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We are constantly reminded that sports owe much of their present attraction and appearances to media, and it is our unquenchable thirst for sports in any shape or form that keeps media in business – and good business it is, too. Nowadays, sports are mainly mediated through broadcast media, and it's broadcast media, and primarily television, that are focused in a new book by Chris Gratton and Harry Arne Solberg, *The Economics of Sports Broadcasting* (Routledge). Gratton and Solberg study the economic landscape where event owners, authorities, clubs, sponsors, and competing TV channels negotiate broadcast rights for sports events at high stakes. We gave the book to the American sport media researcher Brad Schultz, University of Mississippi, and in an astute review he finds positive as well as negative sides to Gratton's and Solberg's analysis. Schultz main criticism is directed towards the all too dominating influence of economic theory on their analysis, which makes the book hard to comprehend for anyone outside the realm of academic economics, but, worse, fails to take into account important cultural aspects of viewer preferences and behavior. He also points out that the authors tend to neglect the all-important new technologies, that respond to the younger generation of viewers' demands for more varied distribution of broadcast sports, in particular for various forms of portable hardware, such as cell phones and iPods.

A Forest View

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Chris Gratton & Harry Arne Solberg
The Economics of Sports Broadcasting
233 pages, pb.
Abingdon, Oxon: Routledge 2007
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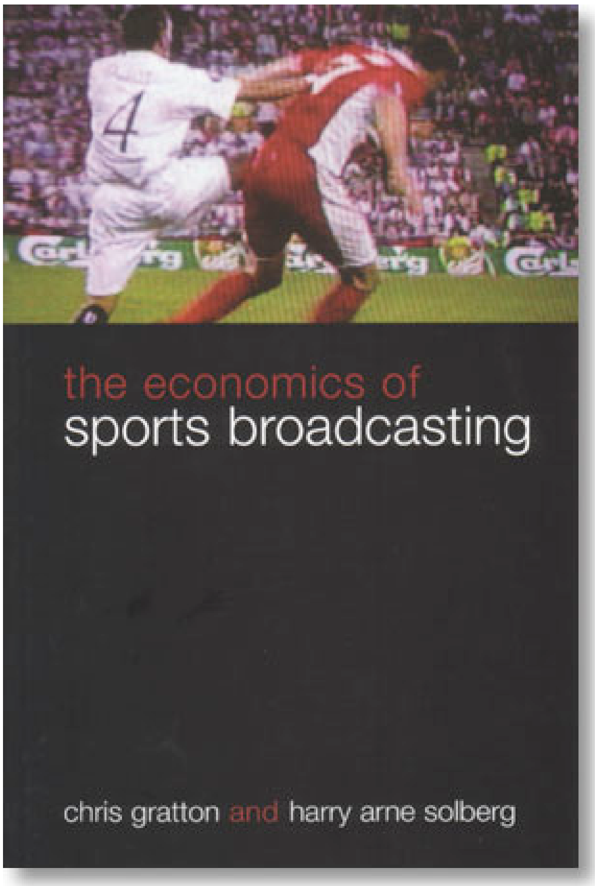

The Economics of Sports Broadcasting delivers a no-nonsense, straightforward look at the business of sports broadcasting. It's refreshing to see in print what people in the industry have known for years: that the most significant change in sports over the past generation is in the area of broadcasting, and specifically television. It is what has turned sports into the multi-billion dollar business it is today.

Gratton and Solberg approach the subject from the perspectives of traditional economists. The book is designed to walk the reader through the economic chain of sports broadcasting, from demand to supply and everything in between. Using this approach the text is rigorous and detailed, and well supplemented with practical examples from today's sports world. Especially insightful are the sections on integration (horizontal and vertical) and competition between different sports channels. But the title of this book should really be *The Economic Theories of Sports Broadcasting*, because the main focus in the text is a theoretical one. This theoretical treatment is well developed, but also falls short in some important areas.

The chapters on competition, game theory and cost structure are all examples of the excellent theoretical framework. This approach provides a helpful lens through which we can understand more about the economics of sports broadcasting, such as the observation that most unprofitable deals are caused by distribution of revenue and cost, not because of the gap between total revenues and total costs. The downside to the theoretical approach is that the book is a difficult read for those not familiar with economic theory, even though the authors have made laudable attempts at explanation.

If the text falls short it is because it ignores the importance of culture and technology on sports economics. From a strictly economic perspective the authors note that product demand is correlated with uncertainty of outcome. That is, people should have a higher interest in the sports product when they don't know who wins. This makes sense in theory, but there are cultural forces at work as well. The argument could be made that what drives demand in today's celebrity-conscious culture of instant gratification is the presence of celebrity-athletes. The Los Angeles Galaxy did not pay David Beckham millions of dollars to come to America to help the team win games; the team was more interested in how his celebrity status would affect television ratings and exposure for Major League Soccer. Star power, in the form of athletes like Beckham, Tiger Woods and Roger Federer, is what drives sports broadcasting economics today. For example, the appearance of Tiger Woods in any golf tournament is guaranteed to drive up television ratings, whether or not he actually wins the event. Conversely, when Woods does not play the ratings for that event usually plummet.

The book also needed to acknowledge the absolutely vital role emerging technologies play in the economics of sports broadcasting. From a theoretical way of thinking the transition of sports broadcasting from terrestrial to satellite and digital channels is dangerous because the total viewing audience will be smaller, thus potentially leading to a decline in interest. But this is an older economic approach tied to dependence on mass audiences. Now the audiences are splintered through satellite distribution, dedicated pay per view sports channels and sports blogs, and the interest is higher than ever. In fact, sports leagues and networks are using these new technologies to create higher demand for their products and increase the value of their investments. Several North American teams, such as the New York Yankees and New York Mets, have created their own distribution channels as an additional revenue source. The National Football League has its own television network and all four major North American sports (football, baseball, basketball and hockey) offer satellite distribution packages of their games on pay per view channels.

New technologies and new distribution systems can also solve the problem of excess supply. The authors note that over supply of sports programming is starting to reach the limit of viewing capability. That is, viewers can only watch or consume so much sports content. But an important consideration is this dilemma is that so far not all demand has been satisfied due to restrictions of access and availability. Traditionally, content has had to be consumed in a static environment such as a home or tavern. New technologies and distribution systems are now reaching consumers and satisfying demand through cell phones, iPods, Blackberrys and the like. Just as the transistor opened up new revenue opportunities for radio sports content providers, these new digital technologies will do the same for video content. The development of on-demand, anywhere portability could be the next big economic wave in sports broadcasting.

The approach of the book is also heavily Eurocentric, which means it probably doesn't hold much interest for North American audiences. This is not a criticism, but merely an observation. Since the authors correctly note the importance of North American sport to this topic a more thorough analysis in this area would be appropriate.

As strictly a theoretical look at the economics of sports broadcasting this is an excellent text. It is well written, logically executed and theoretically sound. But if you're not an economist or an economic theorist it can be a very difficult read. As noted, the theoretical approach is satisfying in some instances, but lacking in more practical analysis. In this case, Gratton and Solberg's view of the forest keeps them from seeing some very important trees.

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