>
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<td><strong>2 International Journal of Sport Finance IJSF</strong></td>
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<td><strong>3 International Journal of Sport Management IJSM</strong></td>
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<td>4 International Journal of Sport Management and Marketing IJSMM</td>
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<th>5 International Journal of Sports Marketing and Sponsorship IJSMS</th>
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<tr>
<td>Dittmore, S. (2004): Interview with Naomi Travers, Executive Vice President for Media Rights and Entertainment, C-SET, in: IJSMS, Vol. 6, Iss. 3</td>
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<td>Helland, K. (2006): Interview with Bjørn Taalesen, Sports Editor TV 2, Norway, in: IJSMS, Vol. 8, Iss. 1</td>
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<td>Mason, D. (2006): Moneyball as a supervening necessity for the adoption of player tracking technology in professional hockey, in: IJSMS, Vol. 8, Iss. 1</td>
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<td>Bennett, G., Ferreira, M., Siders, R., Tsuji, Y., Cianfrone, B. (2006): Analysing the effects of advertising type and antecedents on attitude towards advertising in sport, in: IJSMS, Vol. 8, Iss. 1</td>
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<td>O'Reilly, N., Rahinel, R. (2006): Forecasting the importance of media technology in sport: the case of the televised ice hockey product in Canada, in: IJSMS, Vol. 8, Iss. 1</td>
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<td>Rines, S. (2006): Interview with Michael Payne, former International Olympic Committee Marketing and Broadcast Director, in: IJSMS, Vol. 8, Iss. 2</td>
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<td>Meir, R., Scott, D. (2007): Tribalism: definition, identification and relevance to the marketing of professional sports franchises, in: IJSMS, Vol. 8, Iss. 4</td>
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<td>Evans, D., Smith, A. (2004): Internet sports marketing and competitive advantage for professional sports clubs: bridging the gap between theory and practice, in: IJSMS, Vol. 6, Iss. 2</td>
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<th>6 Journal of Quantitative Analysis in Sports JQAS</th>
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<th>7 Journal of Sport Management JSM</th>
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<td>various (2004): Media and Spectators, in: JSM, October 2004, Vol. 18, Iss. 4</td>
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<td>Journal of Sport Management JSM</td>
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<td>Seo, W., Green, B.C. (2008): Development of the Motivation Scale for Sport Online Consumption, in: JSM, January 2008, Vol. 22 Iss. 1</td>
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<td>8 Journal of Sports Economics JSE</td>
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<td>9 Journal of Sport and Tourism JS&amp;T</td>
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<td>10 Sport in Society: Cultures, Commerce, Media, Politics SportSoc</td>
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<td>11 Sport Management Review SMR</td>
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<td>12 Sport Marketing Quarterly SMQ</td>
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**B - Additional Journals added due to possible relevance**

**13 Journal of Sports Media JSM**


**C - Media related Journals (see IMMAA, 2008)**

**14 Journal of Media Business Studies JMBS**

none

**15 International Journal on Media Management JMM**


**16 Journal of Media Economics JME**


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<th><strong>16 Journal of Media Economics JME</strong></th>
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<th><strong>17 Journal of Broadcasting and Electronic Media JBEM</strong></th>
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<th><strong>D - Additional Media related Journals</strong></th>
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<td><strong>19 Global Media Journal American Edition</strong></td>
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<td><strong>20 Journal of Media Practice</strong></td>
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References


O'Reilly, N., Rahinel, R. (2006): Forecasting the importance of media technology in sport: the case of the televised ice hockey product in Canada, in: International Journal of Sport Marketing and Sponsorship, Vol. 8, Iss. 1


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