

Dresser Sports Media – Kaplan Hecker & Fink LLP NCAA External Gener Review Media & Sponsorship Addendum

Executive Summary

- I. Dresser Addendum was created independently in association w/ the Kaplan NCAA External Gender Equity Review
 - A. The NCAA did not participate in creation, editing, or investigation for the report
 - B. Kaplan provided comments and suggestions and helped w/ formatting, editing, and gathering materials
- II. Men's Division I Basketball Championship (MBBC) is "in the **pantheon of major U.S. sports properties**"
- III. The NCAA's deal w/ CBS/Turner (CBS) for the media rights for March Madness runs through 2032 and is responsible for a majority of the NCAA's revenue (\$1.1 billion per year starting in 2024–25)
- IV. Women's Basketball Growth
 - A. Women's Division I Basketball Championship (WBBC) is also "one of the most valuable U.S. sports media properties"
 - B. 2021 Viewing Stats:
 1. WBBC Championship Game reached **70.1 million homes** and averaged **4.1 million viewers** (9% **increase** from 2019)¹
 2. MBBC Championship Game reached **121 million homes** and averaged **16.9 million viewers** (14% **decline** from 2019)²
 - C. The MBBC Final drew 4x the amount of viewers as the WBBC Final, but the media rights deal for the MBBC earned the NCAA almost 100x the revenue
- V. The Women's Tournament is a Unique Property in March/April
 - A. The WBBC generally draws a larger viewing audience than every other sporting event that takes place in the same window—except for the MBBC
 - B. The WBBC is one of ESPN's highest rated programs—other than the NFL and College Football Playoff
 - C. The WBBC fills a hole for ESPN after football season and before the NBA and NHL playoffs
- VI. Interest is Building Organically
 - A. Similar to the MBBC, the WBBC's bracket format is "**one of the best in team sports**"
 - B. After UCONN won the WBBC 11 times, since 2017 there have been four different schools from four different conferences to win the WBBC
 - C. WBBC athletes do not leave early for the pros³, so they help build continuity and establish themselves as well known athletes
 - D. In 2021, ESPN separately broadcast all 63 games of the WBBC nationally for the first time
- VII. Undervalued Rights
 - A. The media rights for the WBBC are grouped w/ 28 other NCAA Championships through 2024 w/ an average payment of \$34 million per year

¹ There was no WBBC in 2020 b/c of COVID-19

² There was no MBBC in 2020 b/c of COVID-19

³ To be eligible for the WNBA draft, a player must be a **graduating senior** or turning 22 years old the year the draft occurs

- B. Since the NCAA last renewed its deal w/ ESPN, rights payments for top professional leagues and college football packages have doubled
- C. There are now more potential bidders for live sports events than ever before
 - 1. For example, Amazon is committed to pay the NFL \$11 billion between 2023 and 2032 for the rights to Thursday Night Football and also bought out FOX's final contract year to obtain the rights in 2022

VIII. Divided Interests

- A. All of the official NCAA marketing partnerships were sold to CBS in the MBBC media rights deal
→ As a result, **one tenth of 1% of the official sponsorship revenue was earmarked for something other than the MBBC**
 - 1. The current sponsorship structure undermines the assertion that other championships lose money
- B. "March Madness" was only applied to the MBBC⁴

IX. Network Support Could Be Better

- A. ESPN does not broadcast the WBBC Championship Game on ABC—which reaches 57% more homes than ESPN—and does not schedule the game during prime time
 - 1. The scheduling of the WBBC Championship Games allows ESPN to use it as a strong "lead-in" to the Sunday Night Baseball game
- B. Unlike other major sporting events, ESPN does not add special treatment or innovative broadcast technologies to the WBBC Championship Game
- C. ESPN brings SportsCenter on site for the MBBC but not the WBBC, even though ESPN doesn't telecast the MBBC domestically

X. The Case for Combining the Men's & Women's Tournaments

- A. The value for the WBBC could be substantially higher if the WBBC and MBBC were considered a single property w/ two separate brackets
- B. The NCAA should do the following:
 - 1. Adjust its policy on event branding
 - 2. Consolidate to a single, combined Final Four location
 - 3. Change fan access to information and live games on mobile devices
 - 4. Encourage Corporate Partners and Champions to support both events

XI. Immediate Action Items

- A. Utilize "March Madness" for both tournaments
- B. Combined Final Four location
 - 1. This would create a more compelling weeknd schedule in one host city
 - 2. Men's championship could still be played in a dome stadium, while the women's championship could play in the host city's NBA (or NBA-caliber) arena to accommodate different demand for tickets (the women's championship could also be played in the dome stadium)
 - 3. The NCAA could market the Final Fours as a **prominent, annual US basketball festival**

XII. Adjustments to the Corporate Partner Program

- A. NCAA should encourage broadcast partners to combine or tie together the selection shows for the MBBC and WBBC⁵

⁴ The WBBC began using "March Madness" in 2022, after this and the Kaplan Report were completed

⁵ This could be required for future deals, but it would be beneficial to work w/ CBS and ESPN to do it as early as possible

- B. The March Madness Live app (made by CBS) should be used for both the MBBC and WBBC
- C. Suggested changes to the Corporate Partner Program:
 1. Allow non-conflicting sponsor categories for the WBBC and other NCAA championships
 2. Restrict protections in future Corporate Partner deals
 3. Improve cooperation between CBS and ESPN
 4. Allow flexibility in sponsorship for other NCAA championships, like presenting sponsors (i.e., "The Frozen Four presented by X")
 5. Create sponsored highlights of major events
 6. Expand sponsorship on in-event camera-viewable signs
 7. Allow Corporate Partners and Champions tagging/inclusion at the end of NCAA institutional TV messages

XIII. Valuation at a Glance

- A. Selling the WBBC alone would unlock considerable value and attract more bidders for the media rights
- B. Valuation of WBBC (calculated w/o the suggested changes):
 1. Between **\$81 and \$112 million** per year (using comps to other properties)
 2. **\$101 million** per year (using sum of the parts method)
 3. Using an average of the comps midpoint and the sum of the parts, w/ a 4% growth rate, a 10 year deal stating in 2025 could be worth \$1.2 billion (about \$118 million per year) for the WBBC alone

Tentpole Sports Property

- I. Event rating growth or decline from 2015 to 2019:
 - A. WBBC Championship Game → **+28%**
 - B. World Series → **-4%**
 - C. NHL Stanley Cup → **-5%**
 - D. Super Bowl → **-14%**
 - E. NBA Finals → **-24%**
 - F. College Football Playoff (Megacast) → **-26%**
 - G. MBBC Championship Games → **-30%**
- II. The 2021 WBBC Championship Game was the most viewed women's championship game since 2014
- III. The 2021 WBC Final Four Weekend was the highest viewed since 2012
- IV. WBBC Final delivers an audience on par w/ NBA Conference Finals, College Football Conference Championships, MLB Wild Card games, Men's and Women's Tennis Grand Slam Finals, and double the size of the 2021 Duke-UNC rivalry games
- V. WBBC is **frequently the highest rated women's sports event** every year
- VI. As fans start to get highlights and news from sources other than SportsCenter, the 130 hours of the WBBC in March/April is a valuable property for the sports giant
- VII. In 2021, a record 77 advertisers bought time on the WBBC telecasts (including NCAA corporates sponsors Capital One, AT&T, and Coca-Cola; Nike, Chevrolet, Verizon, State Farm, L'Oreal, and Peloton)
- VIII. The MBBC is one of the two most bet on sporting events, and with sports betting continuing to grow in popularity, the WBBC could see a large growth b/c of the amount of games and betting opportunities
 - A. When more people bet on a game, chances are more people will be tuned into the game

- IX. 2021 was the first year ESPN nationally broadcast all 63 games of the tournament (first two rounds were usually largely regional)
- X. The whole tournament provides compelling single-elimination playoff games—"the most dramatic format in team sports"
- XI. The lack of "one-and-done" players in women's college basketball creates continuity and stars in the sport that can be followed for multiple years
- XII. Once the opportunity for growth (in terms of promotion for a school) was realized, schools w/ Power 5 football teams began to invest more in women's basketball

Undervalued Rights

- I. While the WBBC has grown individually, the **marketplace for sports has also grown** → there are now more bidders for live sports events than ever before
- II. Soccer and basketball are the world's two most popular sports, giving women's basketball the opportunity for **international growth**
- III. In order to continue to grow, the NCAA needs to find a balance b/w linear TV and streaming rights
- IV. Selling the rights to the WBBC alone offers a **more valuable** and more compelling property for bidders to purchase
- V. The NCAA and its partners need to present the WBBC and MBBC equally under the March Madness umbrella (like how the men's and women's US Open Tennis Championships are presented)
- VI. Since 2001, the rights for all NCAA championships (except the MBBC) have not been open to bidding, meaning the NCAA could not ensure they were getting a fair market value from ESPN
- VII. The NCAA markets the rights for the MBBC and WBBC separately and treats the two as different classes of events
 - A. If rights to the WBBC were to be sold with another property, it would make sense to sell the rights to the MBBC and WBBC together
- VIII. ESPN's commitments to the WBBC may be significant, but they are not to the same level as the commitments made to the College Football Playoff and other properties
 - A. ESPN could air the WBBC Final Four games and Championship (or just the championship) on ABC and use the main ESPN channel for a megacast (similar to the College Football Playoff Championship)
 - B. ESPN should **stop scheduling WBBC games at the same time as MBBC games**
 - 1. ESPN could shift the schedule to Mondays–Wednesday to conflict with the lower rated NIT rather than the MBBC

Value Growth

- I. Suggestions:
 - A. Adjust policy on event branding (i.e., use March Madness for both tournaments)
 - B. Consolidate the MBBC and WBBC to a single, combined Final Four location
 - C. Change fan access to information and live game access on mobile devices
 - D. Encourage Corporate Partners and Champions to support **both** tournaments
- II. Large markets that could accommodate a combined Final Four → New Orleans, Houston, Phoenix, San Antonio, Indianapolis, Minneapolis, Dallas, Atlanta, LA, St. Louis, Las Vegas, and Detroit
- III. Combined Final Four creates a compelling weekend schedule → Women on Friday/Sunday, Men on Saturday/Monday

Full Court Press

- I. While the current media rights deals are not over, as **partners** of the NCAA, CBS and ESPN should be open to adjustments to correct gender equity issues
- II. Changes the NCAA, CBS, and ESPN should implement right away:
 - A. Marketing MBBC and WBBC under March Madness
 - B. Staging both Final Fours in the same city on the same weekend
 - C. NCAA should provide enhanced leadership around broadcasting, sponsorship, and marketing
 - D. NCAA should convene an annual meeting with media partners and corporate sponsors to determine how to expand official sponsor support beyond MBBC
 - E. NCAA should evaluate roles and authority of various MBBC and WBBC committees

Corporate Partner Program Adjustment

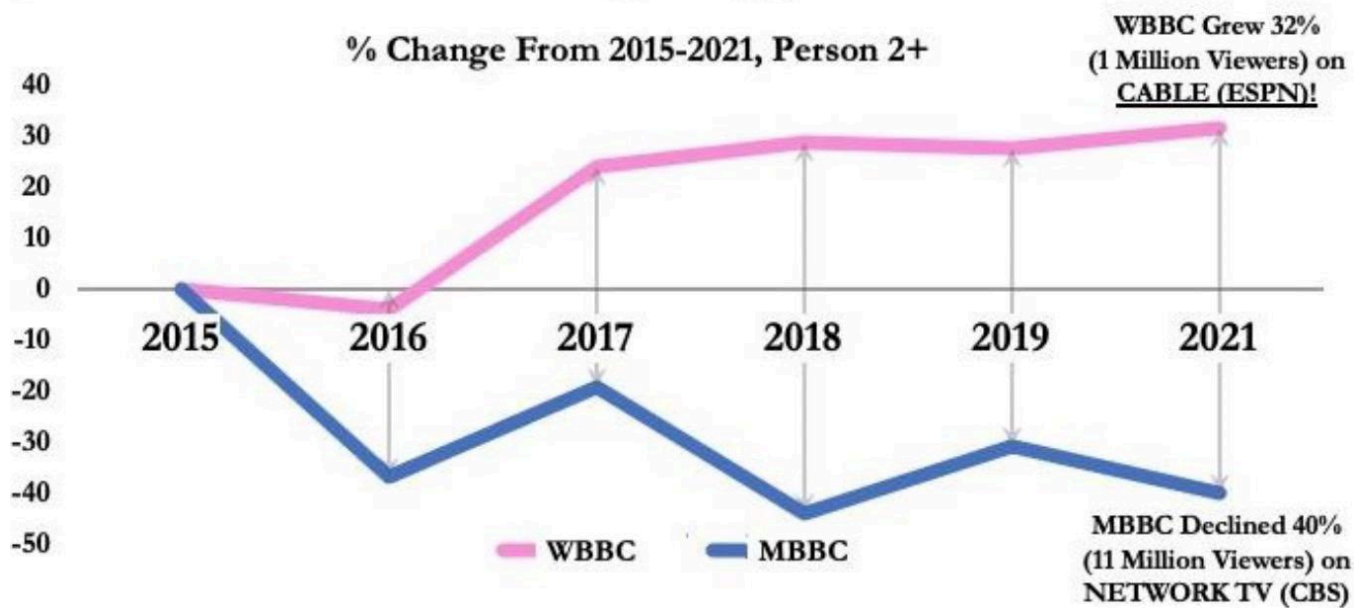
- I. NCAA should make adjustment to the Corporate Partner Program so that it supports all NCAA championships, not just MBBC
 - A. Currently the program is set up to maximize media spending on MBBC
 - B. For CBS, any change to the current program could result in corporate partners spending less money on CBS and using that money to spend on the WBBC and/or other championships on ESPN
 - C. As for ESPN, they can only sell **media only** sponsorship, thus not offering benefits CBS can offer through the Corporate Partner Program
- II. The current program signifies to others that the WBBC (and other championship events) are not important or a major attraction
- III. Currently, the value of "March Madness" alone drive companies to partner with the WBBC
- IV. Suggested changes:
 - A. Permitting the sale on non-conflicting sponsor categories for WBBC and other NCAA championships
 - B. Restrict protections provided for in future Corporate Partner deals
 - C. Engage w/ CBS and ESPN to improve cooperation and generate incremental revenues from the partner program
 - D. Create greater advertising and sponsorship flexibility for other NCAA championships
 - E. Create sponsored highlight packages for every NCAA championship event
 - F. Expand sponsorship messaging on in-event camera-viewable signage
 - G. Allow Champions and Partners to be tagged on NCAA official messages

Valuation

- I. Audience Size
 - A. 2021 had 23.9 million more viewing hours than 2019 (52% increase)
 - B. Increase due to a combination of late tournament games drawing larger audiences and ESPN nationally broadcasting every game
 - C. ESPN aired six games on ABC which also helped increase the overall viewership
 1. With four games on ABC, the Sweet Sixteen averaged **67% more** viewers than in 2019
 2. Four of the final seven games were also aired on ESPN in 2021 instead of ESPN2
 - D. Although **total** viewing was up, **average** viewing was down 20%

1. The lower average was in part due to lower rated early round games being televised nationally over multiple windows instead of being televised regionally

Tournaments Trending in Opposite Directions



Women: All games on ESPN, source Nielsen Media furnished by NCAA. Men: CBS games 2017, 2019 & 2020. Turner simulcasts 2018, 2016 (TNT, TBS, TruTV). Source Sports Media Watch, Nielsen data.









II. Valuation (Comp Analysis)

A. Identified Comps:

1. MBBC
2. WNBA
3. US Open Tennis

B. Comps that were rejected:

1. Women's College World Series
2. Big East Conference media rights
3. Little League World Series

	COMPS				NON-COMPS			
	 Women's BB	 Men's BB			 World Series	 World Series	 Softball	 BIG EAST
GENDER	Women	Men	Women	Men & Women	Mostly Boys	Women	Mostly Men	
SPORT	Basketball	Basketball	Basketball	Tennis	Baseball & Softball	Softball	Mostly Basketball	
# OF EVENTS	63 Games	67 Games	42 Games	67.5 2hr Blocks	300+ Games (most streamed)	100+ Games	100+ Games	
AVERAGE TV AUDIENCE (000)	542	3,818	283	1,169	564	503	225	
FORMAT	Single-Elimination	Single-Elimination	Regular Season + Playoffs	Single-Elimination	Best of 3	Best of 3	Mostly Regular Season	
DURATION	3 Weeks	3 Weeks	5 Months	2 Weeks	10 Days	3 Weeks	4 Months	
DEAL RECENCY	*	2016	2014	2015	2020	2011**	2014	

*WCCB is the "Deal Recency" control

STRENGTH OF COMP VARIABLES

**Part of "Other Championships" w/ WBBC; therefore circular & not comparable

- C. Once the comps were chosen, adjustments were made to ensure the comps were adequately comparable
- D. The typical pattern in the media rights industry is for sports rights to grow at a rate of about a 10% rate
- E. **MMBC Comp**
 1. MBBC average annual rights fees of \$1.1 billion
 2. For the analysis, value of the Corporate Partner Program is deducted b/c that would not be available in the rights to the WBBC
 3. Next, the value per game was determined and divided by the average viewership per game
 - a) This was then multiplied by the average viewership for the women's games
 4. Estimated value of **\$101 million**
 5. Discounted valuation of 20% to account for the MBBC's more established event results in a valuation of **\$81 million**
- F. **WNBA Comp**
 1. This package is smaller and contains lower rated games
 2. WNBA is also sold in conjunction w/ the NBA
 3. *No estimated value given*
- G. **US Open Comp**
 1. The US Open has 131.4 hours of live events, equating to 65.7 two hour blocks (or about 63 WBBC games)
 2. Estimated value of **\$108 million**

H. WBBC Rights Valuation

1. MBBC Only
 - a) \$81–101 Million
2. 3 Property Composite
 - a) \$105–112 Million

III. Valuation (**Sum of the Parts Analysis**)

A. Network Placement

1. ESPN has access to several ESPN branded channels, **ABC**, and other platforms that the NCAA currently does not allow WBBC to be presented on (ESPN+ and conference branded ESPN channels)

B. Commercial Format

1. 58 to 62 thirty second commercial ad spots throughout every game
2. Additional ad spots in the pre and post game shows

C. Advertising Revenue Estimate

D. Advertising Pricing

1. CPM = cost per thousand
2. Live sports generate the highest CPM and the second quarter of the year (when the WBBC takes place) has higher CPM in general

E. Sell-Through

1. Anticipated 80% sell-through rate for advertising spots

F. Ad Sales Calculation

1. Determine estimated ad spots sold → 48 (80% of estimated 60 units)
2. Multiply the average CPM (\$19 by 2025) by the expected audience (542,000)
3. Per unit ad cost of \$10,298
4. Revenue kept after agency sales commission would be \$8,753
5. Results in \$420,158 per game
6. Results in **\$26.47 million** for the tournament games (not including pre and post game shows)
7. Including pre and post game shows (which have a lower expected audience) the total value would be about **\$27 million**

G. Digital Marketing

1. Selling ad space on social media and digital platforms could generate up to **\$5 million** annually

H. Pre Game/Halftime/Post Game Sponsors

1. Specific sponsorships sold for these segments could generate up to **\$2 million** annually

I. International Value → about **\$5 million**

J. Other Revenue Streams → Re-runs of games and affiliate subscriber fees

1. In total ESPN is expected to generate \$10.23 billion in subscriber revenue by 2025

K. Lead In Value

1. Currently the WBBC is used as a lead in to other programs by ESPN, and it is one of the most valuable lead in properties

Figure 7.11: Strong Lead-In Value Increases Sunday Night ESPN Baseball Viewership (2021)



Source: Nielsen Media, P2+(000) Showbuzzdaily.com

L. Calculation

1. In-Game Ads – \$26 million
2. Digital/Out of Home – \$5 million
3. Pre/Post/Bridge – \$1 million
4. Halftime/Presenting Sponsor – \$2 million
5. International – \$5 million
6. Re-Airs/SVOD – \$5 million
7. Affiliate Allocation – \$129 million
8. Production Costs – (\$5 million)
9. **Total Value – -\$168 million**

Recommendations

- I. Create a single Final Four weekend in the same city
- II. Move the WBBC Championship Game to the prime time slot
- III. Utilize March Madness for both the MBBC and WBBC
- IV. Offer the WBBC as an individual media property
- V. Shrink exclusivity and increase activations on NCAA social media accounts (Twitter, Instagram, Facebook, TikTok, Youtube)
- VI. Divide the “other championships” into groups designed to attract multiple bidders (i.e., Men’s and Women’s College World Series could be sold together but not with everything else)
- VII. Target multiple bidders for WBBC media rights (ESPN, CBS, Fox, Amazon)

A. *Maybe Apple as they are getting into sports with Friday Night Baseball, all MLS games starting 2023 I think, and they are one of the rumored frontrunners to get Sunday Ticket*

- VIII. Add another level of corporate sponsors (Partners, Champions, ____)
- IX. Better align incentives between media partners to drive more value for WBBC
- X. Enhance cross promotion on ESPN and CBS like ESPN and CBS do for the NBA
- XI. Encourage ESPN to bring SportsCenter set to the WBBC
- XII. If the WBBC Championship is played in the same dome as the MBBC Championship, use the same high-end TV setup
- XIII. Expand programming around the WBBC (documentaries, player profiles, etc.)
- XIV. Require ESPN Megacast for the WBBC Championship
- XV. Create a combined selection show for the MBBC and WBBC
- XVI. Encourage CBS to expand the March Madness app to cover both tournaments
- XVII. Streamline the management operations of both the MBBC and WBBC