The business of soccer and television – what’s in it?

By Khulekani Shandu

When the FIFA executive committee voted for South Africa in 2004 to host the soccer world cup in 2010, it marked a new era in South African soccer. Prior to that all-important FIFA vote, some sections of local soccer were already achieving growth on a commercial front. But over the years there has been an outcry that local football, despite being the most popular sport in the country, is still undervalued in terms of the number of sponsors coming on board and what the few that are coming are willing to put on the table. Without a doubt, obtaining the rights to host the first ever soccer world cup in Africa presented a new era for South African soccer and an opportunity to take this product to another level.

There is a general understanding and acceptance that the viability of the business of any sport, here and elsewhere in the world, largely depends on television being part of the package. It is this understanding that drove the Premier Soccer League to take another look at the weight of local football from the television point of view. It’s an open secret that not so long ago the PSL has seriously considered the idea of having its own television channel. The great business minds at Parktown felt that they could do much better in developing and providing a commercially more viable content to the market on their own than what had been provided on existing television. The on-air delivery of local football over the years has been in the hands of none other than the government-backed South African Broadcasting Corporation.

While the idea of owning the TV channel at least for now seemed not applicable within a reasonable time frame, the PSL went on a route of taking their product to an open market where bidding was the name of the game. With the SABC ever riding on the ‘public broadcaster’ concept it was never going to be an easy one for the PSL.

It was down to business for the PSL and as the entire electronic package (TV and radio) was being sold collectively as broadcast rights, this institution realized it could do much better. A decision was taken to have single packages (TV rights, radio rights, mobile rights) as the PSL didn’t view these mediums as having the same market value. Understandably the TV rights was going to be the most contested package, the game that the SABC made clear that it wasn’t prepared to play. The courtroom battle emerged between the PSL and the SABC. The PSL felt that soccer was their business and therefore were entitled to sell it freely in an open market, while the SABC on the other hand argued that as a public broadcaster they had automatic rights to broadcast the beautiful game, and most conveniently for Auckland Park, failing which would mean denying the poor access to their favourite game.
game. One did not need to be the scientific genius to know that a pay channel would always have an upper hand in an open market. Little did the SABC know that the PSL had that one covered when they went on to close the biggest television deal ever in South African soccer with Supersport International that amounted to R1.6 billion for the next five years. As the PSL chairman Dr Irvin Khosa put it, “The TV deal with Supersport has taken the PSL into the 15 ranked football leagues in the world with regards to commercial broadcast deals.”

PSL was smart enough to put a clause on the contract with Supersport that compels the pay channel to subcontract a certain portion of the games to free-to-air channels. SABC was still not going to find comfort with that one as there was also etv on this free-to-air category, but one thing for sure, the public broadcaster was not giving up without a fight.

After a series of negotiations and legal battles an agreement was ultimately reached between PSL, Supersport and SABC with the three parties all smiles and showing the united front during the announcement of what was called the ‘tripartite partnership’.

What is evident from all this is that the heavyweights that run football in this country, although not always above board, but understand this business very well, are determined to take it to new heights. As the world cup is coming and the technological changes taking place lead to new advanced media and now a broader television audience, there are interesting times ahead, and the league is set to go from strength to strength.

The CEO of Supersport International, Mr Imtaz Patel, emphasized this point when he said, “The public must prepare themselves for the broadcasting of both live matches and daily programmes that will elevate the PSL as a valuable product.” It is then important to note that football is growing everywhere in the world commercially and there is no reason South African soccer shouldn’t be growing on this regard as long as the needs of the underprivileged are taken into account, as been the case with the deal between Supersport and PSL.

Thanks to that deal, for the first time in the history of the local game clubs are set to get a R1 million grant per month which is good for the competitiveness of the league. It is therefore very important for all parties concerned, the SABC included, to come to terms with normal trade practices like bidding for rights to broadcast, especially in a democratic society like this one.

All eyes will now be on the new PSL CEO, Mr Kjetil Siem, who is taking over from Trevor Phillips who is credited with turning the league around from a financial crisis when he came to the profitable business entity it is today. But Khosa has full confidence in the Norwegian that he is up to the challenge of taking the league into the future in terms of exploiting its rights in the new media terrain. He said, “There are going to be major developments related to broadband and IPTV in the near future. We are anticipating a big boom in this area and feel that Siem is better equipped to work together with the league and clubs in increasing their revenue streams in this regard.”