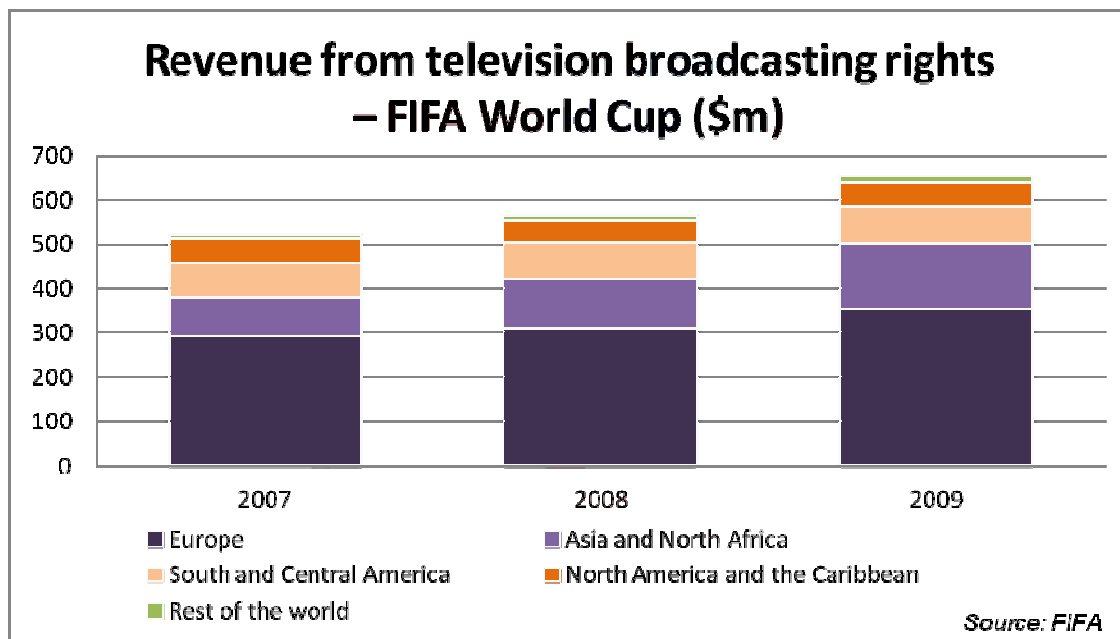




Football Crazy?

Will broadcasters and pay TV operators score in the 2010 World Cup?

London 13th May 2010: With only a few weeks to go before the football World Cup finals kick off in South Africa, the TV and advertising analysts at Screen Digest have been assessing the tournament's impact on media markets. According to 'Sports rights market monitor', a report just published by the media analysts, despite the potential for huge TV audiences and the opportunity to see games in 3D for the first time, the soaring cost of rights has already priced many advertising supported broadcasters out of the market for the event. FIFA's policy of licensing rights to the highest bidder on a territory-by-territory basis means that more of the matches than ever before will be exclusive to pay-TV.



FIFA has sold rights to pay broadcasters in several territories, including Sky Italia, Sky Deutschland, Sogecable (Spain) and SporTV (Portugal). Modern Times Group bought Norwegian rights from the public broadcaster NRK, and Supersport in South Africa has bought rights from SABC.

The finals are also 'listed' in many EU countries meaning they can only be broadcast on channels with national coverage. Spain's Sogecable has licensed a package of matches to free-to-air broadcaster Telecinco (including all matches involving the Spain team, which are listed). In the UK, the entire finals are listed and will be shown on BBC1 and ITV1.

The year's finals in South Africa are expected to generate at least €1.6bn in TV rights revenues, up from just over €1bn for Germany in 2006 and €789m for Japan and South Korea in 2002.

In France, TF1 and M6, who shared the games in 2006, said that they did not expect to recoup the cost of rights and production from the incremental advertising revenues extracted during and around the games. This is why this year TF1 chose to sub-license some games to Canal+ and France TV and M6 chose not to bid at all.

The World Cup in 3D

The 2010 tournament will be the first major sporting event to enjoy significant coverage in 3D. FIFA and Sony have formed a joint venture to transmit 25 matches in the format, including all the semi-finals and the final. With few homes equipped with 3D TV sets, Sony will show the matches in pubs, bars and cinemas. BSkyB in the UK doesn't have rights to the World Cup but has already transmitted Premier League games in 3D; one match between Chelsea and Manchester United drew audiences of 100,000 in venues across the country. ESPN in the US and Spain's Sogecable will also transmit matches in 3D live.

“The sheer volume of hype that the event generates – especially if a home nation's team has a successful run – makes the World Cup a major TV viewing event every four years,” says Tim Westcott, senior analyst in Screen Digest's TV department and the author of the report. “Of course, as with all sporting events, the outcome is unpredictable and it's a big risk for a broadcaster to commit to showing 64 live matches when the national team might feature in only three of them - or worse - not qualify for the finals at all.”

The football World Cup and advertising markets

The fragmentation of TV viewing means the mass audiences delivered by traditional terrestrial channels like TF1 or ITV1 are increasingly rare and therefore more valuable when available.

Market leading channels are expected to show the biggest sporting events to maintain their status when facing ad agencies, advertisers and viewers. But the World Cup is not a guaranteed success in terms of ad sales. For instance, in 2006 the UK's ITV1's commercial strategy of auctioning the best inventory completely backfired.

This year's World Cup finals are well timed as the advertising market recovers. For many brands - especially those that were cutting back hard last year - the opportunity is simply too good to miss. Some may have already invested enormous amounts to be official FIFA sponsors and saved on advertising by choosing viral supporting campaigns, rather than spending millions to outbid competing brands from the top TV ad spots. But yet again this year's Super Bowl in the US has shown that big brands cannot afford to ignore major TV events. After spending millions on sponsoring football stars and producing movie-quality commercials, advertisers want to maximise reach and repetition: YouTube, social media and online 'virals' are part of the comms mix but traditional half-time ad slots remain the best launch pad to trigger a massive buzz around a brand and its new campaign.

Vincent Létang, Head of Advertising, predicts the effect of the World Cup on the overall TV ad market in 2010 will be positive. "Sports-oriented brands spend more in these years and other brands do not spend less, they just plan their advertising before or after the tournament to avoid clutter and inflation. Overall we believe the football World Cup will generate an additional €30m to €70m of TV advertising revenue in France and the UK, or between one and two points of incremental growth. While the football World Cup always triggers advertising demand, it is especially good news for the TV industry that the 2010 World Cup is in a friendly time-zone."

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About this report

Sports rights market monitor Q1 2010 is part of a regular series of reports on the sports rights markets. This edition includes the 2010 World Cup finals, the development of 3D TV, The English Premier League, the Winter Olympics and Ofcom's ruling on BSkyB's sports channels. http://www.screendigest.com/reports/10_04_sports_rights_market_monitor_q12010/10_04_sports_rights_market_monitor_q12010/view.html?start_ser=ti

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