

Proposition of Strategies for Business Models that Work in Sports League Business in India and Other Countries

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Structured Abstract:

Purpose: The research aims to provide a detailed overview of sports league business in India and other countries and is also an attempt to reach the strategies for a cumulative sports league business model.

Design / Methodology / Approach: The sporting awakening in Asia is not just about China. Neighbouring India, the world's most populous country since April 2023, also offers a lot of business potential for the sports industry - and this is not limited to the all-powerful cricket. Diversity is growing, also thanks to new sports stars. In the run-up to the "India Sporting Goods Fair" trade show on March 19 and 20, 2024 in New Delhi, ISPO.com provides an analysis of the Indian sports market, with all the opportunities and risks.

Findings: Young Indians in particular are so keen on exercise and the outdoors that experts are certain: Sport will be the next big industry in India. Gaurav Vazirani, national director of the New York media agency GroupM, therefore sees excellent opportunities for the future: "The Indian sports industry is ready for further growth and development [1].

Research Implications: Compared to the West and China, the Indian sports market is characterized by many country-specific characteristics. Brands and companies that want to be successful here need to understand them and integrate them into their strategy. The Indian startup ecosystem has seen notable successes across multiple industries, and the sports sector is no exception. Over the past few years, several innovative startups from India have broken with traditional approaches and revolutionised the way sport is approached, consumed and experienced [2].

Keywords: Sporting Awakening, Business Potential, Sports Industry, Indian Sports Market, Innovative Startups, Sports League Business Model.

Introduction

The global sports market, comprising of infrastructure, events, training and manufacturing and retail of sports goods is estimated at INR 37.8–44.2 lakh crore (USD 600–700 billion), accounting for approximately 1 per cent of the global GDP [3]. Besides exercising a significant impact on the global economy due to its close association with other sectors, including education, real estate and tourism, the sector also contributes to improvements in

general health and wellbeing of a country. The Indian sports sector is experiencing a sea of changes with all-round developments initiated by the government, the private sector as well as non-profit organisations. The government is introducing game-changing schemes such as 'Khelo India' to address issues regarding infrastructure, talent scouting and training facilitation. Private sector and non-profit entities are also increasingly contributing to the sector by organising leagues and tournaments, funding talented sportspersons and getting involved in grassroots development. A thriving sports sector usually has significant socio-economic impact, as it is instrumental in improving the physical health and mental agility of a nation's human resources, and in promoting unity and national pride. In fact, sport as an industry contributes to about one to five per cent to the GDPs of various countries. The commercial success of Indian Premier League (IPL) in cricket has led to a surge of similar commercial formats in other sports such as badminton, football and hockey. International and domestic examples have shown that investment in sports has high potential tangible return on investment (RoI), albeit a long gestation period for commercial returns in case of league franchises, and has significant intangible RoI as well. The intangible RoI stems from increased brand awareness, brand building among target customers and increased brand loyalty through community engagement by utilising the mass medium of sports. ***This means that there is a requirement of more understanding of sports as a business unit and a very common or simple business model which could fit in for the investors.*** Indian sports are experiencing rapid commercialization. Leagues like the IPL and PKL have led to substantial revenue generation through broadcasting rights, ticket sales, and merchandise, making them lucrative platforms for brand investment. Example: The IPL's broadcasting rights deal with Star India for over \$2 billion underscores the financial potential of sports leagues in India. A firm needs to have the ability to convert its resources and assets into competencies that create value (internal and external). Customers will not scramble to a firm's doors simply because the firm has modern resources and assets such as plants, geniuses, and patents. The firm has to use the plants, the geniuses, and the knowledge embodied in the patents to offer customers something they value. Patients do not buy patents or skilled scientists from pharmaceutical companies; they buy medicines that have been developed by skilled scientists using knowledge embodied in patents [4]. Assets must be converted into something that customers want. A firm's ability or capacity to turn its resources into customer value and profits is usually called a competence or competencies. Competences usually involve the use or integration of an organization's capabilities and resources / assets. Logic's ability to quickly

turn its “cores” into products that customers want is a competence, which can be either core or non-core competencies. Intel’s ability to develop microprocessors that exploit its copyrighted microcode and that are compatible with its installed base of microprocessors is a core differentiating competence. So is Coca-Cola’s ability to turn its secret formula and brand into a product that many customers perceive as being preferable to its rivals’ products [5]. Business modeling provides a framework for organizing competencies by accountability level. By employing such a framework, executives can begin to envision how current business activities might function as an interlocking set of modules [4]. Baden-Fuller and Mangematin (2013) [6] argue that the essential characteristics of the business model, which they define as “a meta concept to exemplify firm strategy” [6] are customer, customer engagement, monetization and value chain and linking mechanisms. The rising interest in understanding and evaluating business models can to some extent be traced to the fact that new value configurations outcompete existing ways of doing business. There exist cases where some businesses are more profitable than others in the same industry, even though they apply the same strategy. This illustrates that a business model is different from a competitive strategy and a value chain [7]. *The research aims to provide a detailed overview of sports league business in India and other countries and is also an attempt to reach the strategies for a cumulative sports league business model.*

Sports as Business – Literature Review

Definition: A sport refers to a human activity involving physical exertion and skill. Sports may involve elements of competition or social participation, where rules and patterns of behavior governing the activity exist formally through organizations. The sports market consists of sales of sports services and related goods by entities (organizations, sole traders and partnerships) that offer spectator sports and participatory sports. Spectator sports include teams or clubs and independent athletes that present sporting events before a paying audience. Team owners of participants that enter competitive events or other spectator sport events, and sports trainers who provide specialized services to support participants in sports events or competitions are part of this industry. The establishments that operate race tracks are also included in this industry. The sports market includes revenues generated by entities that provide live sporting events before a paying audience or entities that operate golf courses and country clubs, skiing facilities, marinas, fitness and recreational sports centers and bowling centers. Many people think that the sports industry solely comprises athletes, the

training staff, and the team's general manager. However, that is not the case. There are many cogs in the form of businesses and organizations, which are essential to ensure that the sports industry runs smoothly. Often, retired athletes or even sports enthusiasts eventually tend to branch out, opening a business in this industry.

Market Size: According to a study on the global sports market, sales projections showed that this industry is set to reach a net worth of approximately \$250 billion [8] soon. The global sports market reached a value of nearly \$484,910.9 million in 2023, having grown at a compound annual growth rate (CAGR) of 3.6% since 2018. The market is expected to grow from \$484,910.9 million in 2023 to \$651,007.0 million in 2028 at a rate of 6.1%. The market is then expected to grow at a CAGR of 5.8% from 2028 and reach \$862,585.5 million in 2033. The top opportunities in the sports market segmented by type will arise in the participatory sports segment, which will gain \$92,006.9 million of global annual sales by 2028. The top opportunities in the sports market by revenue source will arise in the media rights segment, which will gain \$55,932.3 million of global annual sales by 2028. The top opportunities in the sports market by ownership will arise in the standalone segment, which will gain \$100,327.5 million of global annual sales by 2028. The sports market size will gain the most in China at \$39,701.1 million [9].

Overview: Dilwyn Porter [10] has surveyed two centuries of sports entrepreneurship history, using examples from the United States, Britain, and Europe. He argues that sports have always had a connection with business but that this has changed over time, and now, at the elite level, there is a greater tendency to define themselves primarily as businesses. In particular, he notes that in British team sports, coincident with the decline of amateur hegemony, profit has become much more of a driving force than the traditional focus on utility-maximization. He also suggests that comparisons with other branches of the entertainment industry would help place developments in sport into perspective. The late John Lowerson [11] presented a British study of late Victorian and Edwardian sports entrepreneurs that looked at those involved in both the spectator product and the player product. He outlined the economic history of firms such as Hardy's [13] (high-class angling equipment), Jacques (lawn bowls and croquet equipment), and Slazengers' (tennis balls) as well as looking at company formation among golf and tennis clubs. Additionally, Wray Vamplew [12] has presented a typology of the development of work-based teams and facilities across a range of sports, which significantly often offered a degree of equality for

women. Andrew Ross [14], in a sweeping yet solid survey of the American literature on sports business history in Steve Riess's *Companion to American Sport History*, presents American sports entrepreneurs as yet another case of American exceptionalism. He argues that American sports entrepreneurs, unlike those elsewhere, are more market-driven and more profit-focused. *Few have considered 'the multiple business opportunities for the entrepreneur outside of the sports realm that are made available through the entrepreneur's connection to sport.* [15] Administrators in Australia sought to popularize their sport by creating a network of clubs and promoting competition amongst them as well as bringing overseas stars to Australia, neither of which fell within the classic British view of amateur sport under whose policies they were supposed to be operating. Instead, they replicated the practices adopted by entrepreneurs pushing professional sport. John Chi-Kit Wong has shown that elite-level amateur ice hockey in Canada was operating on a business-like model before any actual professional hockey governing bodies appeared on the scene [16]. *Universities worldwide are dedicated to teaching, learning, and research on sports enterprise.*

Jang et al. [17] was to identify consumer groups through consumer segmentation in the exponentially growing esports industry. The study focused on "game experiences" in the context of esports gameplay consumption. They developed a matrix of esports gameplay based on high/low esports gameplay, viewing esports, and hardware enthusiasm leading to four esports gameplay consumer groups: all-around gamer, conventional player, observer, and recreational gamer. The proposed esports consumers' clustering is an example of research that will contribute to mapping and defining one of the world's fastest growing sport business sectors.

Foster et al. [18] have responded to the growing demand for data analytics talent in (elite) sport organizations. As hiring analytics talent is critical, applicants can command high levels of compensation, in part because they are attractive to companies in many other industries. One of the implications of this broader adoption of analytics across elite sports clubs, will be a greater emphasis on continued innovation across many areas such as player squad assembly, pre-game and within-game strategy, and health and fitness. A further implication is that executive talent from outside of professional sport is increasingly more relevant and valuable to the sport industry. In the near future, the demand (and hence competition) for off-the-field talent in sport business will increasingly intersect with other industries, opening

opportunities for cross-pollination and innovation beyond the boundaries of the sport industry.

Jackson and Dawson [19] reflect on the meaning, value and significance of sport. They introduce the challenges facing the global business of sport and describe the privileged position of sport in society, as “sporting exceptionalism.” They then use the example of women's professional sport to illustrate three key steps for an alternative future, while also signaling risks associated with following a hegemonic male model of consumer capitalist sport. They conclude that the more dominant or hegemonic any existing social system is (including sport), the more difficult it is to consider alternative futures. However, there lies tremendous potential value in applying the concept of alternative futures to envisioning a direction for the sport industry. It allows necessary contemplation about new structures, policies, and programmes that will positively transform global sport business.

Chmait and Westerbeek [20] look at how artificial intelligence has transformed the way in which sport is consumed and analyzed. In this perspective paper, the authors present a high-level, non-technical, overview of the machine learning paradigm that motivates its potential for enhancing sports (performance and business) analytics. Founded on a summary of relevant research literature in areas where artificial intelligence and machine learning have been applied to the sport industry, they present some hypothetical scenarios of how artificial intelligence and machine learning could shape the future of sports. They conclude their work with ominous questions. Will artificial intelligence 1 day be shaping the spending behavior of sports fans by exploiting their fan infused emotional vulnerabilities? Or if indeed, artificial intelligence will sacrifice the health of some athletes in favor of the bigger team winning the championship?

Jenkin et al. [21] focus their attention on the rapidly growing, but largely ignored market segment of older adults as sport participants. They investigated how managers in Australian National and State Sporting Organizations perceive sport for older adults. Contextualized in the perspective of organizational change, a framework for marketing to the aging consumer was used to interpret the results. They found that older adults are not a high priority group for most sporting organizations, despite recognition of the benefits of engaging older adults. A lack of age-appropriate programmes was perceived to be a major barrier of engaging older adults. Across all sporting organizations there was broad agreement that increasing participation numbers and engaging the older fan base was important, but most sporting

organizations are not (yet) ready to build “age friendly” sporting environments. The study provided insights into why this untapped market is not a priority target, and offers policy makers directions to better engage with this population group.

Business Models Significance: In layman’s terms, a business model is the sum of the parts comprising an organization's products or services. Establishing these models requires a combination of developing new offerings, finding untapped markets, and disrupting the organization by discovering different ways to market. Looking at the most innovative sports business models brings to light how the rise of digital platforms and technologies transformed the fundamental behaviors, wants, and needs of people. Compared to past generations, humans consume content and communicate in a completely different way. The change is encapsulated best by Nike CEO Mike Parker’s quote [27] saying, “We used to sell you a pair of shoes and some advertising, now it's about building a relationship." Across the whole of the value chain, the future of sport business will be as much determined by advancements in artificial intelligence, machine learning and sophisticated (fan and performance) data analytics *as it will be through application and sourcing of new business models*, tapping new markets, creating alternative revenue streams, management approaches such as alternative futures scenarios, and developing strategic partnerships beyond the sport industry [22]. A *few sport management studies refer explicitly to business models* as devices that firms use to mediate technology development and economic value creation [23] or blueprints that map relationships among firms’ customers, allies, and suppliers to enable product, information, and money flows [24], [25]. Aversa et al. [26], for instance, in the context of professional sport, conclude that Formula 1 race teams build on two complementary business models: one focused on selling technology, the other on selling well-trained human resources to competitors.

Sports Business Models in India & other Countries

The main modes of private investment and private sector association with sports include:

- ✚ **Non-Profit:** These include CSR initiatives and investments in the sector by leading corporate houses, and non-profit foundations. These foundations are chiefly involved in providing opportunities to children from the under-privileged sections to take up sports, supporting promising sportspersons in accessing worldclass training facilities and developing sporting infrastructure.

✚ **For Profit:** This pertains to the commercial interests in the sports sector, and covers the entire spectrum of sports goods manufacturing, retailing, establishing sports academies, providing sports curriculum services to schools and colleges, owning leagues and franchises, player management agencies, media houses, infrastructure development companies and other companies that seek marketing avenues for their brands through sponsorship association with sports tournaments and players.

In India, non-profit association with sport is more common. For-profit investment in sport in India mainly includes sponsorships and owning leagues and franchises. The commercial success of Indian Premier League (IPL) in cricket has led to a surge of similar commercial formats in other sports such as badminton, football and hockey. Reasonable success of the Indian Badminton League (IBL) and the Hockey India League (HIL) — sports that don't enjoy the same popularity as cricket, has shown that leagues are a good medium for generating interest and driving sports culture besides the potential RoI. These leagues may therefore not only benefit their respective sport monetarily, but also boost their uptake in the country.

Sports Ecosystem of India

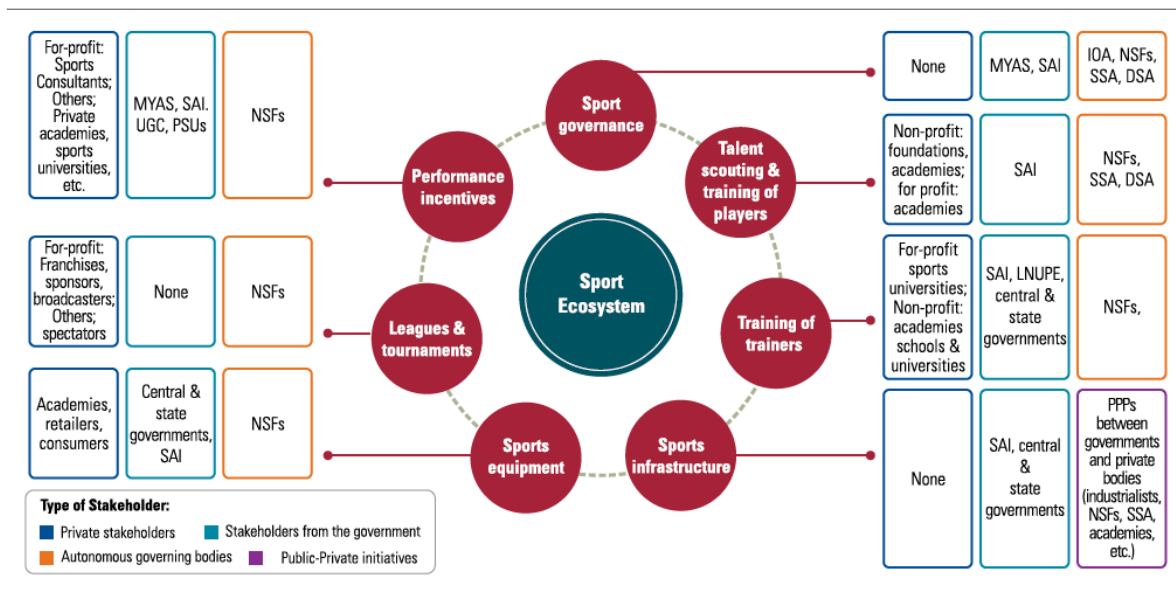
Sports ecosystem comprises different dimensions or segments that go into establishing and developing a sport and various stakeholders in each segment. The evolution of a sports ecosystem may be evaluated by the extent of interaction and awareness among stakeholders, within and across various segments. The levels of transparency and professionalism of the system, coupled with growing awareness of all stakeholders, decide the extent of the sports ecosystem's evolution. Identifying key stakeholders and addressing their issues and challenges is likely to go a long way towards strengthening the sports ecosystem in India. While the sports ecosystem is largely driven by the Government and Government-run bodies currently, the role of private sector stakeholders is on a rise and can be crucial to get the desired momentum:

✚ **Sports Governance:** The role of private sector in sports governance is limited. However, there are instances of private sector deals with sports federations for overhauling/ improving the respective sport. Such deals provide the usually cash starved National Sports Federations (NSFs) a financial breather to go about implementing plans for their respective sport's improvement.

- ✚ **Talent Scouting and Training Players and Trainers:** There is a reasonable presence of private academies being run on a self sustainable basis by former players of various sports. These academies try becoming sustainable by saving on capital expenditure through levers such as leasing playgrounds from schools and government institutions, rather than owning space. There is also a significant presence of leading corporate houses through their CSR initiatives, and non-profit foundations in the talent scouting and training players segment. Sports coaches and trainers are primarily trained in Government-run institutes. There are some private universities as well that offer courses in sports, physical education and other sports-related sciences, albeit on a limited scale. Private sector contribution in this segment is also seen by way of certain academies that provide active consultation to the Government in addressing the skill gap in sports coaching in India, and through private academies and sporting leagues that appoint a foreign coach who in turn shares expertise with Indian coaches.
- ✚ **Infrastructure:** Private sector contribution to sports infrastructure is minimal and is limited to PPPs for sports infrastructure development and operation. Some non-profit efforts towards stadia development have also been witnessed, but they are limited in number.
- ✚ **Sports Equipment Industry:** Key stakeholders in this industry are equipment manufacturers, retailers, consumers, and private sports academies. While India is a major exporter and manufacturing hub of certain sports goods, importing equipment for some non-popular sports significantly increases their cost.
- ✚ **Leagues and Tournaments:** Key stakeholders involved in this segment are broadcasters, franchises, National Sports Federations (NSFs), sponsors and spectators. The role of broadcasters and league owners in designing a spectator-friendly format becomes crucial to the commercial success of leagues, for instance the IPL, HIL, etc.
- ✚ **Performance Incentives:** Central and state Governments provide a majority of performance incentives to sportspersons in the form of government and PSU jobs, pension funds, educational scholarships and cash endowments. The role of private players is currently limited, but it is emerging gradually with the advent of non-profit foundations providing athlete sponsorships, and sports consulting firms that help athletes with post-retirement planning. Though private players are involved in various capacities in the sports ecosystem, the business of sports in India continues to be at a

nascent stage. Investing in leagues has become an important for-profit mode of entering the sports sector. However, profitability in the league format has also been a concern especially for non-cricketing sports leagues that elicit little interest from broadcasters due to inadequate spectator base — considering the fact that media rights is one of the biggest sources of league revenue.

Figure 1: Stakeholders in Indian Sports (Source: kpmg)



Leagues and Tournaments

Globally, the leagues system has served as an important way for companies to enter the sports sector. A sports league creates several opportunities for private companies in domains such as league management, franchisee, broadcasting, advertising, infrastructure, player management, licensing and merchandising. US alone is home to some of the biggest leagues in the world such as the National Football League (NFL), Major League Basketball (MLB), National Basketball Association (NBA) and National Hockey League (NHL), setting an example for ways of monetizing sports. For any league, media rights, sponsorships and revenue from franchises constitute major sources of revenue.

Commercial Viability of Leagues in India

The commercial viability of any league in India is governed by certain critical success factors, such as:

- ✚ **Players:** Involvement of the top players of the world creates interest among viewers and improves the quality of the game. IPL and IBL are some successful examples. On the other hand, I-League is struggling to attract top players, resulting in poor viewership.
- ✚ **Marketing:** An effective marketing campaign is another critical factor in increasing a league's popularity. Again, involvement of various celebrities as brand ambassadors or owners in IPL contributed to increased viewer interest in the league. In fact, the collaboration of the Indian entertainment industry and cricket has aided in making the IPL a commercial success.
- ✚ **Governance Framework:** It has been witnessed that leagues that with support from the approved federation have been able to sustain. ICL failed due to lack of support from the BCCI, and WSH is facing similar troubles due to the non-recognition of the founding federation as the official national sports federation of hockey.
- ✚ **Stadium Infrastructure:** Quality of stadium infrastructure contributes to the viewing experience, which increases the level of interest in sports. This, in turn, leads to an increase in the value of media rights.
- ✚ **Fan Base:** An effective strategy to increase a franchise fan base is the engagement of respective franchisees with the local community. This helps generate greater TV viewership, increases attendance in matches and sale of merchandise.
- ✚ **Performance of National Team or Players at the International Level** increases interest in the game and, consequently, the league.
- ✚ **League Timing:** The tournament should be held at a time when:
 - No international tournament is being organised simultaneously that can divert a significant section of the viewers
 - Maximum players are available
 - The weather is suitable for holding matches.

The length of games and timing of matches are also some other important factors, as gathered from the IPL experience.

Case Study 1: The Launch of the Japanese J-League [30]

Japanese football was in disarray until the late 1980s and in need of reform: the quality of play was low and low attendance figures confirmed people's disinterest in the sport. A series of re-organisational actions resulted in the launch of the Japanese J-League. The founders (the Japanese Football Association) in 1991 had three significant primary goals in mind:

- ✚ Improve the quality of the game;
- ✚ Develop a sporting culture;
- ✚ Earn international recognition.

The J-League was incorporated as an autonomous, non-profit organisation, unlike the English Premier League, in 1992, as a limited company. However, it is different from European football in the sense that its management is centralised, which implies that the J-League — not the clubs — makes decisions concerning sponsorships and licenses for the league. The goal was to create equal financing opportunities for every club (it was doubtful whether each club would be able to survive on its own from the beginning, because of low interest in football). The fact that all teams are highly competitive further enhanced the league's popularity. Currently, there are 36 corporate sponsors of the league and, by extension, of the clubs. This number includes large multinational companies. They usually compete with each other to acquire the status of teams' preferred supplier for different services. There are, however, no public funds used in professional football. The biggest challenge the founders faced was the lack of an established base of football in Japan. Sumo and baseball were far superior; only a few children took up football as their sport. Naturally, the limited number of players lowered football standards in the country. However, to turn this around, J-League clubs were required to go beyond being football teams and serve as community centres. Modelled after the German professional clubs, Japanese teams are comprehensive sport clubs that provide entertainment to people of all age groups. They are also tasked with promoting sports in their region and with encouraging people to participate in local sporting initiatives. To further increase public support, the teams tried to connect with their respective local communities. First of all, every participating club was renamed after its home city. Since the base city of a team cannot be changed, the naming process helped in creating a mutual commitment between a club and the locals. Every club is required to operate teams at various levels, such as under 18, under 15 and under 12. This motivates — and creates opportunities

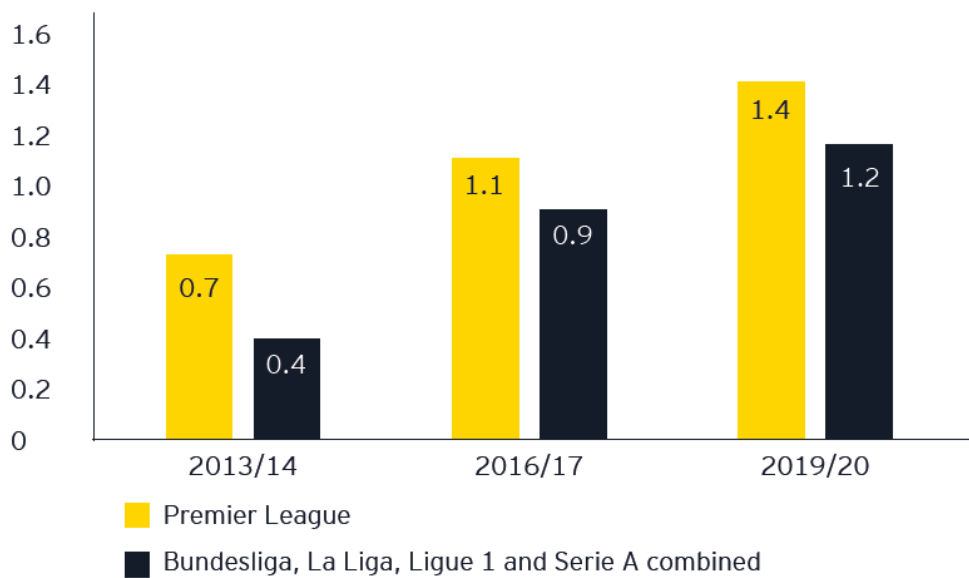
— for children to play football. Several other initiatives were taken to make the sport more spectator friendly and exciting for the Japanese consumers. The first official season (1993) started with 10 clubs (later it was expanded to 18 teams). The league adopted a two-stage season system where the winners of each stage played a final play-off at the end of the season to determine the champion. Moreover, matches could not end in a tie after 90 minutes. In case of levelled scores after the time limit, a 30-minute extra time game commenced, followed by a penalty shoot-out (if required). The system reverted to ‘classic’ rules in 1999 with a one-stage league format and the possibility of ties. There are plans to revive the two-stage format in 2015. To improve the quality of the game and increase attendance, the J-League invited foreign football stars to the teams. Among others, Gary Lineker, Dunga, Jorginho, Patrick M’Boma and Dragan Stojkovic arrived in the early years for wages reportedly as high as JPY300 million (USD 3 million) a year. Numerous foreign coaches were also employed, such as Arsene Wenger (the current manager of the EPL team Arsenal). The J-League’s embracing of the European best practices and systems helped it quickly improve the quality of the games. However, their reliance on big names was shortlived once domestic players started establishing themselves. Today, the earlier trend seems to have reversed with Japanese footballers playing for major European teams (Shinji Kagawa for Manchester United and Yuto Nagatomo at Inter Milan are a few examples). Building fan bases and creating a culture of football were also important. The J-League aimed at reaching out to people with diverse backgrounds and interests. Hooliganism was kept at bay to ensure people can enjoy the games with their families. Singing and chanting during the games was encouraged to create a good atmosphere. The league contracted a leading global creative agency to rebrand the teams and enhance their appeal among fans. Mascots and logos became an integral part of teams’ identity, further reinforcing the bond between fans and clubs. Bright and eye-catching kits with high recall value were also introduced. Like major American sports, significant focus was given on developing a variety of merchandise. The launch of the J-League proved to be a commercial and sporting success. Well-planned commercial and merchandising activities, which leveraged communal and regional pride, resulted in the creation of a strong fan base. Interest in the sport rose steadily with average attendance reaching as high as 18,000 per game. Football gradually became one of the most popular sports in Japan, since the J-League provides the country with a domestic alternative to the English Premier League, which usually overshadows domestic football. Moreover, it also helps Japanese players in showcasing their talent and rising to the top without being forced to

play for other countries' clubs. Thanks to the J-League, participation in football boomed in the country and currently about 5 million people are estimated to play professionally or at the amateur level.

Case Study 2: UK Premier League Broadcast Exports reflect its Significant International Appeal

The Premier League's broadcast exports comprise almost half of the UK's TV exports. In 2019/20, the League's broadcast exports were £1.4 billion, almost on par with the £1.5 billion achieved in exports of other UK television productions (including the BBC, ITV, Channel 4, Channel 5, Sky and the independent sector) in 2019/20 [31]. The Premier League's overseas broadcast rights have consistently exceeded the combined total of the other four major European leagues. Broadcast export value is supported by the Premier League's investment in Premier League Productions (PLP), which distributes and creates content for international rights holders.

Figure 2: Overseas Rights of Major Sports Leagues, £ Billions (Source: Premier League Analysis Estimates)



Results & Findings

Business Strategies Behind the Most Profitable Sports Leagues:-

A) Building a Global Brand

In today's interconnected world, reaching beyond national borders is crucial. The National Football League (NFL), considered one of the most profitable sports leagues globally, with an estimated worth of \$86 billion as of 2023, is a prime example. Their international expansion strategies include:

- ✚ **Establishing offices in key markets:** The NFL has offices in London, Mexico City, and China, focusing on marketing, partnerships, and fan engagement.
- ✚ **Playing regular-season games internationally:** The "NFL London Games" series, which started in 2007, attracts millions of viewers globally, showcasing the league's brand and generating significant revenue.
- ✚ **Content creation and broadcasting:** The NFL has partnered with international broadcasters and streaming services, like DAZN and Amazon Prime Video, ensuring global accessibility to their content.

Roger Goodell, NFL Commissioner, stated in 2023, "We are committed to growing the NFL internationally and making it a sport that is truly global."

This commitment to internationalization allows the NFL to tap into new markets, expand its fanbase, and ultimately, increase profitability.

B) Cultivating a Loyal Fanbase

Engaging fans is paramount for any sport. Leagues achieve this through various means, including:

- ✚ **Enhancing the Game-Day Experience:** From introducing interactive elements like in-stadium games and giveaways to creating a comfortable and family-friendly environment, leagues make attending games an enjoyable experience for all.
- ✚ **Building a Strong Online Presence:** Social media platforms and dedicated apps allow for constant fan engagement, providing behind-the-scenes content, player interaction opportunities, and personalized experiences.
- ✚ **Developing Community Initiatives:** Leagues often participate in charity drives, youth programs, and community events, fostering a sense of connection and loyalty with the local community.

The Indian Premier League (IPL), the world's most valuable cricket league with a brand valuation of \$8.4 billion in 2023, excels at fan engagement. Its success can be attributed to:

- ✚ **Focusing on High-Octane Entertainment:** The IPL's shorter format, fast-paced action, and focus on entertainment make it a captivating experience for fans, attracting a wider audience.
- ✚ **Investing in Digital Reach:** The IPL has a strong online presence, with millions of followers on social media and a dedicated app offering real-time updates, highlights, and exclusive content.
- ✚ **Leveraging Regional Identities:** By associating each team with specific Indian cities, the IPL fosters a sense of local pride and connection among fans.

These strategies not only create a dedicated fanbase but also translate into increased ticket sales, merchandise purchases, and viewership, leading to higher revenue streams.

C) Sponsorship and Advertising

Sponsorships are a significant source of income for sports leagues. Leagues like:

- ✚ **The National Basketball Association (NBA):** With a partnership revenue of \$1.5 billion in 2022, the NBA which is one of the most profitable sports leagues has secured lucrative deals with major corporations like Nike and Microsoft.
- ✚ **The English Premier League (EPL):** Its lucrative kit sponsorship deals, with shirt sponsorship alone generating over \$700 million annually, highlight the league's financial strength.

Leagues attract sponsors by:

- ✚ **Offering Valuable Brand Exposure:** Sponsorships provide companies with access to a large, engaged audience, enhancing their brand visibility and recognition.
- ✚ **Providing Activation Opportunities:** Leagues offer sponsors various opportunities to activate their partnerships, such as in-stadium branding, product sampling, and media integrations.
- ✚ **Tailoring Packages:** Leagues offer sponsorship packages catering to different needs and budgets, ensuring inclusivity and attracting a wider range of partners.

Adam Silver, NBA Commissioner, stated in 2022: "Our sponsorships are integral to our league's growth and success, allowing us to invest in our players, teams, and the game itself."

By strategically leveraging sponsorships, leagues not only generate substantial revenue but also build strong relationships with key partners, fostering long-term stability and growth opportunities.

D) Innovation and Technology

Technological advancements play a crucial role in sports leagues' success. Leagues are adopting innovative solutions such as:

- ✚ **Utilizing Advanced Analytics:** Data analysis helps sports leagues understand fan preferences, optimize game schedules, and improve player performance, leading to better decision-making and increased efficiency. For instance, leagues can analyze fan attendance patterns to determine optimal start times for games, or they might use performance data to identify areas for player development, draft decisions, and even reduce potential injuries. This type of data-driven approach allows leagues to make informed decisions that impact both the fan experience and the success of their teams, ultimately improving the league's overall health and long-term profitability.
- ✚ **Enhanced Broadcasting Experiences:** Technologies like virtual reality and augmented reality offer new ways to engage fans, providing immersive experiences and driving viewership.
- ✚ **Evolving Digital Platforms:** Leagues are constantly innovating their digital platforms, offering streaming services, interactive features, and personalized content, catering to the evolving needs of fans.

By embracing technology, leagues can:

- ✚ **Increase Fan Engagement:** Technological advancements create new and exciting ways for fans to interact with the sport, leading to a more engaged and loyal fanbase.
- ✚ **Generate New Revenue Streams:** New technologies can open doors to new revenue opportunities, such as selling exclusive digital content or offering pay-per-view events.

- ✚ **Improve Operational Efficiency:** Technology helps streamline operations, manage resources effectively, and make data-driven decisions, leading to cost savings and increased profitability.

E) Broadcasting Rights

Broadcasting rights are another major source of revenue for sports leagues. Leagues:

- ✚ **Negotiate Lucrative Deals:** Leagues negotiate exclusive broadcast rights with various broadcasters, ensuring they receive the highest possible compensation for their content.
- ✚ **Explore Different Models:** Leagues are exploring different broadcasting models, such as over-the-top (OTT) streaming services and pay-per-view options, catering to diverse audience preferences.
- ✚ **Invest in Content Production:** High-quality content production is crucial for attracting viewers and securing lucrative broadcasting deals.

With its centralized broadcasting rights model, the **German Bundesliga** is an example of successful rights management. This model ensures that all clubs receive a share of the revenue generated from broadcasting rights, promoting financial stability and competitiveness within the league.

Donata Hopfen, the previous CEO of the DFL (German Football League), stated in 2023: "Our centralized broadcasting rights model has been instrumental in ensuring the financial stability of the Bundesliga and contributing to its growth and success on a global scale."

Through effective management of broadcasting rights, leagues can generate significant revenue, ensure financial stability for their members, and reach a wider audience, further amplifying their global reach and profitability.

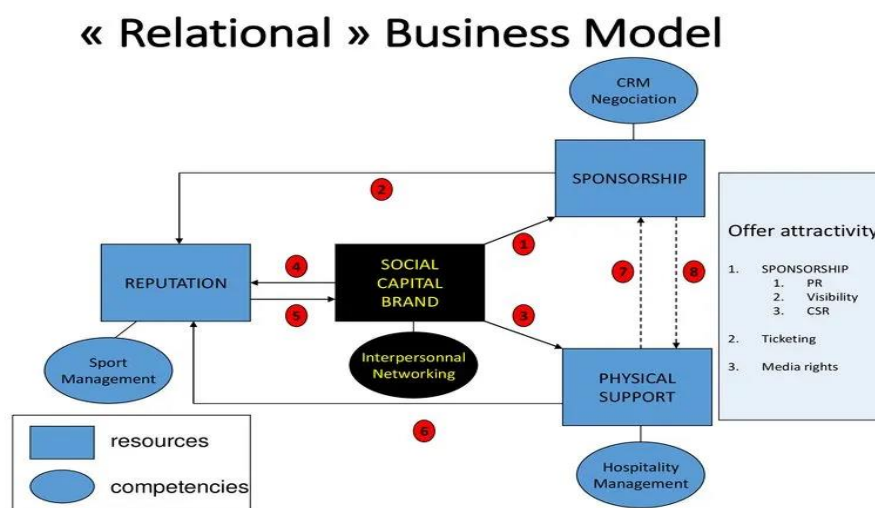
The success of a sports league is not solely determined by on-field competition but also by its strategic approach to business operations. By implementing the strategies outlined above, leagues can build a strong global brand, cultivate a loyal fanbase, leverage partnerships, embrace technology, and navigate the complexities of broadcasting rights, ultimately achieving long-term financial sustainability and paving the way for continued growth and success in the ever-evolving world of sports.

Conclusion

Therefore, the research analysis observed in the business models that currently exist in the sports business industry;

The Relational Model: This model relies on personal networks to attract funding partners for their club or event. Partners can be communities or private companies. This strategic base configures sports organizations that do not have significant TV rights, so the resource of a company or community proportionally replaces what represents the TV right for a major sports event.

Figure 3: Relational Business Model

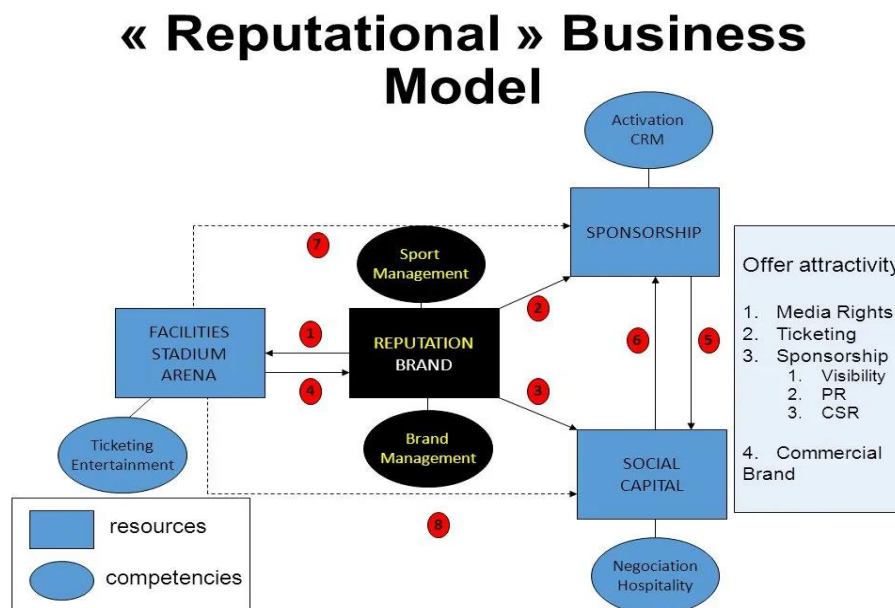


Relational asset makes the brand capital more attractive ->main partnership contracts->economically attracts the athletes and the sports management part ->this sum of money finances the costs of facilities and hospitality in sports venues -> new relations by reputation effect ->new partnerships in the context of the evolution of physical supports associated with the events.

The Reputation Model: The model of big sports events and clubs or leagues financed mainly by TV rights. The configuration is centred on the reputation capital which attracts media partnerships thanks to the sporting exceptionality. Non-media partnerships aim to develop their own brand through media exposure.

This is the model for major events such as the Olympic Games, the Football World Cup, Roland Garros, etc. They attract attention both through their sporting rank but also through media promotion.

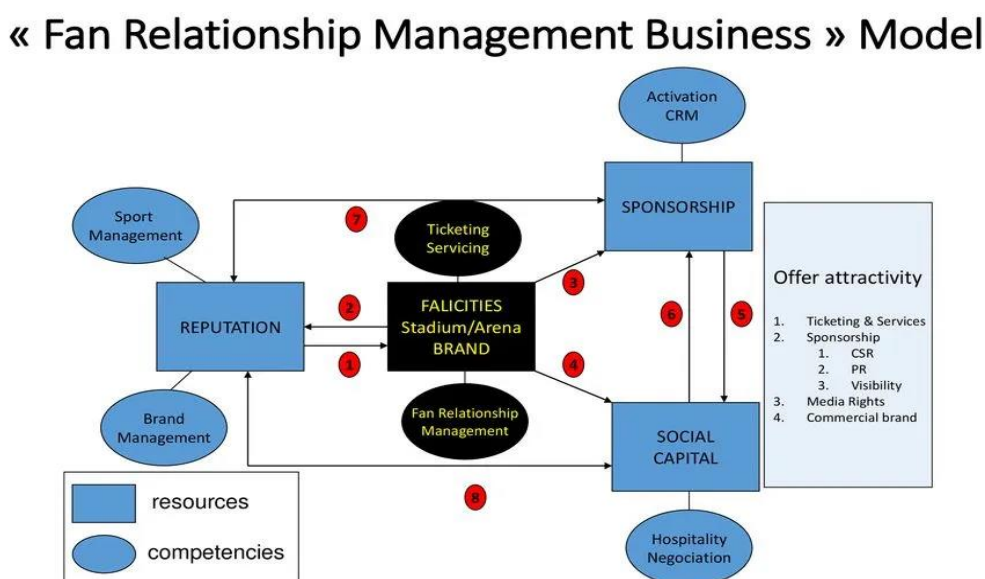
Figure 4: Reputational Business Model



The Fan Relationship Management Model: This is the business model that places their physical support at the base of their economy. In the case where the club or event owns and operates its sports arena, the latter is the source of revenue directly (sale of tickets or services and derivative products within the stadium).

The sports organisation establishes a dynamic relationship with its fans and businesses through its physical support. Then media and non-media partners are activated by the media and relational potential. These feed the reputation of the club or event.

Figure 5: Fan Relationship Management Business Model



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