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# NFL: Hang Time

No bubbles. Large rosters. And lots of physical contact. The NFL is vowing to play as usual, but with so much up in the air everyone invested in the league is left to ask: WHAT IF IT DOESN'T WORK?

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By Ben Fischer August 31, 2020

For very year from September to December, America's top-selling beer brand turns its entire marketing budget — more than \$100 million — toward the NFL: Tens of millions of team-logoed Bud Light cans, retail displays, sweepstakes, national television advertisements, the works.

This year is no different, and most of that is already on its way to market. It's a typically routine step that has taken on the feeling of risk for Anheuser-Busch InBev during the pandemic.

"If for any reason the NFL season doesn't happen, it really pulls the rug out from under us, and quickly," said Nick Kelly, vice president of partnerships, beer culture and community at AB InBev. "The hard costs associated with basically taking all the creative — that we put months into developing from retail to TV — and quickly running to create something else are astronomical."

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Such is life for anyone with a vested interest in the success of the NFL in 2020. The last American sports league to attempt a season during the global pandemic is also the most dominant one, raising the stakes for a sport that always carries a heavy responsibility for the entire industry in television ratings, sponsorship activation and other business imperatives. Bolstered by low COVID-19 case counts in training camp, confidence remains high at the league's Park Avenue headquarters

that the Super Bowl champion Kansas City Chiefs and star quarterback Patrick Mahomes will kick off the season Sept. 10 as planned and that the schedule will be played to completion. But there can be no promises that major disruptions can be avoided while the virus is snaking across the country untamed.

The NFL and NFLPA have adopted new operattional guidelines designed to minimize the risk. But in many key ways, this season will look very much like the ones that have come before it. No bubbles protecting players. Large rosters. Coast-to-coast travel. And all for a sport that requires frequent physical contact.

While other sports have made dramatic adjustments to their playing rules, their schedules or both, the NFL has done little of either, even while knowing positive test cases are almost inevitable. Yet because no other sports property comes close to generating the economic and social impact the NFL does, a remarkably wide range of business partners are counting on the league to complete this season's high-wire act relatively unscathed.

"The NFL is the bell cow of the sports industry, that's the cow that leads the rest," said Marc Ganis, a financial consultant to the league and many NFL owners. "It goes way beyond size. It has to do with interest."

Media rights holders AT&T, NBC, CBS, Fox and Disney/ESPN would take the immediate brunt of a cancellation, though it would reverberate throughout the sports industry over time.

"The nuclear option is if the NFL can't play," said media consultant John Kosner, a former ESPN executive. "I hope we're wrong, that we never have to contemplate that, but that puts not just the networks into a very difficult place, but there's collateral damage as far as you can see. Everybody loses in that scenario."



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Last year, the networks sold \$5.7 billion worth of ads on NFL games, not including the Super Bowl, according to iSpot.tv data, dollars that networks would find immensely difficult to recover elsewhere with so few shows approaching the live audiences generated by the NFL.

Problems in college football may exacerbate the outsized role played by the NFL. This month, the Big Ten and Pac-12 postponed their fall seasons due to the pandemic, while the ACC, Big 12 and SEC are still planning to play as universities across the country struggle with fall semesters. That's caused some marketers to shift spending away from college to the NFL, underscoring the market's comparatively high level of confidence in the league while also raising the stakes further.

A substantial loss of NFL content would cause a revenue gap that goes beyond the sports division at the networks, said Dean Jordan, managing executive of properties at Wasserman.

"Not only do the networks sell advertising for that particular game, but like most tent-pole programming, it's packaged with other advertising buys that go throughout the year, so the trickle-down effect could be very significant," Jordan said.

Fox alone brought in \$1.87 billion in NFL advertising last year, not including the Super Bowl, with CBS hitting \$1.55 billion and NBC around \$1.35 billion, according to iSpot.tv data. ESPN's NFL advertising revenue is far less, around \$475 million, but the cost is felt differently inside Disney — the NFL would need to find new topics for many hours of daily NFL analysis and talk shows.

ТЕАМ	FAN PLANS	TEAM	FAN PLANS
49ers	No fans for season opener	Jaguars	25% capacity
Bears	No fans until further notice	Jets	No fans until further notice
Bengals	No fans for season opener	Lions	No fans through October
Bills	No fans through September	Packers	No fans first two games
Broncos	No fans for season opener	Panthers	No decision
Browns	No decision	Patriots	No fans through September
Buccaneers	No decision	Raiders	No fans
Cardinals	No decision	Rams	No fans until further notice
Chargers	No fans until further notice	Ravens	No fans to start season
Chiefs	22% capacity	Saints	No fans for season opener
Colts	Reduced capacity	Seahawks	No fans first three games
Cowboys	No decision	Steelers	No fans first two games
Dolphins	13,000 fans	Texans	No fans through September
Eagles	No fans until further notice	Titans	No fans through September
Falcons	No fans through September	Vikings	No fans through September
Giants	No fans until further notice	Washington	No fans

And the problems wouldn't stop with the money. Of the top 50 shows on television last year as measured by viewership, 41 were NFL games, and the networks depend on that platform to keep pace with rapidly changing consumption habits.

Networks use the NFL as a pathway to audience growth elsewhere, whether it be CBS promoting its traditional network shows on Sunday afternoons or NBC promoting its new streaming service, Peacock. ESPN will do the same with Disney+, and CBS with CBS All Access.

"It's far more than a math problem," said Doug Perlman, founder and CEO of Sports Media Advisors and consultant to the NFL, NASCAR, MLB and others. "Part of the reason the NFL is so different is the straightforward financial analysis, but it's also the strategic importance of the NFL to so many different businesses."

The biggest immediate threat is to AT&T's DirecTV, which depends heavily on the NFL Sunday Ticket out-of-market package to drive subscriptions.

"My perception is it's a huge driver of their customer acquisition and retention," Perlman said of Sunday Ticket, "and if their consumer base thinks they have to go a season without NFL games, I suspect that would have significant implications."

Simply put, the NFL is a true mass media, broadcast event in an era when those are hard to find elsewhere. Even minor NFL games draw viewership rarely seen in scripted TV or other sports.

With a Thursday night and Sunday afternoon package, Fox in particular depends on the league — 38% of its entire live network audience in 2019 came from football, according to a MoffettNathanson analysis of Nielsen figures (ESPN is 13%, CBS 12%, and NBC 10%).

Kosner said substantial interruptions to the NFL season could accelerate cord cutting, jeopardizing nonsports cable channels too. "That's the downstream impact," he said. "And then we're talking about sports radio, betting and Las Vegas, and fantasy, and sports bars and restaurants, merchandise, travel and hospitality. It's mind-boggling, the significance of the NFL to TV and everything that flows off that."

Sports gambling, one of the most promising new revenue streams of recent years, would also take a big hit. Despite some diversification of bets that's come with legalization, sports betting is still heavily seasonal. Last December in New Jersey, football (both college and pro) made up 39% of the state's \$571 million handle, while parlays (most likely football-related) comprised another 22%.

The vast majority of gamblers lay action on the gridiron, and then shops like DraftKings try to convert them into year-round customers, said DraftKings CEO Jason Robins.

"I think the last few months have shown that [people will find things to bet on]," Robins said. "But certainly football is a huge driver. There is a substantial base of people — and hopefully this will evolve — but there is a substantial base of people who, all they do is football. So without football there to activate them, it's going to be harder."



The Jaguars planned to return to London for two games this year, but both were moved to the U.S. Photo: GETTY IMAGES

At the start of the pandemic, the NFL set its sights on a normal season. But gradually, its ambitions have been pared back. First, international games were canceled, undercutting the league's growth timeline in the U.K. and Mexico. Then all preseason games were canceled, and as of Wednesday, roughly two-thirds of the league will start the season with no fans.

Three particular local markets stand to lose the most from virus disruptions: Los Angeles, where Rams owner Stan Kroenke's self-financed \$5 billion SoFi Stadium will be forced to open with few or no fans and cancel most non-football events, delaying the cash flow needed for debt service; Las Vegas, where the league hopes to transform the Raiders into a gold mine; and Tampa, which is counting on not just hosting Super Bowl LV but on the week of festivals it would have in advance of the game.

Even in stadiums that have obtained permission to sell some tickets, it will be a season of hard knocks. "We're going to lose millions and millions of dollars," said Dolphins and Hard Rock Stadium CEO Tom Garfinkel. "We'll lose a little bit less because we have 13,000 fans [per game]."

The NFL's accumulated wealth and conservative financial practices put it in a good position to survive the crisis, said Ganis — assuming the season does get played in some fashion. But there's no denying the devastating impact of so many tickets going unsold.

"There's going to be a meaninfgul multibillion-dollar loss," Ganis said. "That's significant. It's going to affect every team, every owner, every player. It's going to affect people from the star quarterback to the people who clean the stadium after the game, from the parking lot attendants to team owner. Everyone is going to get hurt."

The concessionaire and stadium operations business, too, is preparing for the worst. Companies such as Aramark employ workforces from 800 to 2,000 in the 10 NFL stadiums where they have contracts, said Alison Birdwell, president of Aramark Sports and Entertainment. Already beset by mass cancellations in the concert industry and other sports, concessionaires are now faced with greatly reduced sale volumes under circumstances that will require costly new antivirus procedures.

"Many of our business models are built on capacity and economies of scale," Birdwell said. "It's a challenge when you cut it down to 10%-15% of capacity, because our business model doesn't shrink the same way."

In reality, it's not simply a matter of playing or not. There are endless variations on how the virus might disrupt the season, and broadcasters, sponsors and others are trying to be flexible. For instance, Bud Light can adjust to changes in the back half of

the season, Kelly said, after the initial run of retail displays and packaging is distributed.

#### **Ad and Subtract**

Verizon was the biggest advertiser during NFL telecasts last season, according to iSpot.tv. In its 10th season as the league's wireless partner, the brand spent \$201.5 million from the start of the regular season through the conference championship games. Insurance companies made up the Nos. 2, 3 and 4 slots, although none of them were an official league sponsor. NFL broadcaters generated \$5.325 billion in ad spending during the regular season and playoffs, excluding the Super Bowl.

RANK	BRAND	AD SPEND	
1	Verizon*	\$201,500,000	
2	Geico	\$172,300,000	
3	Progressive	\$159,500,000	
4	State Farm	\$144,400,000	
5	Hyundai*	\$104,600,000	
6	AT&T Wireless	\$98,600,000	
7	Apple iPhone	\$98,500,000	
8	Toyota	\$96,300,000	
9	T-Mobile	\$91,000,000	
10	Chevrolet	\$85,000,000	
11	Ford	\$81,200,000	
12	USAA*	\$79,400,000	
13	McDonald's	\$76,300,000	
14	Capital One credit card	\$74,700,000	
15	Bud Light*	\$63,200,000	
16	Samsung Mobile	\$60,500,000	
17	Pepsi*	\$60,400,000	
18	Honda	\$60,300,000	
19	Volkswagen	\$59,800,000	
20	Apple TV+	\$59,000,000	

\* NFL official partner Note: Data includes ads that aired on live, time-shifted, network and cable, VOD, OTT and local TV. Source: iSpot.TV

Get the data • Created with Datawrapper

Spending

### NFL Ad Spending, By Network

Brands spent more than \$5.325 billion in advertising across eight TV networks during NFL live telecasts from opening day 2019 through the conference championship games in January, according to iSpot.tv.

Fox	\$1,870,000,000		
CBS	\$1,550,000,000		
NBC	\$1,350,000,000		
ESPN	\$475,200,000		
NFL Network	\$50,000,000		
ABC, ESPN Deportes, Fox Deportes	\$30,000,000		

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But the worry for the NFL and the sports industry long term, said David Grant, the outgoing MKTG president of sports and entertainment, is that companies will discover new, less risky ways of reaching consumers. To prevent that, Grant said, agencies must work hard to find other ways to activate sponsorships if games are canceled.

Along with Bud Light, 36 other league sponsors and hundreds of team-level sponsors directly use NFL intellectual property to sell, many tying mission-critical holiday sales campaigns around the league. Last year, those deals generated \$1.47 billion on those rights, not including the companies' accompanying promotional campaigns, according to IEG. Even amid the pandemic, the NFL has signed two new ones already, Invisalign and Subway.

"If I'm spending \$10 [million] to \$20 million in the NFL, and I'm a CEO, and all of a sudden those dollars become available to me, it doesn't necessarily mean I keep it in the NFL, or keep it in marketing at all," said Grant, whose agency advises numerous NFL clients on sponsorship strategy and activation. "Those dollars can go anywhere else, including back to the house."

In general, the media and marketing industry feel confident the NFL will get to the finish line. One particularly rosy set of projections — in which the NFL actually thrives during the pandemic, with ratings growth because of limited competing entertainment options doesn't seem entirely out of the question.

But the anxiety around the fall sports season still dents that optimism, if for no other

reasons than past experience. When the pandemic first emerged, most industry insiders considered the NFL's fall season relatively secure compared to the sports disrupted at that time. But after five months of inconsistent and ineffective response by the public and the government, the NFL remains highly vulnerable to pandemic disruptions.

"I think at the time, people thought things would be under control by now, and they're obviously not," Perlman said. "But by the same token, leagues have figured out how to successfully play without fans, or limited number of fans, and the NFL certainly has the ability to look at what they've done in the other leagues and take the best practices."

For a league that always seems to land on its feet during a crisis, the luxury of having watched other sports navigate the pandemic is yet another leg up. But for an industry accustomed to total control, one nerve-wracking fact remains: This year, there are no guarantees.

Senior writer Bill King contributed to this report.



NEXT STORY Empty nests: New stadiums in L.A., Vegas will take early hit



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