

# The Impact of Pay-TV on Sport

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**Abstract**

*On Saturday, 19 May 2012 Leinster play Ulster in the final of the Heineken Cup. Many Irish people will be unable to watch the match live on television. In 2005 Sky Sports secured exclusive rights for the live broadcast of Heineken Cup rugby matches in Ireland. These matches – involving Irish provinces competing in the European Cup rugby competition – had previously been broadcast live on RTÉ and had drawn large and increasing audiences. At the same time, a similar deal was concluded in England for the sale of the rights to show live cricket in that country. This paper examines what happens when sports organisations sell their broadcasting rights to pay-tv companies. It looks, in particular, at what happened to the audience viewing figures for Leinster and Munster rugby matches when the rights to show those matches moved from RTÉ to Sky Sports. Comparisons are then drawn with what happened when the rights to show live cricket in England were also sold to Sky. The evidence which emerges is clear: when a sport moves from free-to-air television to pay-tv there is a significant decline in viewership from all sections of the community, but especially from people from rural areas, from pensioners, from working class families, and from farmers. Essentially, pay-tv places live sports beyond the reach of certain (often disadvantaged) sections of society.<sup>1</sup>*

**I****Impact of selling the Irish coverage of Heineken European Cup rugby to Sky**

In April 2010 the then Minister for Communications, Eamon Ryan, proposed changes to the list of sporting events designated as protected for broadcast on free-to-air television. The initial list had been created in 2003 after the furore over the sale of the rights to broadcast Irish soccer international games to Sky

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<sup>1</sup> The research used in this paper was first used in a report commissioned by RTÉ television

Sports.<sup>2</sup> A political and public storm of disapproval led to a change in the law and, using a 1997 amendment to the EU's Television Without Frontiers<sup>3</sup> directive, the then Fianna Fáil-PD government created a list of sporting events which could now only be shown on free-to-air television. Placed on the list were the Summer Olympics; the All-Ireland senior football and hurling finals; the Republic of Ireland's World Cup and European qualifying games and Finals' games; the opening games, semi-finals and final of the World Cup and European Championship Finals; Ireland's matches in the Rugby World Cup Finals; the Irish Grand National; the Irish Derby; and the Nations Cup at the Dublin Horse Show. Surprisingly, the Six Nations rugby championship was not placed on the list; nor was the Heineken Cup competition (less surprisingly, as that competition had yet to attain the status which it now holds).

In April 2010, Eamon Ryan announced that he was proposing to add a number of new events to the free-to-air list. These included the Heineken Cup matches involving Irish provincial teams and the Six Nations rugby championship, as well as the GAA provincial finals, and the All-Ireland quarter- and semi-finals in football and hurling. Also proposed for addition was the Cheltenham horse-racing festival. Determined to retain absolute control over the sale of their rights to whomsoever they chose, the Irish Rugby Football Union – supported by the provincial rugby bodies – launched an impressive counter-attack. In this they were assisted by the rugby correspondents of all the national newspapers. Further support came from Simon Coveney, then the Fine Gael Communications spokesperson who repeatedly proclaimed that 'Ryan's interference threatens to destroy the golden era of Irish rugby.'<sup>4</sup> Interestingly, Coveney had previously been outspoken in his criticism of the FAI in 2002 and of the then Fianna Fáil-PD government for allowing the sale of the rights to Irish soccer matches to Sky

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<sup>2</sup> For a brilliant treatment of this incident see Roddy Flynn, 'Tackling the Directive: Television Without Frontiers and Irish soccer.' in *Trends in Communication*, Vol. 12, 2/3, pp. 131 - 152.

<sup>3</sup> The amended Article 3a of the original 1989 Television Without Frontiers directive stated: 'Each Member State may take measures in accordance with Community law to ensure that broadcasters under its jurisdiction do not broadcast on an exclusive basis events which are regarded by that Member State as being of major importance for society in such a way as to deprive a substantial proportion of the public in that Member State of the possibility of following such events via live coverage or deferred coverage on free television.'

<sup>4</sup> See, for example, a press release issued on 18 May 2010. [www.simoncoveney.com](http://www.simoncoveney.com).

Sports. Back then, Coveney blamed the Government for allowing a pay-to-view channel to buy the rights to Irish soccer internationals, saying it was a failure that had let down the ordinary Irish fan: 'The decision is a blatant commercial decision by the FAI and a selfish one which will result in a lot of people having to pay for the enjoyment of seeing the Irish team play at home.'<sup>5</sup> And yet no-one was more outspoken in his criticism of Éamon Ryan's proposal than Simon Coveney. Ultimately, Ryan's proposal fell with the government of which he was part and there is no realistic prospect of it being revived by the current Fine Gael-Labour government.

It has always been a major challenge for sports organisations to decide how best to present their sports on television. The phenomenal growth of rugby in Ireland over the past decade is a tribute to rugby's administrators and their capacity to extend rugby into areas where the game previously had no meaningful support. This is particularly true of Leinster. Striking the balance between using television to promote the game and using television money to pay its professional players is no straightforward matter. Nonetheless, compelling evidence illustrates how the sale of the rights of major sporting events has created a new elitism in which people who are older or poorer or who live in rural areas are disproportionately excluded from watching such matches on television. The move of Heineken European Cup Rugby from RTÉ to Sky Sports demonstrates this clearly. Considerably fewer people watched Heineken Cup Rugby when it was shown exclusively in Ireland on Sky in 2007 than when it was free-to-air on RTÉ in 2006. A direct comparison can be made between the quarter-finals of the competition in successive years, played in the aftermath of successful international rugby seasons which saw Ireland win the Triple Crown and enjoy unprecedented media profile. On Saturday, 31 March 2007 Leinster played an away Heineken Cup quarter-final against London Wasps. The game was shown live on Sky Sports 1. The previous year at the quarter-final stage Leinster had played away at Toulouse, again on a Saturday afternoon, 1 April 2006. This game was shown free-to-air on RTÉ.

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<sup>5</sup> RTÉ News, 5 July 2002.

There was a significant difference in viewership:

- 255,000 people watched the 2006 match on RTÉ, 47,000 watched on Sky in 2007.
- The number of children under 14 watching the Leinster quarter-final match dipped from 27,000 on RTÉ in 2006 to 2,000 on Sky in 2007.
- The number of women who watched the 2006 match on RTÉ was 67,000 and on Sky in 2007 the number was 9,000.
- The number of people in rural areas who watched the 2006 match on RTÉ was 111,000, while the number who watched the Sky match in 2007 was 9,000.
- The decline in people watching the quarter-final was particularly pronounced in Connacht-Ulster where the number of viewers fell from 45,000 for the 2006 RTÉ broadcast to 3,000 for the Sky match in 2007.
- The number of farmers who watched the matches fell from 19,000 on RTÉ in 2006 to just 1,000 on Sky in 2007.
- The number of people over 55 who watched the match fell from 98,000 on RTÉ in 2006 to 14,000 on Sky in 2007.
- The overall share of all viewers watching television at that time fell from 33.2% on RTÉ in 2006 to 5.5% on Sky in 2007.<sup>6</sup>

A similar story emerged in Munster. Because Sky relegated their coverage of the 2007 Munster Heineken Cup quarter-final to their Sky Sports 3 channel, it is impossible to get exact viewing figures for the game. Viewing levels to individual programmes on Sky Sports 3 are not included in the AGB Nielsen Television Audience Measurement (TAM) ratings system. To assess what impact the movement to pay-tv had on viewership of the match, a special research study was commissioned through Red C Research.<sup>7</sup> The findings of this study were as stark as those which related to the Leinster quarter-final match. The move to pay-tv had a striking effect on the viewing behaviour of committed rugby followers: less than half (46 per cent) of those who described themselves as

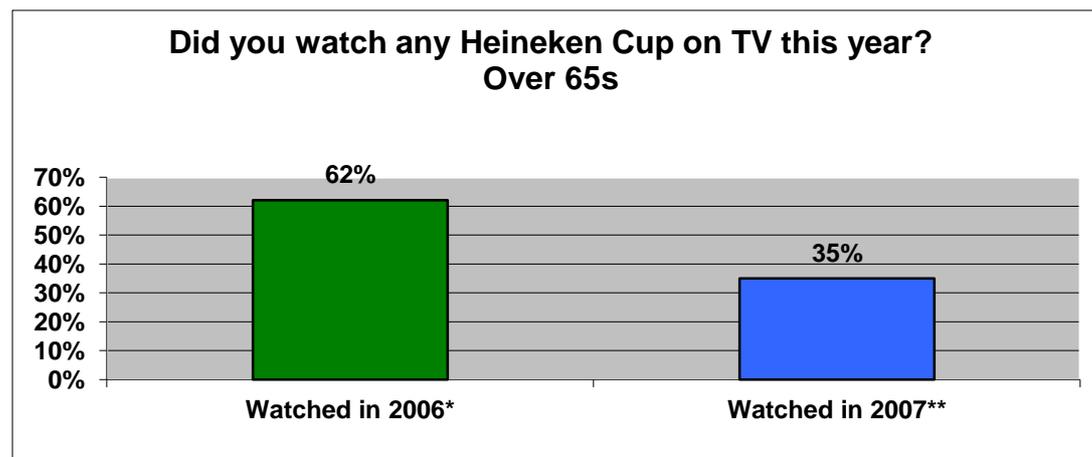
<sup>6</sup> *AGB Nielsen Media Research*, 31 March 2007 and 1 April 2006.

<sup>7</sup> Red C Research surveyed 1000 people with quotas set and data weighting to ensure the sample was randomly representative of the total Irish population 18+. Field work was conducted from 31 March to 4 April 2007.

“very interested” in rugby actually watched the Munster quarter-final match live in 2007 when it was exclusively on Sky Sports.<sup>8</sup> There was an even more sweeping effect on viewing amongst people with a passing interest in rugby: only 28 per cent of people who described themselves as “fairly interested” in rugby watched the Munster Heineken Cup quarter-final live in 2007.<sup>9</sup>

Comparing the results of the 2007 survey with a similar survey commissioned by RTÉ in 2006, there is clear evidence that the impact on a sports organisation of moving to pay-tv channels creates a significant divide between who does and does not watch sport on television. The decline in viewing figures is particularly steep for those over 65, and in rural areas, notably amongst farmers.

Figure 1.



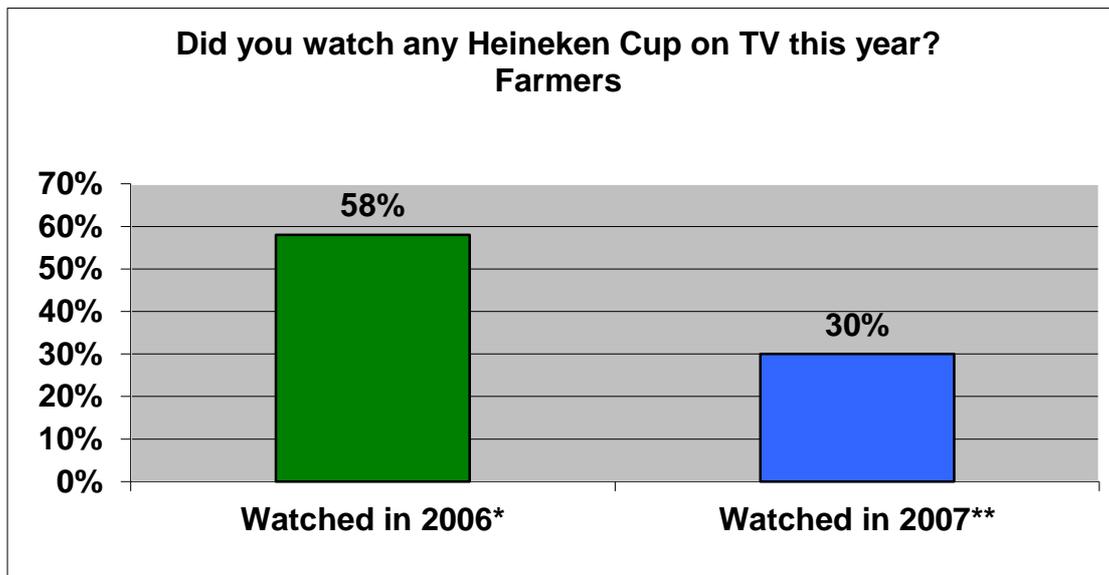
\* Source: Red C Research ‘Sport on TV’ Survey of 1008 people, 26 July 2006.

\*\* Source: Red C Research Survey of 1000 people, 4 April 2007.

<sup>8</sup> By contrast 83 per cent of the same group said they had watched Munster Heineken Cup games at home on RTÉ in 2006.

<sup>9</sup> Once more, by contrast, 63 per cent of the same group said they had watched Munster Heineken Cup games at home on RTÉ in 2006.

Figure 2.

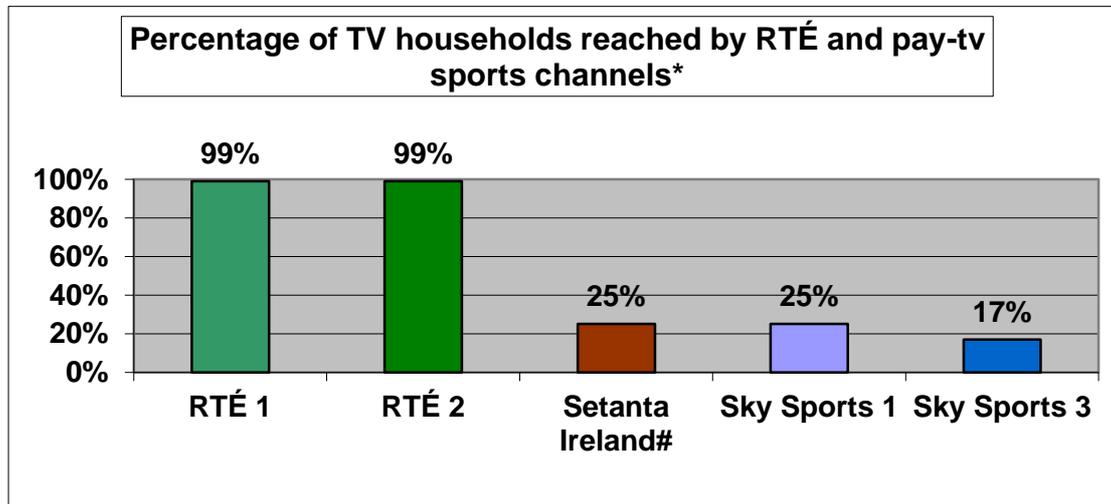


\* Source: Red C Research 'Sport on TV' Survey of 1008 people, 26 July 2006.

\*\* Source: Red C Research Survey of 1000 people, 4 April 2007.

The decline in viewing figures is, of course, related to the number of people who have access to pay-tv sports channels. Pay-tv companies do not publicly release the number of subscribers they have for their subscription sports channels in Ireland, considering it to be commercially sensitive information. What is clear from viewing figures of sporting events, however, is that when a match is shown on terrestrial television, the potential audience is much greater. (See Figure 3)

Figure 3.

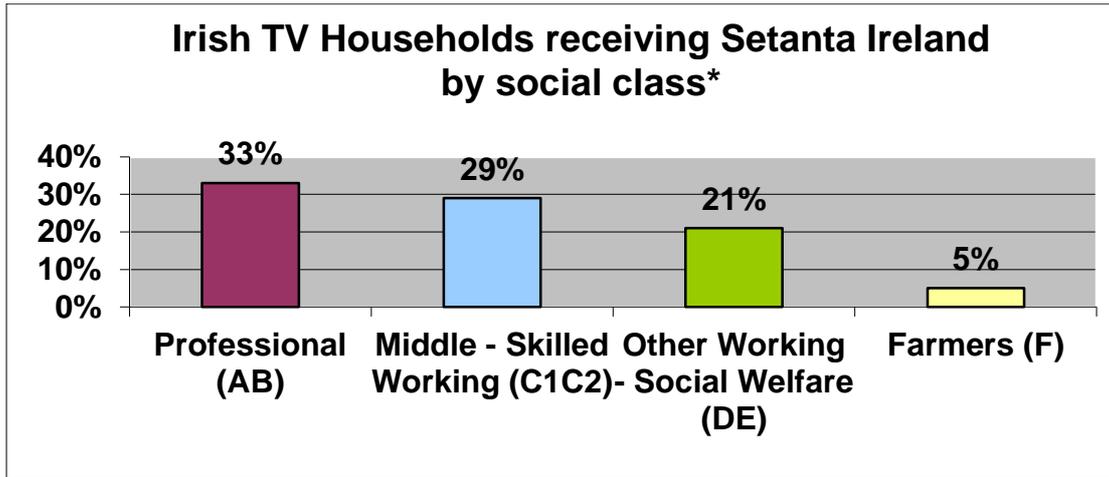


\* Source: AGB Nielsen Media Research Establishment Survey, May 2007. #Setanta Ireland is available to 25% of TV households.<sup>10</sup> The figures relating to Setanta Sports subscription channels are not covered in this survey but are likely to be far lower.

Moving sports events to pay-tv doesn't just reduce the potential overall size of the audience; it also divides viewers into those who can afford to pay and those who cannot. The pay-tv sports channels reach a much smaller proportion of all classes of Irish television households than free-to-air channels, but the gap is even more pronounced for those on lower incomes, farmers, the elderly, and those on social welfare. Figures 4 and 5 below provide clear evidence of this.

Figure 4.

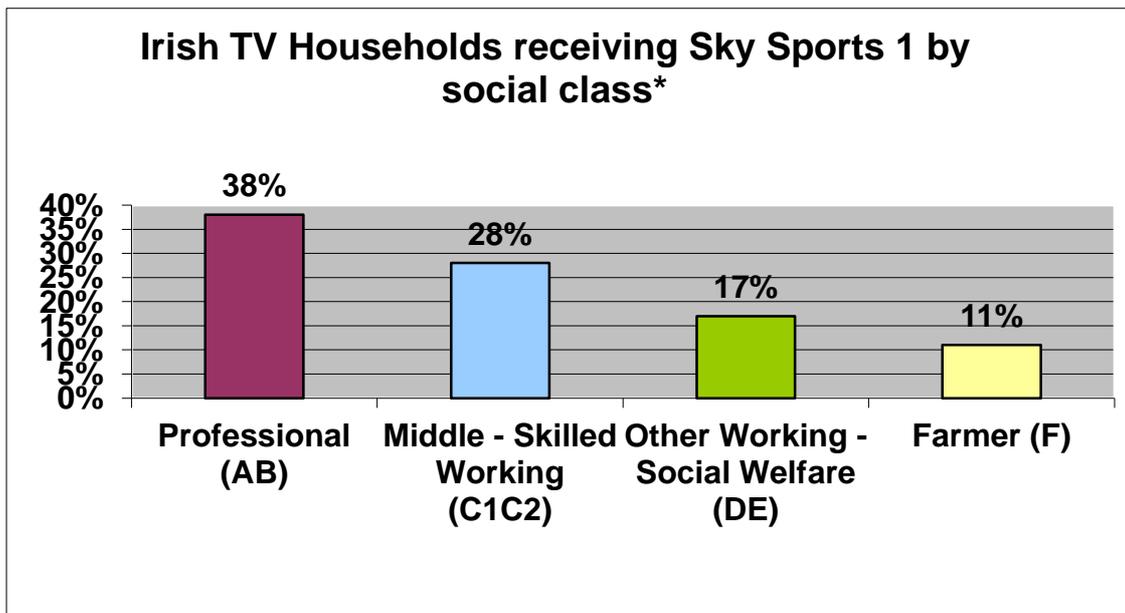
<sup>10</sup> AGB Nielsen Media Research Establishment Survey May 2007 (published September 2007).



Source: AGB Nielsen Media Research Establishment Survey 2007.<sup>11</sup>

Figure 4 shows that, although only 33 per cent of professional households receive the Setanta Ireland channel, they are still more likely to have Setanta Ireland than working class households, or those dependent on social welfare. They are also almost seven times as likely to have Setanta Ireland as farming households. The comparative figures for Sky Sports 1 are similar (See Figure 5) and, taken together, the graphs illustrate the direct correlation between social position and access to pay-tv sports channels.

Figure 5.



\* Source: AGB Nielsen Media Research Establishment Survey 2007.<sup>12</sup>

<sup>11</sup> Nielsen Media Research Establishment Survey 2007 (published September 2007).

Inequality in who receives pay-tv channels is frequently not simply an economic issue, however. Levels of subscription to pay-tv sports channels are also significantly lower in certain regions. The issue of social disadvantage and sport in Ireland has been analysed by the groundbreaking ESRI report, *Fair Play? Sport and social disadvantage in Ireland* (2007). The report investigated the extent to which people with low incomes, or with low educational attainment, participate in sport and it concluded that people from poorer backgrounds are disadvantaged in terms of playing, officialdom, membership and watching sport. The report also concluded that this disadvantage "... needs to be recognised as a substantial contributor to poverty and social exclusion."<sup>13</sup>

## II

### English Cricket Moves to Sky Sports

The story of the relationship between television and the Heineken Cup is not unique; it is remarkably similar to what occurred with cricket in England. For several centuries cricket has been intimately associated with the basic idea of what it means to be English. Just as hurling is perceived as something uniquely Irish, so it is with cricket and England. The game may have been transported around the world with the spread of the empire, but it has always remained the most English of games. Its origins are lost in the Middle Ages, but since the eighteenth century it has had an organised and central presence in English life.

Crucially, although the game has often been perceived in Ireland to have been elitist, often tied with the English aristocracy, cricket is the game of all the people. At the top of the pyramid stands the English international side; a level below that stands the English county game; at the next level comes league cricket, played within counties on a serious, mostly amateur basis; and, then, beneath that again comes the critical mass of village cricket and of recreational cricketers. Village cricket and county cricket have traditionally been the source

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<sup>12</sup> *Nielsen Media Research Establishment Survey 2007* (published September 2007).

<sup>13</sup> ESRI, *Fair Play? Sport and social disadvantage in Ireland* (2007), p. xii.

of enormous local pride, engendering deep feelings of loyalty and passion. The place of thriving local cricket clubs across England is not entirely dissimilar to that played by GAA clubs in Irish life. They are the focal point of communities, lending not just colour and vibrancy, but also acting as a bond of unity within communities.

As the game evolved through the decades it came under pressure from a variety of other sports, notably soccer and rugby, which undermined the prosperity of cricket in certain regions. It has also been the case that the volunteerism that has for so long been the bedrock of local clubs has been undermined by changes in lifestyles, work-practices and commuting.

The game suffered through the latter half of the 1980s and the 1990s when the English national side struggled badly. This struggle was cast in sharp relief by the failures in the crucial Ashes test series against their greatest rivals, Australia. The Ashes had been played for biannually since the 1870s, but England slumped badly for two decades after 1986. Despite this slide down the international world rankings and the societal pressures affecting the game, cricket has remained at the centre of English public life. Soccer attracted more players, more supporters, more publicity and more money, but cricket remains England's national game.<sup>14</sup>

Cricket was shown live on BBC television from 1938 to 1998. The first live televised broadcast of a cricket match was the coverage of the second Ashes test between England and Australia from Lords on 24 June 1938. In 1990 Sky Sports won the rights to show all the test matches played during England's tour of the West Indies. The BBC retained the rights to show all England's home test matches until 1998. In that year, Lord MacLaurin, the then chairman of the England and Wales Cricket Board, convinced the British government to remove test cricket from the protected list of broadcast events – the 'crown jewels' of English sport which included the Wimbledon Tennis championships, the Grand National steeplechase and the FA Cup final.

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<sup>14</sup> Richard Holt, *Sport and the British* (1989); Derek Birley, *A social history of English cricket* (1999).

Freed from their legal obligations, in 1999 the England and Wales Cricket Board (ECB) sold the rights to cover test cricket as a joint-package to Channel 4 and Sky Sports. This deal effectively gave Channel 4 the right to screen free-to-air all but one home test match every year, and also gave them the rights to a highlights package. Sky Sports screened all England's away tests and one home test. The BBC had bid for the rights, but had been unsuccessful. No live test cricket has been shown on the national Public Service Broadcaster since then.

The decision to share the rights between Sky Sports and Channel 4 offers clear comparative information on the reach of television channels for identical events. The contrast between the viewing figures of those who watch live test match cricket on free-to-air television as against those who watch it on pay-tv can be seen from the viewing figures for the test series between England and New Zealand in the summer of 2004. The first test in the series was broadcast free-to-air on Channel 4, while the second test was broadcast on Sky Sports.

**Figure 9. Test Match Average Viewing Figures, 2004: England v New Zealand**

	<b>Channel 4: First Test</b>	<b>Sky Sports: Second Test</b>
Day 1	631,000	97,000
Day 2	827,000	163,000
Day 3	955,000	219,000
Day 4	1,038,000	334,000
Day 5	1,014,000	85,000

This huge discrepancy in viewing figures between Channel 4 and Sky Sports was replicated throughout the years of their shared deals. Even in 2005 the numbers who watched England play Bangladesh in the run-in to the Ashes series showed the unchanging nature of this trend, with a minimum of four times as many people watching cricket on Channel 4 as were watching it on Sky Sports.<sup>15</sup>

<sup>15</sup> House of Commons Select Committee on Culture, Media and Sport, *Broadcasting Rights for Cricket: Ashes to Ashes - the death knell for live Test match cricket on free-to-air TV?* (2006), p. 15.

The highpoint of Channel 4's coverage of English cricket came in the summer of 2005 with an epic Ashes test series played against Australia. England had entered the series as outsiders and was not fancied to win the Ashes which had been dominated by Australia for 20 years. In an enthralling series of matches played out against the backdrop of growing national fervour, England narrowly scraped a victory. The public outpouring led to an open-top bus tour around London, civic receptions and street parties, and saw cricket move to the very centre of public life in Britain. This was a position it had not held for decades; the game finally moved out from under the shadow of soccer.

Audiences for the 2005 Ashes series between England and Australia were consistently high and peaked at a viewing public of 8.4 million. The foremost English cricket writer, Matthew Engel, was clear in the importance that television played in the phenomenal growth in interest in cricket – “a UK-wide summertime frenzy” – which emanated from this series: “It was terrestrial television that drove the game into the forefront of public consciousness and brought a new generation of enthusiasts onto the streets.”<sup>16</sup>

Sales of cricket gear by 150-year-old companies reached record levels. Sales of replica shirts increased ten-fold. A cricket computer game went to the top of the charts. Waiting lists for cricket courses became too long to join when previously they were under-subscribed. “The children who came to play the game were not just coming from cricket clubs they were coming from nowhere and everywhere,” noted the Wisden Almanack.<sup>17</sup> PE teachers in schools noted that: “... the summer had reinvented the game and given it a much, much larger audience and profile.”<sup>18</sup>

By the time England had won the Ashes, however, the ECB had already signed a four-year deal with Sky Sports to take cricket away from free-to-air television. BSkyB paid £220 million to cover English test, one-day and county cricket over a

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<sup>16</sup> *Financial Times*, 19 November 2005.

<sup>17</sup> Roland Watson, *Wisden Almanack* (2006).

<sup>18</sup> *Ibid.*

four-year period beginning in 2006.<sup>19</sup> An attempt by Channel 4 to keep the cricket on that channel involved a figure in excess of €100 million, but the ECB decided to take the money on offer from BSkyB. The ECB came under immediate public and political pressure for moving to a subscription channel which would put it out of the reach of many households in the country and, in particular, out of the reach of many pensioners. The attitude of the ECB in agreeing to the deal was epitomised by one of its members, the Chairman of Durham County Cricket Board, Clive Leach: “There will always be people in certain walks of life who cannot afford things. That’s the way it will be.”<sup>20</sup>

David Morgan, chairman of the board, provided a more rounded defence of the ECB’s decision. Morgan accepted that it as an “emotive issue” for people, but that they had to accept the BSkyB bid as not to do so would have meant a “significant financial shortfall for the game.” In particular, this shortfall would have meant that the elite English squad would have had to suffer cuts to their budget, while the professional county cricket game would also have been placed in an even more dire financial position than was already the case.<sup>21</sup> This was endorsed by Giles Clarke, the chairman of Somerset Cricket board, who led the ECB’s negotiating team who said that they “appreciated the difficulties it will cause for those less fortunate members of society”, but that they needed the money to fund the structure of their game.<sup>22</sup>

Many even within the cricket world roundly condemned the ECB’s choice of Sky Sports. Morgan also acknowledged that he had received a huge volume of correspondence from cricket lovers in the midst of a ferocious public outcry: “I expected a huge protest but I didn’t expect to receive in three days more letters and emails than I did over the issue of Zimbabwe in two and a half years... Yes, it

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<sup>19</sup> Richard Gillis, *The future of sports marketing* (2006), p. 21.

<sup>20</sup> *BBC News*, 15 December 2004.

<sup>21</sup> *Financial Times*, 16 December 2004.

<sup>22</sup> *The Guardian*, 15 December 2004.

is a bitter pill, particularly for the older generation who have decided that they can't afford Sky, or that on principle they are not going to buy it."<sup>23</sup>

The criticism of the ECB came from players as well as from supporters. The 'amateur' aspect of cricket was already under pressure from football and had seen a decline in the numbers of recreational cricketers over the previous decade. Those charged with the promotion of amateur and recreational cricket were convinced that the move to Sky would lead to a decline in the numbers taking up the game. The Chief Executive of the National Recreational Cricket Conferences, Barrie Stuart-King, opposed the move on the grounds that it would undermine the base of the game.<sup>24</sup>

The decision of the English and Wales Cricket Board became the target of a major grassroots campaign – Keep Cricket Free – which argued that the consequences of accepting the BskyB bid put at risk the long-term financial security of the sport. The essence of their argument was that by restricting the game: “ ... to vastly reduced audience exposure, the ECB will not be able to develop many other potential sources of revenue – through broadcast sponsorship, merchandising, endorsement revenues and so forth. With these sources of revenue dwindling, the game will become ever more dependent on broadcast revenue and, correspondingly, will be in an ever weaker bargaining position.” The Keep Cricket Free campaign also referred, in evidence to a House of Commons committee, to an estimate which placed the potential value of the lost exposure on terrestrial television at just under £40 million per year.<sup>25</sup>

The Keep Cricket Free campaign acknowledged that refusal of Sky's offer would lose the ECB considerable income in the short term, but they contended that: “there is a need to continually renew the sport ... by attracting new people to the game and this is a primary consideration”. Without free-to-air they said: “ ...

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<sup>23</sup> *The Independent*, 18 April 2005. (There was an enormous controversy in Britain over the decision to play an international one-day match against Zimbabwe at the time of major civil unrest and state repression centred around the country's President Robert Mugabe)

<sup>24</sup> *The Observer*, 19 December 2004.

<sup>25</sup> House of Commons Select Committee on Culture, Media and Sport, *Broadcasting Rights for Cricket: Ashes to Ashes - the death knell for live Test match cricket on free-to-air TV?* (2006), p. 16.

hundreds of thousands of young people will lose contact with our national game and local clubs will fail to recruit new players. In taking the short-term money, the ECB has ensured cricket will be denied the oxygen of the widespread exposure that will attract a new generation to the game.”<sup>26</sup>

The scale of the public outcry against the decision to sell cricket rights to Sky drew critical motions in the House of Commons. Over 175 Members of Parliament joined a motion calling for reversal of the decision and there were numerous written and oral parliamentary questions asked of the Department for Culture, Media and Sport. John Grogan MP led a political campaign to ensure that cricket remained on free-to-air television, saying: “... cricket has completely sold out to the Murdoch gold.” Grogan argued that the fact that so many households did not have access to the Sky Sports package, would inevitably undermine the future of English cricket by denying it critical exposure: “It’s bound to have an impact that in a class of thirty 11-year olds, less than half will be able to watch cricket.”<sup>27</sup>

It also led to the Commons Select Committee on Culture, Media and Sport conducting a special investigation into the decision.<sup>28</sup> The report of that committee neatly summarised the implications of the sale of cricket rights to BSkyB: “The England teams’ capturing of the Ashes, and their steady movement up the rankings, has led to cricket, once again, taking its place as a leading team sport which presents role models for the nation’s youth and which fills the front and back pages of daily newspapers. The despair, felt by many, that the public would no longer be able to witness their heroes playing live Test cricket in England unless they subscribed to BSkyB came to the fore.”<sup>29</sup>

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<sup>26</sup> *Ibid.*

<sup>27</sup> *Daily Telegraph*, 17 August 2005.

<sup>28</sup> The Culture, Media and Sport Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Culture, Media and Sport and its associated public bodies.

<sup>29</sup> House of Commons Select Committee on Culture, Media and Sport, *Broadcasting Rights for Cricket: Ashes to Ashes - the death knell for live Test match cricket on free-to-air TV?* (2006), p. 3.

The ire of the Commons Select Committee focused on an informal agreement which had been agreed between the cricket authorities and the Government in 1998 and which had led the Government agreeing to take cricket off the protected list of events: “The gentleman's agreement between Lord Smith and Lord MacLaurin – to maintain a substantial proportion of live Test cricket on free-to-air television – has sadly proved totally ineffectual. We are disappointed that the ECB clearly breached the terms of the agreement.”<sup>30</sup>

The committee noted that, in Britain, a listed event is one that is generally felt to have special national resonance. It should contain an element which “serves to unite the nation”, be “a shared point on the national calendar”, and be “not solely of interest to those who follow the sport in question”. It should also command a large television audience and have a history of being broadcast live on free-to-air services. The committee continued: “... in a nation of sports lovers, it is imperative that some protection must exist for some sporting events.” And cricket was one of those events.

Ultimately, the Commons Select Committee concluded that, while it understood the monetary reasons behind the ECB decision, they remained opposed to the fact that the national game was no longer available to the wider public. It accepted that it had no powers to interfere with the deal – and that the Government had no such powers either – but that the sporting body was taking an unnecessary risk in opting for BSkyB and its subscription sports channel.<sup>31</sup>

The decision to move to Sky immediately limited the potential audience for cricket. The number of households subscribing to Sky when the deal was made was 8 million out of a total number of households in the UK of approximately 25 million. Of those 8 million, it is not possible to determine how many subscribe to Sky Sports as BSkyB say that this information is commercially sensitive. However, this figure will inevitably be considerably less than 8 million. Sky introduced offers to induce cricket clubs and their members to take out

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<sup>30</sup> House of Commons Select Committee on Culture, Media and Sport, *Broadcasting Rights for Cricket: Ashes to Ashes - the death knell for live Test match cricket on free-to-air TV?* (2006), p. 1.

<sup>31</sup> *Ibid*

subscriptions: a promotional offer was provided for members of County and Minor County clubs and a special reduced rate was provided for cricket clubs to install Sky's services.<sup>32</sup>

There are no clear figures available for the numbers who availed of these promotions but the viewing figures for Sky Sports broadcasts of cricket matches were disastrous through 2006. The estimated average viewing figure was just 261,000. This was about one-third of the figure who used to watch on Channel 4 and only one-sixth of the average figure who used to watch live test match cricket on the BBC before 1998.<sup>33</sup>

The acid test of the success or otherwise of the move of test match cricket to Sky Sports was also likely to be the Ashes tests in Australia. Simon Hughes, the former Middlesex cricketer and television analyst, understood the allure for the ECB in taking the money from BSkyB, but at the time of the deal he pointed out the significant risk involved in moving from free-to-air television: "Seven million homes have Sky – but 12 million don't. The danger is that something that was a national event because it was on terrestrial television ceases to be a national event."<sup>34</sup>

For the 2006-7 Ashes test series in Australia, the matches were shown exclusively live on Sky Sports. Audiences for the 2005 Ashes series between England and Australia had been consistently high and peaked at a viewing public of 8.4 million. This was a little over half of everyone watching television in Britain at that time. By contrast, the 2006-7 Ashes series between England and Australia did not draw more than 500,000 viewers. Even allowing for the less amenable viewing time for the 2006-7 series and England's defeat, the collapse in viewing figures was a major blow to the profile of cricket in England.

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<sup>32</sup> House of Commons Select Committee on Culture, Media and Sport, *Broadcasting Rights for Cricket: Ashes to Ashes - the death knell for live Test match cricket on free-to-air TV?* (2006), p. 18.

<sup>33</sup> *The Times* (London), 13 September 2006.

<sup>34</sup> *The Independent* (London), 28 November 2005.

Television viewers for cricket – as for most major sports – fall into three categories:

- a. Those who fanatically follow the sport;
- b. Those who come in for the big events;
- c. Those who don't watch it at all.

The greatest bulk of viewers fall into the middle tier of being interested in sports but unwilling to pay a subscription to watch sporting events.<sup>35</sup> It is precisely this group – so crucial to the development of sports organisations in so many ways – who no longer watch the sport after it has been bought by pay-tv. The nature of cricket – running as it does for at least seven hours a day over five continuous days – means that no free-to-air broadcaster is going to entirely clear its schedules for every home test match. Accordingly, it is inevitable that pay-tv will play some part in coverage of cricket. Nonetheless, the ECB – led by David Morgan and Giles Clarke – are reputed to be looking for circumstances which will enable them to broadcast cricket on free-to-air television.<sup>36</sup>

Prof. Steven Barnett returned to the subject of the Sky Sports deal in the 2007 Wisden Almanack. His verdict was damning: “The cricket connoisseur who is willing to pay (or sit in the pub) is being well-served by Sky’s uninterrupted coverage, but the decline in casual viewers has been dramatic.”<sup>37</sup> For cricket, he wrote, this was the year the ratings went bust: “On average, it is fair to say that Sky’s audiences are running at around one sixth of those on C4 – precisely what critics of the deal feared and the game’s administrators ignored.”

### III

#### Conclusion

The evidence that emerges from the sale of the Heineken Cup and English cricket television rights to a pay-tv company is clear-cut. Moving to pay-tv profoundly

<sup>35</sup> *The Guardian*, 17 October 2005.

<sup>36</sup> *The Observer*, 19 December 2004 and *The Independent*, 18 April 2005.

<sup>37</sup> Steven Barnett, *Wisden Almanack* (2007).

alters the nature of sports organisations. For everybody engaged with the sport – players, grassroots members, spectators and television viewers – pay-tv introduces a dramatic, new dynamic. For all that vast sums of television money can benefit an organisation as it seeks to meet its expenses or develop its sport, there is always a pay-off. That pay-off involves the creation of elites – an elite collection of clubs who profit most from television money and an elite level of player who gets paid inordinate sums of money. The reality of pay-tv is that it not only drives up the money paid to players in sports which are already professional, but it also drives the creation of professionals in sports which were previously amateur.

Alongside the creation of elites within sports comes the reinforcement of divides amongst those who watch on television. The strength of universal public service broadcasting is that it provides equality of access to every community within a country – pay-tv subverts this equality. The evidence is everywhere: when a sport moves to pay-tv, people who are older or poorer or who live in rural areas are substantially less likely to be able to watch it, regardless of their interest in or commitment to that sport. But, even in cities, significantly fewer people watch sport on pay-tv than watch it on free-to-air channels.

Perhaps the most potent aspect of pay-tv channels is that, once they secure broadcasting rights to a sport, that sport finds it almost impossible to determine its own future. Pay-tv money re-orders sports organisation to such an extent that it appears to become inconceivable to imagine life without it. The Chief Executive of Setanta Sports in Ireland has written that the argument about whether sports should be shown only on free-to-air television is now irrelevant because sports organisations “have become dependent upon the increased revenues” from pay-tv companies.<sup>38</sup> Essentially, sports organisations that have signed their rights over to pay-tv companies have, indeed, become dependent on the money which is earned through such deals. In turn, pay-tv companies – run as corporations and owned in large measure by venture capitalists – must find the money to pay for these deals and to generate profit for their shareholders. To do this, they

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<sup>38</sup> *Sunday Business Post*, 29 January 2006.

generate income from the die-hard supporters of sports who must now pay a subscription in order to watch matches on television.

It has always been a major challenge for sports organisations to decide how best to present their sports on television. In the last decade, it is clear that the increase in the sums of money paid by broadcasters to secure sports rights has redrawn the relationship between television and sport. At its best, this relationship is a finely-balanced, mutually-beneficial partnership. At its worst, it leaves sports organisations vulnerable to the demands of private television companies who exploit sport for financial gain. Even 50 years ago, there were prescient warnings that unregulated, commercialised television would seek "... to exploit sports to the utmost."<sup>39</sup> Since then there have been numerous examples of how pay-tv has exploited sporting organisations, sports men and women, and sports supporters in pursuit of profit.

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<sup>39</sup> Anthony Smith, *Television: an international history* (1995), p. 154.