

The strategies of Broadcasting Soccer Championship on Paid and Free TV-channels

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Annotation

At the beginning of the Russian Premier League (RPL) 2018/19 season, many TV-viewers have noticed that Russian sports public channel MATCH-TV radically changed the strategy for choosing soccer matches for broadcasting (see table 1). First, the average amount of broadcasts has severely decreased. Second, there was a significant drop in the percentage of broadcasts of best teams among all broadcasts: teams from the bottom half of the table appeared more often than the the leaders. One can see from Table 1 that in the first round of the 2018/19 tournament only FC Rostov was broadcasted more than 3 times out of all top-6 teams, whilst the matches of other top teams were broadcasted twice less than before. Obviously, it was disappointing for the fans of top teams and many neutral fans.

The most likely reason of this change in broadcasting strategy is a launch of a new private paid channel MATCH-PREMIER. MATCH-PREMIER subscribers can watch all RPL matches live. Since both channels belong to the same TV-holding, they are not competing with each other, but rather exist as complements. From the TV-holding's management perspective, the new strategy can be interpreted as an attempt to induce viewers to buy a subscription for the paid MATCH-PREMIER channel. However, the broadcasting of less interesting matches on MATCH-TV is going to result in the drop in auditory of the public channel MATCH-TV. It would subsequently lead to the decrease in the revenue from the advertisement. Given this trade-off, the management problem is to choose a strategy that maximizes the profit.

Our paper presents a simplified theoretical model of a TV-holding consisting of a public and a paid channels. The holding owns the broadcasting rights of a soccer championship. Four teams participate in the championship organized in the form of a round-robin tournament. The manager determines the broadcasting strategy. The trade-off is between switching part of the televiewers to the paid TV-channel and keeping sufficient part of the auditory on the public channel, which allows to keep high revenues from the advertisement. The latter is possible due to the existence of heterogeneous televiewers with various preferences and valuations for matches.

We demonstrate that there exists a set of exogenous parameters' values, such that the strategy of broadcasting 'weak' matches on free TV channel could be the optimal one. In some sense, we rationalize the behaviour of the MATCH-TV and MATCH-PREMIER management.

| Season 2017/18 | | Broadcasts per round | | Season 2018/19 | | Broadcasts per round | |
|---|------|----------------------|---------|---------------------------------|------|----------------------|---------|
| Team | rank | 1 Round | 2 Round | Team | rank | 1 Round | 2 Round |
| Lokomotiv | 1 | 11 | 6 | Zenit | 1 | 3 | 3 |
| CSKA | 2 | 13 | 8 | Lokomotiv | 2 | 3 | 4 |
| Spartak | 3 | 14 | 10 | Krasnodar | 3 | 2 | 4 |
| Krasnodar | 4 | 8 | 4 | CSKA | 4 | 3 | 3 |
| Zenit | 5 | 14 | 9 | Spartak | 5 | 3 | 3 |
| Ufa | 6 | 4 | 2 | Arsenal | 6 | 6 | 3 |
| Arsenal | 7 | 3 | 4 | Orenburg | 7 | 4 | 1 |
| Dynamo | 8 | 5 | 0 | Akhmat | 8 | 3 | 3 |
| Akhmat | 9 | 6 | 3 | Rostov | 9 | 6 | 5 |
| Rubin | 10 | 8 | 2 | Ural | 10 | 5 | 5 |
| Rostov | 11 | 5 | 5 | Rubin | 11 | 3 | 7 |
| Ural | 12 | 5 | 3 | Dynamo | 12 | 4 | 6 |
| Amkar | 13 | 5 | 2 | Krylia Sovetov | 13 | 3 | 6 |
| Anzhi | 14 | 5 | 2 | Ufa | 14 | 3 | 5 |
| Tosno | 15 | 3 | 2 | Anzhi | 15 | 5 | 1 |
| SKA-Khabarovsk | 16 | 5 | 3 | Yenisey | 16 | 6 | 1 |
| Avg. broadcasts per matchweek | | 3.8 | 2.17 | Avg. broadcasts per matchweek | | 2.07 | 2 |
| Share of top-5 in broadcasts | | 0.53 (0.45) | 0.57 | Share of top-5 in broadcasts | | 0.27(0.21) | 0.283 |
| Correlation of ranks-broadcasts | | 0.71 (0.68) | 0.64 | Correlation of ranks-broadcasts | | -0.4(-0.47) | -0.09 |
| Note: in parentheses in last 2 rows the values are recalculated given the standings after the 1st round | | | | | | | |

Table 1: Broadcasts of RPL matches on MATCH-TV channel in seasons 2017/18 and 2018/19