



THE INSTITUTE OF SPORTS SPONSORSHIP

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[REDACTED]
Head of General Broadcasting Policy Branch
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28th August 1997

Dear [REDACTED]

As one of the consultees on the Criteria for Listed Events, the ISS has put together the attached response.

The ISS works closely with the CCPR, indeed shares the same President, but is charged with representing the views of its members who are either business sponsors of sport or those associated with sports sponsorship. In this capacity we may not always have the same views as the CCPR as the representatives of the governing bodies of sport but generally we do because we regard sponsorship as a partnership with both sport and sponsors gaining benefits.

On the subject of listing we do agree with the CCPR that, as a matter of principle, the rights owners should be the final arbiters of the sale of those rights. However, some sporting events do have a special resonance that might justify exceptions to the basic principle. As a result we have offered the ISS's views on possible criteria whilst proposing that if the sports concerned are put at a financial disadvantage then some method of compensation should be considered.

I have enclosed the ISS's corporate brochure for your information. We do have an on-going relationship with the DCMS, not least as a result of the Sportsmatch scheme which we administer on behalf of the Department, but if you need any more information on the ISS or this paper please do not hesitate to contact me (or in my absence, Martin Cannon).

Yours sincerely

Mike Scott

Mike Scott
Director

Listed events under part IV of the Broadcasting Act 1997

Submission from the Institute of Sports Sponsorship

INTRODUCTION

The ISS represents the interests of the commercial sponsors of sport in Britain. It defines sponsorship as a commercial activity designed to promote a company or its goods and services by association with a sporting event, team or individual. Though commercial, good sponsorship always has the interests of sport in mind and seeks to add value to sport by the provision of money, the development of facilities, the encouragement of participation and the increase of the spectator and viewer base.

Effective sponsorship is a partnership between the sport and the sponsor as they ultimately share the same audience: sport's spectators are the sponsors' consumers.

The advent of new forms of communication: satellite, cable and digital television, has changed the traditional relationship of sport and sponsor. The needs of television has radically increased the value of many sporting events and broadened the coverage of sport to include minority interest events.

As a representative of commercial organisations, the ISS cannot and does not wish to interfere with the free market that exists between the governing bodies of sport and their potential backers. All parties involved in sport, however, must recognise that some sporting events have a special national resonance that make them an exception to the normal criteria of a free market.

In making its submission to the DCMS, the ISS seeks to reflect the commercial requirements of its members, the financial interests of sports, the commercial objectives of broadcasters and the interests of spectators and consumers. It is clearly not possible to perfectly balance all these interests: commercial sponsors have had to react to the changed market by paying increased sponsorship fees or pulling out of some sponsorships which have become un-economic. Sports must recognise (and some already have) that their popularity, and hence market value, is based on a national popularity that is founded on the widest possible access on free-to-air broadcasting. The spectator/viewer must also recognise that major sporting events like many other recreational pursuits have a value and there is an entrance fee to be paid.

The level of this fee is the crux of the current debate. In the long term the market will decide: decisions on personal disposable income will have to be modified, interest in specific sports will wax or wane as will their financial well-being, companies will tailor their marketing expenditure to meet market circumstances and broadcasters will gain some audiences but lose others. The purpose of establishing listed events and criteria for their selection is solely to reduce the pain of this process of adaptation and to protect the quality of the nation's cultural environment in the field of sport.

CRITERIA FOR LISTING A SPORTING EVENT

1. The event and its outcome has a special national resonance, not simply a significance to those who already follow the sport.

Tests:

The saloon bar test

An event that becomes a topic of conversation between casual acquaintances in a pub, much as one might use the weather as an opening conversational gambit.

Included:

Cricket: home tests and away tests against the Australians.

Football: England world cup matches after the qualifying rounds. The FA/SFA Cup Finals.

Motor racing: The British Grand Prix.

Golf: The British Open.

Tennis: Wimbledon Finals weekend

The family test

An event that unites a family's interest in sport, brings them willingly to watch the same programme together and may involve some participation such as placing a joint bet on a horse race.

Included:

Football: as above.

Cricket: as above, highlights only.

Motor racing: as above

Horse racing: The Grand National, The Derby.

Tennis: Wimbledon

2. The event is pre-eminent and popular providing a show-piece for a sport of national significance.

Included:

Football, cricket, tennis, rugby union, rugby league, horse-racing, F1 racing, golf.

Tests:

The media test

Do national newspapers extensively cover the build up to the event: team profiles, selections, forecasts, competitions related to the event.

3. An event where the national representatives of a particular sport are competing for significant awards against other countries who are seen (for better or worse) as national rivals to our self-view of our importance on the international stage.

Included:

Athletics: Olympic Games, World Games.

Football: World Cup, European Cup after qualifying rounds.

Cricket: as above.

Golf: Ryder Cup

Boxing: World title fights with a UK contender

Test

The family test

Does the uninterested partner, parent, child make allowance for other family members' interest in the event to the extent that the family schedule is adjusted.

4. An event that is likely to command a large television audience - based on historical experience - which would be lessened significantly by exclusion from free-to-air broadcasting.

Test

Audience monitoring combined with penetration figures of satellite, cable subscriptions and estimated numbers viewing in clubs, pubs and other centres where events are shown.

OTHER CONSIDERATIONS

It will be inadequate merely to judge events by arbitrary criteria. The ISS supports the view that consultation with rights owners and broadcasters will be essential for the Secretary of State to make a balanced, final judgement. Commercial sponsors will more easily evaluate the worth of sponsorship opportunities once a clear picture of costs and benefits is available.

Limited attendance opportunities caused by costs, location and numbers allowed make access to televised sports event particularly important for many people and should be considered in allocating a listing.

1. Rights of rights owners

As a matter of principle, it has to be accepted that the owners of the rights to sport - the governing bodies - are the final arbiters of the sale of those rights. To impose value judgements on their competence to best serve the interests of their sport is not acceptable in a democratic society, even if it is tempting. If Government decides that it is in the national interest to restrict the earning power of any sport then some form of compensation package must be devised and implemented by an independent review body to establish market valuation.

2. Research

There is a strong case for quantitative and qualitative research evidence to be assembled before decisions are made on listed events. This should be broader than merely seeking a yes/no to certain events but should seek to establish what are acceptable levels of service in the provision of sport.

Anecdotal evidence would suggest, for example, that the elderly are less impatient than younger sports fans who wish to see events live and may be satisfied with coverage of an event at some distance from the live action. Provision of day time coverage of highlights at little or no cost to terrestrial broadcasters would have the advantages of providing a service to many housebound viewers, not detract from satellite broadcasters' key target markets and would certainly be an improvement on the moronic garbage that is served up between morning and afternoon children's television.

3. Provision for the disadvantaged.

There is a danger that access to satellite and cable broadcasting will be denied to those that might gain most benefit: the poor, old, housebound or disabled. Consideration should be given to a means of improving access through reduced subscription and or highlight coverage at appropriate times even if this involves a considerable time elapse.

4. Public service broadcasters

The provision of broadcast services at modest cost is a cornerstone of the history of British media, and one that will not be sacrificed lightly. There is, however, a growing recognition that the development of increased choice means a re-allocation of resources by broadcaster and viewer. Whilst important, the coverage of sport by public service broadcasters and any terrestrial channel is only part of the package on offer and should not be allowed to dominate the debate: sport is, after all, only a game.

5. Commercial sponsors

There is a danger that the investment of the commercial sponsors of sport will be devalued by the changes in the media environment. For some companies massive investment in sports sponsorship will be justifiable for the same reasons that extensive advertising is justifiable. Sponsors will adapt to a changing, competitive market which may well result in further defections from sponsorship.

In framing policy on broadcast events the Government should consider two major factors:

- i: Is the price of entry into sponsorship of major events an anti-competitive force.
- ii: Is the loss of middle range commercial sponsorship in the best interests of British sport as a whole.

6. Nomination of listed events

Events which are nominated may face financial restrictions. The process that leads to listing should be transparent, based on unequivocal national opinion and provide for compensation at market rates. Sponsors must expect to pay a premium on listed event sponsorship to reflect the wider audience, as they would expect to pay smaller amounts for satellite coverage.

7. Subscription broadcasters

The Secretary of State should give due consideration to the quality of sports coverage promised by subscription channels, which may be inexperienced or over-ambitious or have a history of poor relations with rights owners and sponsors or may be seeking tactical advantage to exclude competition rather than provision of quality sports coverage. Equally, there may be no viable, alternative bidder to broadcast rights from terrestrial channels.

CONCLUSION

The key to the debate is the provision of sports coverage that is commensurate with consumer expenditure. Commercial sponsors have accepted and imposed the principle of value-for-money in their negotiations. In some instances this has resulted in the ending of long term sponsorships. The same principle applies to sports broadcasting: it must be accessible to the widest possible audience in some form that is dependent on interest and investment.

*The Institute of Sports Sponsorship
August 1997.*