

TV deals to establish sporting aristocracy

THE MONEY-SPINNERS
Daniel Ramus

A LIKELY \$2 billion from the next AFL and NRL television rights deals is set to deliver an unprecedented boost to the brand value of the top clubs from the two codes, *The Sun-Herald* has found.

A list of the 10 most valuable football clubs in Australia across Australian rules, rugby league, rugby union and football, compiled by entertainment and trademark lawyer Wayne Covell of worthyofthename.com, highlights the critical role of television exposure in adding value to a club's brand.

For example, Covell's list attributes a value of \$263 million to Collingwood with \$87.9 million of that due to television revenue and audience projections.

In the NRL, television revenue and audience figures are also vital. Of the \$169 million value applied to Brisbane Broncos, \$89.2 million can be attributed to television weightings. For the Parramatta Eels, television revenue accounted for \$86 million of the club's value of \$141 million.

Interestingly, on a table compiled by brand analysis specialist Repucom International, highlighting the cumulative television audience of all football clubs in Australia across the four codes for 2009 on free-to-air television and Fox Sports, the Broncos are No.1, the Eels are No.2, and Collingwood are No.3.

The AFL's television deal, which expires at the end of next year, is worth \$780 million while the NRL's television deal, expiring at the end of the 2012 season, is worth

\$500 million. Both codes will be looking for \$1 billion from their next deals.

Covell emphasises the central role television plays in his valuations.

"The size of the television deal has a huge impact on the football team valuations," he says.

"A large slice of the television fees paid are attributable to a team's viewership. Their audience drives sponsorship, advertising and merchandise deals."

With the NRL's potential to double the value of their current television

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WAYNE COVELL

deal, and the AFL set to increase its deal by \$220 million, it's interesting to compare their numbers to the English Premier League – its television deal is worth about \$5 billion, confirming its stature as the biggest football league in the world.

NRL chief executive David Gallop says he does not have a target price in mind for his code's next television deal, but feels the game has put forward a strong case to potential broadcasters.

Gallop told *The Sun-Herald*: "Our expectation is to get an increase in TV revenue that reflects the game's standing. We have not set a dollar

of things, there would be equal amount of fervour from Roosters supporters as there [is from] Collingwood supporters. It's just we have a lot more of them. That's historical.

"It's all-pervading, from kids to grandparents, to blue collar, white collar, all socio-economic demographics, they're all into it. Not just with a passing interest, with an absolute desire to know everything about the place.

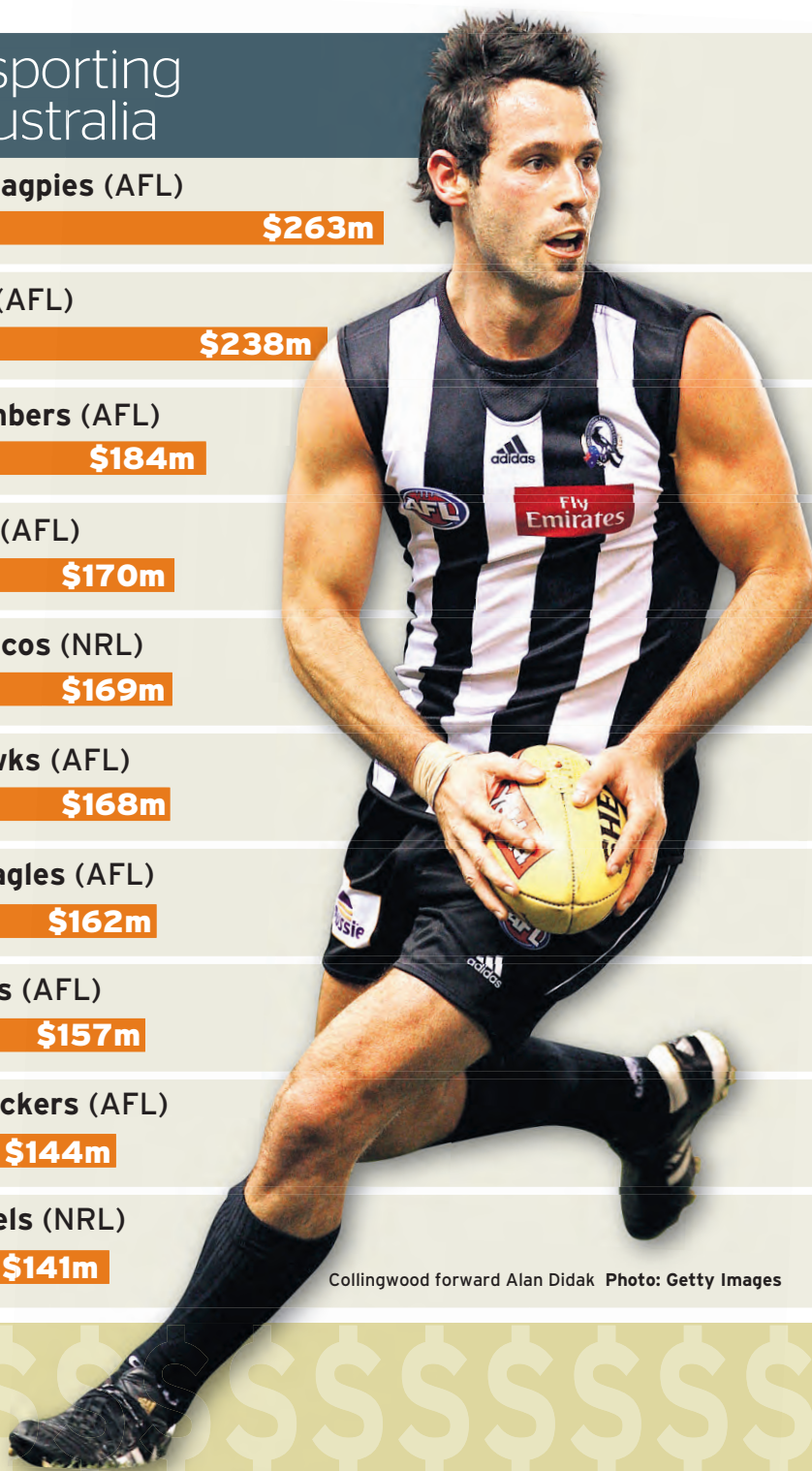
"That would be the difference – the cultural difference of the city of Melbourne and the intrinsic nature of AFL football."

Asked how the AFL was better run, compared with the NRL, chief executive Andrew Demetriou highlighted the AFL's independence as a crucial reason.

"A key plank in the growth of the AFL over the last two decades," he said, "was the decision of the AFL clubs in the then-VFL to introduce

The top 10 sporting brands in Australia

1	Collingwood Magpies (AFL)	\$263m
2	Geelong Cats (AFL)	\$238m
3	Essendon Bombers (AFL)	\$184m
4	Carlton Blues (AFL)	\$170m
5	Brisbane Broncos (NRL)	\$169m
6	Hawthorn Hawks (AFL)	\$168m
7	West Coast Eagles (AFL)	\$162m
8	St Kilda Saints (AFL)	\$157m
9	Fremantle Dockers (AFL)	\$144m
10	Parramatta Eels (NRL)	\$141m



Collingwood forward Alan Didak Photo: Getty Images

value on that but we believe we have compelling content for any broadcasters and our ratings consistently reflect that."

He said the NRL was doing everything in its power to secure the best deal. "It is an enormous opportunity," Gallop said. "It is unquestionably our biggest single revenue source so it plays an important role in growing the financial strength of the game and in helping the game reach as many people as possible. I

don't think anyone is underestimating the significance of the next broadcasting deal."

AFL chief executive Andrew Demetriou says his code isn't in a battle for the same television money as the NRL, despite having signed NRL players Karmichael Hunt and Israel Folau.

"We do not believe we are competing for the same television dollar in our next round of TV rights negotiations," Demetriou says.

Covell's list comes after the release last month of *Forbes* magazine's valuation of the world's top 10 sporting franchises.

Manchester United topped the *Forbes* list, with a valuation of \$2 billion.

The total value of Australia's top 10 football brands is \$1.8 billion, which is about the value of the New York Yankees baseball team, which *Forbes* ranked as the world's third most valuable sports team.

How Eddie's club got the biggest slice of the Pie

THE COLLINGWOOD FACTOR
Daniel Ramus

The AFL has dominated *The Sun-Herald's* list of Australia's top 10 most valuable clubs among the four football codes.

Eight AFL clubs were named in trademark lawyer Wayne Covell's table. Collingwood president Eddie McGuire felt the AFL's superiority came down to three factors – greater appeal to females, more supporters and the longstanding support for Australian football in Melbourne.

"Part of the reason [for the eight AFL clubs in the top 10] is we're about 50 per cent women," McGuire told *The Sun-Herald*.

"We get a good go at the entire population as opposed to a subset of a population who actually follow league.

"If you measured passion in the NRL, and desire and all those types

Calculating the value

1. The top 10 list is based upon six key indicators – television rights, sponsorship, merchandise, hospitality, membership and ticket revenue projections for the next five years.

2. Four football competitions were considered: AFL, NRL, Super Rugby and the A-League.

3. The figures do not take into account revenue from gaming or poker machines, or club operating expenditure.

4. Each valuation is based upon the value of the sports team to the trademark owners (AFL or NRL) and the franchisee (the club).

5. AFL and NRL TV deals will be renegotiated in 2011 and 2012. Each is reported to be worth \$1 billion or more over five years.

6. The clubs' proportionate share of TV deals is based on Television Audience Comparison figures provided by Repucom International.

an independent commission, along with the introduction of our rules around the draft and the salary cap.

"The commission, as a body independent of the clubs, has been able to focus on long-term strategy to build our game and to make deci-

sions in the best interests of the wider code."

In gaining Covell's rating as Australia's most valuable club, Collingwood also topped 2010 home crowds, averaging more than 64,000 (as of the end of round 17 of the AFL and round 20

of the NRL). It led in ticket revenue (projected at \$42.25 million), sponsorship (\$75.5 million) and membership (57,408 as of June 30).

McGuire adapts methods used by Scottish football clubs to continue to improve the Pies.

"I look at teams like Glasgow Celtic, for example – huge support base, hugely loyal. Same with Rangers," he said.

The Brisbane Broncos home crowd average was nearly 33,450 – the most of any NRL club.

Chief executive Bruno Cullen highlighted the importance of identifying the target audiences for home games.

"When you know you're playing Friday night, you've got to target a certain audience. When you've got a Monday night you've got to target another audience. When you've got Sunday you definitely target the families and the kids," Cullen said.