

Original Article

## The Italian Serie A TV Rights Selling Model - Historical Study

Koutroumanides Christos <sup>1\*</sup>

Alexopoulos Panagiotis <sup>2</sup>

Laios Athanasios <sup>3</sup>

John Douvis <sup>4</sup>

<sup>1,2,3</sup>Democritus University of Thrace, 4 Str Souliou, Kavala 65403, Greece

<sup>4</sup>University of Peloponnese, Erythroy Stavroy 28 & Karyotaki, 22131, Tripolis, Greece

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### Abstract

In mid 2000s the tv rights income reaches a 873 million euro for the 2005-06 season, with the Serie A tv rights annual income to gradually increase from a 844 million euro for the 2009-10 season to an amazing approximate 1,4 billion euro for the 2018-21 season. All these years Lega Calcio experimented a lot in the designing and application of a tv rights selling mechanism and its accompanied tv rights income distribution model. The Greek Superleague followed similar paths with Lega Calcio, when for many years in early 2000s clubs could exploit their tv rights by themselves. Even later, in late 200s and after the establishment of SL and with the collective selling mechanism in use, this mechanism didn't include all participating clubs. The study aims to show how could Greek Superleague higher management staff learn from the Serie A tv rights deal history and follow the league's recent tv rights optimal collective selling practices.

### 1. Introduction

The Italian Serie A passed a series of revolutionary phases, related to the launching of new broadcasting platforms in early 1990s, that were the 1993 subscription tv, the 1996 pay-per-view and the Competition Authority involvement so that the pay-per-view, pay-TV and international rights to be owned by each club in 1999 (Andreff & Bourg, 2006).

### 2. Material and methods

The Italian football organizational models changed a lot in the 90s and 00s, causing the observers to introduce the phrase "from game to business" (Lago, Baroncelli, & Szymanski, 2006). The 2005-06 season generated for Serie A 1,399

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\*E-mail: christoskoutroumanides@yahoo.gr, 0030-6944-764015

billion euro revenues. Revenues that came from ticket sales, sponsorships, broadcasting rights and merchandising. Specifically, from merchandising Serie A gathered 179 million euro, 873 million euro from broadcasting rights, 188 million euro from sponsorships and 159 million euro from ticket sales. Serie A revenues steadily increased, making for the 2005-06 season, Serie A the second wealthiest league only after the English Premier League, which gathered 1,994 billion euro, while German Bundesliga, the Spanish Primera Liga (with 1,158 billion euro) and the French Ligue 1 (with 910 million euro) followed (TV Sports Markets, 2008). The championship 5 top clubs contribution was essential, and those clubs were among the 20 richest clubs. A research for the 2008/09 season was focused in the European professional football market finances, revealing that the tv rights equaled to more than 58% for the top Italian clubs, compared to 38.75 % for the other 16 non Italian top clubs (Deloitte, 2010).

Nevertheless, the Calciopoli scandal had a huge impact, not only in the Serie A prestige, but also in its economy. The transition led to political and organizational dilemmas, social intensity and legislative interventions, in order to realize structural changes, often without success (Beha & Di Caro, 2006; Boeri & Bioni, 2008; Tavella, 2006). The downfall after the 2006-07 season was a natural result of the scandal, since many of the clubs lost a large part of their revenues effecting the league route, that lived a revenues reduction by 19%, down to 1,1 billion euro. This reduction placed Serie A as fourth in the richest leagues standings, after the English Premier League, the German Bundesliga and the Spanish La Liga that time (Tavella, 2006).

Football in Italy is a social phenomenon. Characteristically, in 1998, football broadcasting represented 61% of the total sports broadcasting and 1.967 tv hours were dedicated to football (Deloitte & Touche (Italy) and Lega Calcio, 1997/98, 1999). Based on research, the average Italian fan spent double money than the average fan in England, France, Germany and Spain to watch on tv his favorite clubs games (Alexopoulos & Kriemadis, 2009). For a discussion on the financial and commercial status of Serie A, the reader could read Venturelli (2009) and Nicoliello (2008).

In the 1993 Serie A tv rights auction, RAI acquired the domestic and international rights for three years as well as for Coppa Italia 15 games, for 67,5 million dollars per year. At the same time, the subscription channel Telepiu bought the rights for Serie A 28 games and Serie B 32 games for 22,4 million dollars per year. In 1996, the Lega Calcio deal with RAI expired and the league signed deal with four media groups for 11 television packages, generating 100 million euro for the clubs. RAI acquired the rights to broadcast first the goals after the end of the national team games, the subscription channel TELE+ to broadcast live two games per week, Berlusconi tv stations got the Cup games rights and Vittorio Cecchi Gori got the championships non live games rights, as well as the international games via satellites. The total revenues were 100 million euro. In the 1997-98 season, the pay per view system increased clubs audience.

That was the reason that the major European clubs tried to find a way to exploit the rights themselves (Poli, 2001). Lega Calcio negotiated collectively the first and second league, Coppa Italia and Super Coppa di Lega games rights, until the 1998-99 season. The collective selling deal was accompanied by an income distribution system. (Alexopoulos & Koutroumanidis, 2014).

The Serie A, 2010-12 period, international broadcasting rights were acquired by MP & Silva international sports media company for 181.5 million euro, despite objections from Napoli and Juventus. At the same time, the Serie A domestic highlights package and radio rights were bought by RAI for 28.5 million euro for the 2010-11 season and another 30 million for 2011-12 season. (<https://uk.reuters.com>).

The next Serie A 2012-15 tv rights deal increased the league's annual tv income from 860 million of the previous contract last year fee, to 966 million euro, with the numbers being increased to 983 million euro and to 1,007 billion euro for the second and the third year of the deal respectively. The annual increases though were directed to the top 10 clubs. Moreover, Sky Italia and Mediaset paid 2,82 billion euro, that was a 943 million euro per year, resulting in an approximate 120 million euro annual increase from the previous 2012-2015. Moreover, the international broadcasting rights deals brought another 300 million euro, thus making a 1,3 billion euro per year to be distributed among the 20 clubs. Unlike the other top 4 European leagues, the Italian Serie A tv rights income distribution mechanism includes many pots of payments. (<https://www.football-italia.net>).

Sky and Mediaset held the Serie A domestic tv rights for the 2015-18 period, for a 945 million euro per year. (<https://www.statista.com>). Fiorentina abstained from a vote to accept the package. Based on the deal, Sky shows all Serie A games on satellite, while Mediaset shows all matches involving Inter Milan, Juventus, AC Milan and Napoli, and other four clubs, on digital terrestrial platforms. Based on "La Gazzetta dello Sport" Italian champions Juventus could earn 122.8 million euros per year, that is 34% higher than the 91.3 million euro received last season. At the same time the league smaller club, Sassuolo could get 26.5 million euro, compared with the 20.8 million earned the previous season. (Alexopoulos & Koutroumanidis, 2014)

For the 2015-16 season the domestic tv rights income was distributed among 20 team, equally by 40%, 30% based on the club's appeal. (25% based on fans support base e.g. number of club members, attendance, season tickets sold etc and 5% based on the area population, and merit based payments represented another 30% (league positioning in last 5 years, historic results and positioning the previous year). Concerning the international broadcasting rights, they were distributed equally by 40% and the rest 60% were distributed among only top 10 teams according to their final standings positioning (with the Champions League placed clubs getting an approximate 27 million euro, the Europa League placed clubs getting 18 million euro and the clubs from 7th to 10<sup>th</sup> place getting from 14.4 down to 9 million euro (<http://www.totalsportek.com/football/italian-serie-a-tv-rights-money-distribution/>).

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Based on “The Deloitte Annual Review of Football Finance 2013”, the Italian were the most dependant on broadcasting revenue among all top league clubs, with a 59% of their total revenues coming from tv rights (<http://www.espn.com/soccer/league-name/story/>).

On the 5<sup>th</sup> of February 2018, Lega Calcio announced that the domestic television rights for Serie A 2018-21 games were bought by the Spanish media giant MediaPro for 1,05 billion euro a year, prevailing against the league’s traditional broadcast partners Sky and Mediaset. The advisor to the league stated that the MediaPro offer, could work towards the creation of a new television channel in a joint venture with the league. The generated income is close to the 1,16 billion euro one of the German Bundesliga, more than the 1 billion euro one of the Spanish La Liga and the 726 millio euro one of the French Ligue 1, being though . a long way from the English Premier League’s annual amount of 1.95 billion euro. (<https://www.thelocal.it/20180205/serie-a-tv-rights-mediapro>). The recent three year, 2018-2021, Serie A international tv rights deal with IMG, reaching a total 371 million euro per season, almost doubles the respective revenues of the league, compared with the previous deal with MP and Silva that was worth 190 million euro per season.

This deal makes Serie A the third wealthiest European football league, on the basis of international tv rights income, only after the English Premier League (1.3 billion euros) and the Spanish La Liga (636 million euro) and ahead of the German Bundesliga (240 million). IMG is going to pay 352 million euro for global rights and for a betting package, while RAI International is to pay 4 million euro for Italian language rights abroad, with the remaining funds to be covered by signal providers and league promotions. Luigi De Siervo, the CEO of Serie A advisor Infront stated that "The awareness of the Italian league's potential is growing, The clubs have chosen a partner that convinced everyone, not just for the economic terms but above all for the development plan." Nevertheless, Aurelio De Laurentis, president of Napoli argued that the league could have asked for more, (<http://www.espn.com/soccer/italian-serie-a>).

### **3. Results and Discussions**

Lega Calcio passed through several different phases during the last 25 years, concerning the Serie A tv rights selling mechanism and tv income distribution system designing and application. Passing from collective to individual and then back to collective selling, Serie A tv income boosted from 90 million in 1993 to 1,4 billion euro per year in 2018. At the same time, the tv income distribution system was and still is one of the most clubs performance dependent ones among the top European professional football leagues, along with the Spanish La Liga one. TV rights income was and still is the primary revenue source for the Italian professional football clubs, reaching an almost 60% of the clubs overall turnover.

The Greek Superleague and the Greek football overall, is much alike Lega Calcio and the Italian football respectively. Both leagues are heavily dependent on tv rights income (with around the same % of the tv rights income contribution to

the total club revenues) and lack organization, infrastructure, marketing.

#### 4. Conclusions

The Serie A adventures over the years and its eventual establishment as one of the world's wealthiest professional football leagues, only after the designing and application of a tv rights collective selling mechanism, accompanied by a tv rights income distribution scheme, more enhancing of the championship competition balance, could be a paradigm to be followed by the Greek Superleague. It is also a challenge for both the Italian Serie A and the Greek Superleague to develop their sporting product, by reinvesting the so precious to them tv rights income, in renovating their clubs stadiums or even building new ones, hiring experienced sport managers, offering various experiences to their fans at their venues, building modern training centers and investing in acquiring young talents and moving towards any other action that would add value to their product. That way, in mid-term, clubs would gradually become less and less dependent in their tv rights income.

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