

# Who are willing to pay for watching TV sport?

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## Background:

- Sports right fees increased dramatically
- Enormous sport-wise differences
  - “*Number One sports*”:
    - Europe: Soccer
    - USA: National Football League
    - Canada: Ice Hockey
    - Australia: Australian Football League

## Sport-wise distribution of TV rights (1998)

Germany	UK	Italy	Austria	Denmark	Netherlan.
Soccer 42%	Soccer 52%	Soccer 65%	Soccer 32%	Soccer 45%	Soccer 55%
Tennis 7%	Rugby 12%	Motor rac. 8%	Skiing 11%	Handball 13%	Motor rac. 9%
Motor rac. 6%	Cricket 8%	Basketball 5%	Motor rac. 6%	Cycling 12%	Tennis 7%
Boxing 4%	Motor rac. 4%	Cycling 2%	Tennis 4%	Motor rac. 4%	Cycling 4%
Basketball 4%	Tennis 2%	Skiing 1%	Ice Hock. 3%	Motor rac. 4%	Athletics 3%

# Two research questions

1. **Why this pattern?**
2. **Why is soccer more successful on pay TV than other sports?**

## TV-revenues – sources:

	Advertising	Subscription fees	Licence / public grants
Canada	46	32	22
USA	59	41	1
UK	49	23	28
Germany	27	30	43
Global	51	35	14

# Subscription-TV (pay-TV)

- Fastest growth (all continents)
- Strong position in European soccer
  - All live matches in domestic premier only on pay TV (some few exceptions)

## Why soccer is successful on pay-TV?

- Are soccer fans different from other sport fans?
    - Outnumber other sports fans?
    - More intensively interested?
    - Wealthier?
    - More loyal?
- => Difference in Willingness to pay?

# Demand analysis of Norwegian TV viewers

- Interest for 14 different TV sports
  - scale from 1-10
- Willing to pay for watching (yes or no)
- Factors influencing interest
  - Quality?
  - Competitive balance?
  - Loyalty?
  - Social dimension?



# Survey

- Telephone interviews
- 1000 respondents – representative for Norwegian population
- November/December 2004

# The results

## Popularity of sport – mean value (scale 1-10)

	Total	Men	Women
Sport in general	5,39	6,30	4,51
1. Biathlon	6,12	6,31	5,93
2. Cross country	5,80	5,84	5,75
3. Ski jumping	5,23	5,71	4,76
<b>3. Soccer</b>	<b>5,23</b>	<b>6,09</b>	<b>4,39</b>
5. Alpine skiing	4,97	5,20	4,74
6. Handball	4,77	4,61	4,93

**Frequency table - only including very interested (category 8-10)**

	Total	Men	Women
Biathlon	44	47	41
Cross country	36	37	36
Ski jumping	27	36	21
<b>Soccer</b>	<b>31</b>	<b>43</b>	<b>21</b>
Alpine skiing	20	22	18
Handball	23	16	28

## Willing to pay (frequency table)

	Total	Men	Women
Yes	19	27	12
No	81	73	88

## Percentage WTP > 0

(only including very interested: category 8-10)

	Total	Men
Biathlon	26	33
Cross country	25	31
Ski jumping	30	35
<b>Soccer</b>	<b>40</b>	<b>45</b>
Alpine skiing	30	34
Handball	28	41

# Why willing to pay:

Favourite sport	8.77
Favourite team	7.95
International championships	7.69
Exciting matches and competitions	7.55
Sport of good quality	7.42
Sport together with friends	6.94
National participants in international competitions	6.82

# Logistic regression analysis

Dependent variable:

1.  $WTP = 0$
2.  $WTP > 0$

$R^2=0.47$



## Results – logistic regression analysis

Variables:	B	Wald	Significant influence
Age	-.020	6.285	Yes (.012)
Gender	.220	0.713	No (.398)
Interest sport	.293	18.001	Yes (.000)
Interest soccer	.166	8.578	Yes (.003)
Loyalty (affective)	.379	24.194	Yes (.000)
Match importance	-.090	3.792	Yes – almost (.051)
Income	.002	10.547	Yes (.001)
Constant	6.105	74.774	.000

## Conclusions:

- Soccer not the most popular sport – but soccer fans more willing to pay than other sport fans
- Those willing to pay are loyal (to sport/club)
- Younger people willing to pay
- Match importance no positive influence on willingness to pay (almost negative)

### Multicollinearity

- Women / income
- Interest for sport in general / specific sports

Thank you for your attention!