

2021 年運動休閒與餐旅管理國際學術線上研討會 專題演講 提問 Q&A

**2021 International E-Conference of Sport, Leisure and Hospitality Management
Keynote Speech Q&A**

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演講題目 - 財務領域的新常態：COVID-19 對運動產業的影響

Keynote Speaker - Dr. Matthew T. Brown

Topic - The New Normal – Finance: COVID-19's Impact on the Sport Industry

Impact of the pandemic :

1. Are there any sport organizations that transformed successfully during COVID-19 and go well now?

It is still too early to tell. Sport leagues competing seasons at the end of 2020 or in the early part of 2021 were remarkable successes as they navigated the worst of the pandemic while competing on the field. Attendance is still capped at less than capacity in most venues (though as June approaches many are able to return to 100% capacity). Despite attendance capacities and more time to consume televised sports due to Covid restrictions on gatherings in public, television ratings have been down this Spring. Transformation has been more about survival at this point.

2. The situation in the US has changed a lot. Games in major professional sports leagues are being played steadily for months and even some fans are allowed to watch games in the stadiums.

Do you think "easing fans fears" is still a problem?

How do you think about the current situation?

As games are played and fans back to stadium, do the problems between leagues, broadcasters and sponsors still exist?

This too is difficult to tell as how consumer behavior for the sport fan changed as a result of Covid-19 is not fully known or understood. June and July will become the first tests as venues are able to sell tickets at 100% capacity. There are promising signs. I attended a minor league baseball game last week with a 50% capacity due to the pandemic. The game was sold out at that capacity – 5,100 people were at the game. If fans return to pre-pandemic levels or near pre-pandemic levels, the revenue triangle between leagues, broadcasters, and sponsors will stabilize. However, we still have to see how (or if) consumer behavior is changed in a post-pandemic world.

Financial management :

1. How can the ongoing/fixed expenses be covered by the much fewer quantity of fans paying to come watch the games? Is it possible that we are operating at a loss due to the very low revenue being

received?

Eventually, the ongoing/fixed expenses will be problematic if more fans are not allowed to return to games and revenues increase. There is the possibility that loans or bond obligations could be renegotiated to reduce the debt service, or facility lease obligations may be renegotiated. Teams may be operating at a loss without the governmental support they received. Budgets will need to be managed closely while sport emerges from the pandemic and consumer behavior is better understood.

2. By how much percentage has the highest level of sports live broadcasting viewer number increased since COVID-19? How much can live broadcasting help contribute to due to the debt of the stadium/sporting events?

TV ratings are actually down. In the US, Super Bowl, the World Series, and NBA Finals were down 30 percent or more. This spring, ratings have stabilized somewhat as games are again played in front of limited fans. While ratings are uncertain for now, sport is still one of the rare products that needs to be consumer live – so it is attractive to advertisers and television networks. This leads to long-term contracts that stabilize the revenue fluctuations seen in stadiums. The NFL just signed an 11-year, \$100 billion agreement with its TV partners and the National Hockey League (NHL) just signed with ESPN for a portion of its rights in a 7-year, \$2.8 billion deal.

3. Are there other potential revenue models to replace the huge revenue source of advertising in sports events industry?

Advertising (sponsorship), television/media, and ticketing are the three main revenue sources. Gambling revenue is becoming more prevalent in the US and will ease some loss in other areas.

4. In Taiwan we have a term called “宅經濟” which translate into “stay-at-home economy” this is a result of COVID-19 increasing online and home activities such as food delivery, online games, online videos, e-commerce, etc. Can sports industries somehow use this opportunity to develop more stay-at-home revenue sources?

Yes. Live wagering on games fits nicely here. The key is that the delivery of the televised product must be simultaneous as when it is played (most of the time there is a delay) so that bets can be placed live during a game, as it happens, on action occurring in the game.

5. People are highly involved in the games in major professional sports leagues in the US. It's like watching games or sports events is a part of your lives. In Taiwan, we have Top Volleyball League, but once the tickets are payable, people choose to watch the games online instead of paying for the entrance. How to keep the league operating with low revenue from a governance standpoint?

This is a hard challenge. For minor sports in the US, gate revenue (tickets) and concessions revenue are the major sources of income. The key is to get people to attend the games live, rather than watch them online. The Top Volleyball League needs to determine how to attract people to view games in person –

they need to create an atmosphere appealing to fans who would then want to attend the game in person rather than watching it online. This becomes a marketing/sales issue in this case. Without it, the league will have financial difficulties to operate on its own without outside support.

6. Sports betting seems to be another way to increase fan engagement with long distance. Do you think that "Online Sports Betting" is another solution for sports organization to cover the loss during COVID-19?

Yes. I 100% agree. See answers to questions 3 and 4 above for examples

7. How can we know that how long the television rights can cover this loss?

Fortunately, sport is one of the few things people demand to watch live as it happens, and rights fees keep increasing. For major leagues with large media rights deals, a great cushion is provided to offset losses due to the pandemic. For example, in the US the Southeastern Conference (American College Football) is distributing \$23 million to each of its 14 member schools to help offset financial losses from 2020 and 2021 (schools averaged a \$45.5 million loss). This money is coming from borrowing against its future media rights deal which begins in 2024 and is worth \$300 million per year.