

Taaffe, W. (1986, February 24). TV to Sports: The Bucks Stop Here. Sports Illustrated.

OVERVIEW

Television networks say that they can no longer pay the high fees for the right to broadcast sports events and the sports world could soon be poorer for it. The author explains, "In 1985 the three networks lost \$45 million on the NFL...ABC Sports ran a staggering \$30 to \$50 million in the red, this following a record \$70 million profit in the Olympic year of 1984: in short, a \$100 million-plus Wrong Way Corrigan...ABC paid \$160 million in NFL rights last year and recovered only \$135 million from advertisers...After years of paying ever-increasing millions for rights to broadcast sports events, the networks now say that the gravy train has ground to a halt...Some sports will have to live with less or take a walk."

Everyone is aware of the skyrocketing salary increases and costs associated with sports. It is expected that, soon, something will have to give. This article offers insight into current happenings. There is suddenly a steep decline in advertising demand. Ratings have not fallen; in fact, ratings for NFL and baseball games rose in 1985 after "stumbling for most of the '80s." With 120 million viewers, Super Bowl 1986 set the record. American buying and viewing patterns are changing. Women and teenagers are buying more of what were formerly "men's items" and "Murder She Wrote" or Dan Rather or MTV are seen as better and cheaper program slots to catch these women and teens. For example, Miller Brewing spent 95% of its advertising dollars in sports in 1981 but now spends only 70% of it in sports programming.

"Another factor is the glut of sports on television" (there are now 1,500 hours of sports coverage compared with 1,175 hours in 1977). Cap Cities, the new owners of ABC, recently canceled a large contract with the NBA that doubled the fee but excluded some attractive extras. The new conservatism is captured in this interesting justification from a Cap Cities executive, "...paying the NBA that much money will mean higher salaries for the players. And higher salaries will contribute to the drug problem in athletics today."

There has also been a dramatic rise in network rights fees. In the NFL, fees were

- \$50-70 million in the early and mid-1970s.
- \$170 million from 1978-1981.
- \$200 million in 1982.
- \$300 million in 1983.
- \$400 million and approaching \$500 million in 1984-1986.

In the NBA, they were

- Under \$10 million until 1977.
- About \$18 million from 1979-1981.
- Over \$20 million from 1982-1985 (about \$22 million in 1985).

and had doubled to over \$43 million in 1986.

In baseball they were

- Under \$20 million through 1975.
- Over \$20 million from 1976-1980.
- \$60 million in 1981.
- \$50-70 million in 1982-83.
- \$160 million in 1984-85.

Clearly the business of television sports is going to tighten, and there will be some challenging times of negotiation between the television networks and advertisers.

PREDICTIONS

- ABC's Monday Night Football may be dropped.
- "The 1996 Olympics...will be divvied up by sport and seen on all three networks simultaneously."
- We may see exclusive sponsor World Series or Super Bowls.
- More minor sports events may show on cable.
- Some selected games (not Super Bowl, World Series, or Olympics) may be shown on pay TV.

IMPLICATIONS

1. Greed, status, and competition clearly drive much of our sports and corporate salary structures. It is time to give careful attention to advertising, athletics, and the television industry.
2. Young people today constantly see models and receive continuous messages indicating that money is key to a meaningful life.
3. Fans—especially the poor—usually suffer the consequences of excessive greed on the part of those who control structures.
4. It is almost impossible to reverse upward economic spirals; they can only be slowed with exceptional pain and effort.
5. Parents, teachers, and youth leaders need to set examples and create learning situations to counter the materialism dominating popular culture.

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