INSPIRED MINDS

REAL LIFE CHALLENGES IN MANAGING A SPORT BUSINESS.
BACKGROUND
TO SPORT
WHO LOVES SPORT?
INTRODUCTION

16.48%
9.81%
8.76%
6.76%
12.08%
9.75%
11.33%
12.05%
7.26%
5.73%

35%
40%
25%

1 2 3 4 5 6 7 8 9 10

Little/ No Interest in sport

Sport mad
WHAT’S YOUR FAVOURITE SPORT ACTIVITY?
INTRODUCTION
INTRODUCTION

SPORT IS NOW BIG BUSINESS
INTRODUCTION

TOTAL ATTENDANCE IN 2019:

?
INTRODUCTION

TOTAL ATTENDANCE IN 2019:

7,517,647
TOTAL REVENUE IN 2018: ?
TOTAL REVENUE IN 2018:
$688,000,000
WHAT KIND OF JOBS ARE NEEDED TO RUN A FOOTBALL CLUB?
There are all sorts of different careers in the sport industry:

<table>
<thead>
<tr>
<th>STAFF ROLE</th>
<th>NUMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Directors</td>
<td>7</td>
</tr>
<tr>
<td>Executive</td>
<td>2</td>
</tr>
<tr>
<td>Stakeholder Relations &amp; Fundraising</td>
<td>2</td>
</tr>
<tr>
<td>Finance &amp; Administration</td>
<td>6</td>
</tr>
<tr>
<td>Business Development and Strategy</td>
<td>4</td>
</tr>
<tr>
<td>Sponsorship</td>
<td>4</td>
</tr>
<tr>
<td>Events</td>
<td>3</td>
</tr>
<tr>
<td>Media, Communications &amp; Marketing</td>
<td>8</td>
</tr>
<tr>
<td>Consumer Business</td>
<td>15</td>
</tr>
<tr>
<td>Community Engagement</td>
<td>12</td>
</tr>
<tr>
<td>Football (Sport Science)</td>
<td>51</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>114</strong></td>
</tr>
</tbody>
</table>
CASE STUDY:

REAL LIFE CHALLENGES IN MANAGING A SPORT BUSINESS.
Rugby Australia, which runs the sport of Rugby Union in Australia, has a difficult decision to make surrounding its next television rights in 2020. On one hand, the sport is becoming less popular with fans because the game is not telecast widely on free-to-air television like the AFL or NRL, and is instead broadcast only on subscription television. On the other, the game is also now struggling financially because it is less popular and relies on the money it receives from subscription television to sustain the sport. Rugby Australia has a wicked problem: the big source of its revenue is also restricting the game from becoming more popular. We evaluate this real-life situation to identify the relevant stakeholders and attempt to develop a strategy to solve this problem.
A ‘wicked problem’:

A wicked problem is a problem that is difficult or impossible to solve because of incomplete, contradictory, and changing requirements that are often difficult to recognize. It refers to an idea or problem that cannot be fixed, where there is no single solution to the problem.
A ‘wicked problem’:  

A wicked problem is a problem that is difficult or impossible to solve because of incomplete, contradictory, and changing requirements that are often difficult to recognize. It refers to an idea or problem that cannot be fixed, where there is no single solution to the problem.

If you choose to explore this research topic, the challenge is that there is no one correct solution. Rather, you have to come up with a solution that you think best solves the problem when considering all the factors involved.
CASE STUDY

PART 1: POPULARITY
CASE STUDY

https://www.youtube.com/watch?v=j6fWDbPyXl0
CASE STUDY: CHOCOLATE

A QUESTION.
A QUESTION.
CASE STUDY
SO, WHAT MAKES A SPORT POPULAR?
How much does each state Google different sport leagues?

- NSW: 27% AFL, 63% NRL, 6% A-League, 2% Super Rugby
- VIC: 33% AFL, 88% NRL, 8% A-League, 4% Super Rugby
- QLD: 46% AFL, 91% NRL, 7% A-League, 2% Super Rugby
- WA: 57% AFL, 87% NRL, 7% A-League, 3% Super Rugby
- SA: 46% AFL, 88% NRL, 7% A-League, 5% Super Rugby
- TAS: 57% AFL, 91% NRL, 7% A-League, 2% Super Rugby
- ACT: 46% AFL, 70% NRL, 43% A-League, 3% Super Rugby
- NT: 27% AFL, 70% NRL, 27% A-League, 3% Super Rugby
CASE STUDY

Share of Google web search volume by code over time

Average:

AFL  NRL  A-League  SuperRugby
## Sport popularity by code by region (%).

<table>
<thead>
<tr>
<th>State</th>
<th>GCCSA Region</th>
<th>Population (2016 Census)</th>
<th>AFL</th>
<th>Cricket</th>
<th>Rugby League</th>
<th>Soccer</th>
<th>Rugby Union</th>
<th>Netball</th>
<th>Basketball</th>
</tr>
</thead>
<tbody>
<tr>
<td>New South Wales</td>
<td>Greater Sydney</td>
<td>4,923,953</td>
<td>21.4</td>
<td>33.6</td>
<td>42.0</td>
<td>30.8</td>
<td>20.1</td>
<td>9.5</td>
<td>10.4</td>
</tr>
<tr>
<td></td>
<td>Rest of NSW</td>
<td>2,643,535</td>
<td>27.0</td>
<td>42.0</td>
<td>46.2</td>
<td>21.1</td>
<td>22.5</td>
<td>9.9</td>
<td>7.2</td>
</tr>
<tr>
<td>Victoria</td>
<td>Greater Melbourne</td>
<td>4,485,210</td>
<td>56.3</td>
<td>36.5</td>
<td>13.5</td>
<td>24.6</td>
<td>9.6</td>
<td>9.6</td>
<td>12.5</td>
</tr>
<tr>
<td></td>
<td>Rest of Vic.</td>
<td>1,433,818</td>
<td>61.9</td>
<td>42.7</td>
<td>17.2</td>
<td>14.2</td>
<td>9.9</td>
<td>14.0</td>
<td>10.7</td>
</tr>
<tr>
<td>Queensland</td>
<td>Greater Brisbane</td>
<td>2,270,807</td>
<td>25.4</td>
<td>37.6</td>
<td>43.1</td>
<td>21.7</td>
<td>23.5</td>
<td>9.7</td>
<td>7.4</td>
</tr>
<tr>
<td></td>
<td>Rest of Qld</td>
<td>2,419,723</td>
<td>27.9</td>
<td>39.8</td>
<td>47.4</td>
<td>17.9</td>
<td>22.3</td>
<td>10.9</td>
<td>7.6</td>
</tr>
<tr>
<td>Western Australia</td>
<td>Greater Perth</td>
<td>1,943,861</td>
<td>49.5</td>
<td>34.4</td>
<td>12.8</td>
<td>24.0</td>
<td>15.7</td>
<td>9.7</td>
<td>14.5</td>
</tr>
<tr>
<td></td>
<td>Rest of WA</td>
<td>524,170</td>
<td>52.8</td>
<td>41.8</td>
<td>13.0</td>
<td>13.8</td>
<td>14.4</td>
<td>10.9</td>
<td>12.3</td>
</tr>
<tr>
<td>South Australia</td>
<td>Greater Adelaide</td>
<td>1,295,712</td>
<td>56.1</td>
<td>39.2</td>
<td>11.0</td>
<td>25.1</td>
<td>9.4</td>
<td>13.0</td>
<td>12.3</td>
</tr>
<tr>
<td></td>
<td>Rest of SA</td>
<td>378,070</td>
<td>59.4</td>
<td>45.1</td>
<td>14.7</td>
<td>16.2</td>
<td>9.7</td>
<td>17.4</td>
<td>13.2</td>
</tr>
<tr>
<td>Tasmania</td>
<td>Greater Hobart</td>
<td>222,356</td>
<td>56.9</td>
<td>47.4</td>
<td>19.2</td>
<td>15.8</td>
<td>15.2</td>
<td>13.2</td>
<td>8.5</td>
</tr>
<tr>
<td></td>
<td>Rest of Tas.</td>
<td>256,626</td>
<td>53.4</td>
<td>41.8</td>
<td>15.5</td>
<td>16.5</td>
<td>13.4</td>
<td>10.4</td>
<td>8.1</td>
</tr>
<tr>
<td>Territories</td>
<td>Australian Capital Territory</td>
<td>306,853</td>
<td>32.1</td>
<td>35.8</td>
<td>39.2</td>
<td>21.8</td>
<td>24.3</td>
<td>6.8</td>
<td>10.3</td>
</tr>
<tr>
<td></td>
<td>Northern Territory</td>
<td>226,277</td>
<td>36.9</td>
<td>39.2</td>
<td>40.6</td>
<td>16.6</td>
<td>15.3</td>
<td>3.6</td>
<td>12.5</td>
</tr>
<tr>
<td>National</td>
<td></td>
<td>23,401,891</td>
<td>38.9</td>
<td>38.0</td>
<td>30.5</td>
<td>23.0</td>
<td>17.0</td>
<td>10.5</td>
<td>10.2</td>
</tr>
</tbody>
</table>

Eg: “21.4% of residents in Greater Sydney are interested in AFL”
CASE STUDY

Sport popularity by code by gender (%).

Eg: “60.8% of AFL fans are Male”
**CASE STUDY**

Sport popularity by code by age (%).

<table>
<thead>
<tr>
<th>Age Bracket</th>
<th>Population</th>
<th>AFL</th>
<th>Cricket</th>
<th>Rugby League</th>
<th>Soccer</th>
<th>Rugby Union</th>
<th>Netball</th>
<th>Basketball</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-29</td>
<td>3,809,576</td>
<td>17%</td>
<td>13%</td>
<td>17%</td>
<td>24%</td>
<td>15%</td>
<td>22%</td>
<td>28%</td>
</tr>
<tr>
<td>30-39</td>
<td>3,265,544</td>
<td>16%</td>
<td>15%</td>
<td>16%</td>
<td>18%</td>
<td>15%</td>
<td>17%</td>
<td>23%</td>
</tr>
<tr>
<td>40-49</td>
<td>3,164,721</td>
<td>18%</td>
<td>17%</td>
<td>17%</td>
<td>17%</td>
<td>17%</td>
<td>17%</td>
<td>17%</td>
</tr>
<tr>
<td>50-59</td>
<td>2,977,889</td>
<td>18%</td>
<td>18%</td>
<td>19%</td>
<td>14%</td>
<td>18%</td>
<td>17%</td>
<td>14%</td>
</tr>
<tr>
<td>60-69</td>
<td>2,488,399</td>
<td>15%</td>
<td>17%</td>
<td>16%</td>
<td>12%</td>
<td>17%</td>
<td>14%</td>
<td>10%</td>
</tr>
<tr>
<td>70-79</td>
<td>1,540,373</td>
<td>9%</td>
<td>12%</td>
<td>9%</td>
<td>8%</td>
<td>11%</td>
<td>8%</td>
<td>5%</td>
</tr>
<tr>
<td>80+</td>
<td>947,396</td>
<td>6%</td>
<td>8%</td>
<td>6%</td>
<td>6%</td>
<td>7%</td>
<td>6%</td>
<td>3%</td>
</tr>
<tr>
<td>Mean Age</td>
<td>47.29</td>
<td>49.10</td>
<td>52.19</td>
<td>49.51</td>
<td>46.52</td>
<td>51.34</td>
<td>47.22</td>
<td>42.03</td>
</tr>
</tbody>
</table>

Eg: “17% of AFL fans are aged 18-29”
CASE STUDY: QUESTIONS

1. What makes a sport popular?

2. How does popularity influence the financial strength of a sport?

3. Why is AFL more popular in some places, but the NRL more popular in other places?

4. Basketball and Netball have similar national popularity (10.2%, 10.5%), but a very different composition of supporters. Identify and describe these differences.
5. Draw a diagram with your group as a circle in the middle. Around the circle, identify all the different ways in which you are exposed to the sport of AFL.
PART 2: RUGBY UNION
CASE STUDY

Exclusive

Rugby faces dilemma in next broadcast deal

Foxtel chief executive Patrick Delany has warned the pay-TV giant won't pay as much for broadcast rights to Super Rugby should Rugby Australia pursue a plan to make more of its sport available for free.

Mr Delany told The Australian Financial Review that Super Rugby, which has been on Foxtel since 1996, is an important sport to its subscribers and the News Corp-controlled pay-TV business has been a dedicated supporter of the code.

Rugby Australia reportedly face financial ruin in Israel Folau case

Australia’s Wallabies face a battle for hearts and minds

Success would generate much-needed public enthusiasm at home for the sport
CASE STUDY: FACTS

• Super Rugby has been broadcast exclusively on Pay TV since the competition was created in 1996.

• Only 30% of homes have Pay television, so 70% of homes cannot watch Rugby Union regularly on television.

• Rugby Australia relies on the money generated by Pay television to fund its operations.
## RUGBY AUSTRALIA’S KEY COMPETITIONS AND EVENTS:

<table>
<thead>
<tr>
<th>Event</th>
<th>Description</th>
<th>Owner</th>
<th>Broadcaster</th>
<th>Financial details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Super Rugby competition (men)</strong></td>
<td>The national competition with four Australian teams, plus teams from New Zealand (5), South Africa (4) and Argentina (1). It is an 18 round competition from February to June.</td>
<td>SANZAAR (Rugby Australia is only a part owner of SANZAAR)</td>
<td>Fox Sports (pay television)</td>
<td></td>
</tr>
<tr>
<td><strong>Wallabies matches (men’s national team)</strong></td>
<td>The Wallabies are the national team of Australian Rugby, and play every year in the ‘Rugby Championship’ with New Zealand, South Africa and Argentina. They also play matches against touring European nations and travel to Europe to play matches overseas.</td>
<td>SANZAAR share the revenue from the Rugby Championship. Rugby Australia keep revenue from touring European nations</td>
<td>Channel Ten (free to air television) telecasts Wallabies matches.</td>
<td>Foxtel and Channel Ten pays approximately $15-$20 million in cash for the competition per year</td>
</tr>
<tr>
<td><strong>Uni 7s series (women)</strong></td>
<td>Is a new female Rugby 7s (a shorter version of the game) competition with 10 tens linked to Universities. The series is played over one weekend.</td>
<td>Rugby Australia</td>
<td>The series can be streamed online for free at Rugby.com.au and is also on Fox Sports (pay television)</td>
<td>This event does not earn broadcast revenue</td>
</tr>
<tr>
<td><strong>National Rugby Competition (NRC) (men)</strong></td>
<td>This is a domestic tournament which occurs after Super Rugby. Rugby Union players not selected for the Wallabies continue playing in the NRC. The NRC features seven Australian teams + 1 Fijian team.</td>
<td>Rugby Australia</td>
<td>Fox Sports</td>
<td>Rugby Australia does not earn broadcast revenue for this competition as it is a new, small domestic competition.</td>
</tr>
<tr>
<td><strong>Super W (women)</strong></td>
<td>This is a new national Rugby competition for women with five Australian teams. The competition has only four rounds, played in March</td>
<td>Rugby Australia</td>
<td>Fox Sports</td>
<td>Rugby Australia does not earn broadcast revenue for this competition as it is a new, small domestic competition.</td>
</tr>
<tr>
<td><strong>Rugby Sevens World Series (men and women)</strong></td>
<td>This is an international, annual Rugby Sevens tournament (a shorter version of the game), that travels around the world. Australia hosts one event in the series; held in Sydney.</td>
<td>World Rugby</td>
<td>Fox Sports (pay television)</td>
<td>Rugby Australia does not earn broadcast revenue from this event because it is owned by World Rugby. It does however earn money from ticket sales from hosting one leg of the event.</td>
</tr>
<tr>
<td><strong>Rugby World Cup (men’s)</strong></td>
<td>There is a Rugby World Cup every four years, which Australia last hosted in 2003 with great success. The RWC is currently happening in Japan</td>
<td>World Rugby</td>
<td>Channel Ten and Fox Sports</td>
<td>Rugby Australia does not earn broadcast revenue from this event because it is owned by World Rugby.</td>
</tr>
<tr>
<td><strong>Rugby World Cup (women’s)</strong></td>
<td>The women’s Rugby World Cup is held separately from the men’s. It also hosted every 4 years. Australia has not hosted a women’s RWC.</td>
<td>World Rugby</td>
<td>Fox Sports</td>
<td>Rugby Australia does not earn broadcast revenue from this event because it is owned by World Rugby.</td>
</tr>
</tbody>
</table>
CASE STUDY: CORE QUESTION

How can Rugby Union become more popular in Australia, when it is currently losing popularity and does not have much money to spend?

Think about your answers to the Part 1 questions here.
6. Consider the diagram you drew in Q5. Now perform the same diagram for Rugby Union and compare the two sports.
7. Develop an idea/strategy (big or small!), for how Rugby Union could become more popular. In doing so, consider:

- Is a specific group Rugby Australia could focus on? (boys/girls, younger/older, a specific city/location).
- What would it cost?
- How would it be implemented?
- What stakeholders does it effect? (broadcasters, players, Rugby Australia staff)

Think about your answers to the Part 1 + Q6 questions here.
CASE STUDY

Extra reading list:

- [https://www.ft.com/content/5f8cf7b2-3610-11e5-bdbb-35e55cbbae175](https://www.ft.com/content/5f8cf7b2-3610-11e5-bdbb-35e55cbbae175)
CONCLUSION
INTERESTED IN STUDYING SPORT?
Deakin Accelerate

Deakin Accelerate is a distinctive VCE extension studies program offering high-achieving students university-level learning opportunities.

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You can study two sport management subjects at Deakin during your VCE!
FINAL QUESTION
(for a prize)
TOTAL REVENUE IN 2018: ?