

The logo for L.E.K. Consulting, featuring the letters 'L.E.K.' in a white, serif font on a dark green rectangular background.

COMPS – Supplementary Material for Senate Hearing
Submission to the Senate Inquiry into the reporting of
sports news and emergence of digital media

04 May 2009

The materials contained in this document are intended to supplement a discussion between COMPS and L.E.K. Consulting on 15 April 2009. These perspectives are confidential and will only be meaningful to those in attendance.

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Table of Contents

- 1 Key statistics
- 2 Specific examples of online content that need clarification
 - 2a Detailed video and image archives
 - 2b Unofficial sports portals
 - 2c Syndication of sports content
 - 2d Direct monetisation of sports content
 - 2e Non affiliated advertising “ambush” marketing
 - 2f Social networking
- 3 Community outreach examples
- 4 Audience fragmentation by third party websites
- 5 International event new media restrictions

1 Key statistics

Sports are a major part of Australian society & culture

Australia's engagement with COMPS sports		Source	Note
COMPS Cumulative Viewership p.a.	~380m games viewed	COMPS supplied data	Aggregated all match TV & attendance data for latest year of data supplied by each COMPS member
COMPS Total Attendance p.a.	~16m ticket sales	COMPS supplied attendance data	Aggregated all match TV & attendance data for latest year of data supplied by each COMPS member
Percentage of population attending at least 1 match	~45%	ABS	Percentage of population aged over 15 that attended a match in the previous 12 months (2005-06)
COMPS Participation:			The Exercise, Recreation and Sport Survey (ERASS) is a joint initiative of the Australian Sports Commission and the state and territory government agencies responsible for sport and recreation
<i>AFL</i>	>690,000	AFL	
<i>Rugby Union</i>	>125,000	ERASS 2007	
<i>Cricket</i>	>770,000	Cricket Australia	
<i>Football</i>	>930,000	ERASS 2007	
<i>Rugby League</i>	>450,000	NRL	
<i>Golf</i>	>900,000	ERASS 2007	
<i>Tennis</i>	>950,000	ERASS 2007	

Sports are an important part of Australia's economy

Direct benefits		Source
Sport direct contribution to GDP:	\$8.8 b p.a.*	2004 / 2005 data quoted in Australian Government report titled "Australian Sport: Emerging Challenges, New Directions"
Total COMPS Revenue:	~\$900 m p.a.	Aggregation of individual COMPS supplied data (latest year provided for each 07 and 08)
Total Persons Employed in Sport:	112,000 *	ABS

Note: * 2004/05

Source: COMPS Financial Reports; ABS; Australian Sport: Emerging Challenges, New Directions; ERASS

2 Specific examples of online content that need clarification

Example	Description	Issue for COMPS	Specific examples
a) Detailed video and image archives	Media websites are providing archives of sporting events, which may include, for example, up to 50 photos from a cricket test match, or highlight packages for each day's play	Both the volume of coverage and the duration of availability extend beyond a traditional concept of news reporting	<ol style="list-style-type: none"> 1. Fairfax Digital 2. Fox Sports
b) Unofficial sports portals	Media organisations have created websites dedicated to particular sports. These websites include news, image galleries, expert opinions, ladders, fixtures, tipping, and can include a page dedicated to each club	These portals divert traffic from official COMPS websites. This dilutes the value of official content	<ol style="list-style-type: none"> 1. Real Footy 2. League HQ 3. Rugby Heaven
c) Syndication of sports content	Media websites that display video footage allow the footage to be embedded in third party websites	Unofficial video is propagated across third party websites reducing the value of the official website for web users. News organisations are directly leveraging sports content for their own commercial purposes	<ol style="list-style-type: none"> 1. Fox Sports
d) Direct monetisation of sports content	Mobile operators distribute highlights clips, provided as 'news coverage', sold on a subscription or 'per clip' basis	Erodes the value of COMPS sports' mobile rights. News organisations are directly leveraging sports content for their own commercial purposes	<ol style="list-style-type: none"> 1. 3 Mobile
e) Non Affiliated advertising "ambush" marketing	Media websites show adverts before video highlights and company logos and advertisements next to the highlights that appear to be a formal sponsor of the sport	<p>Non-affiliated websites are generating ad revenue from highlight clips</p> <p>This also dilutes 'exclusive' sponsorship arrangements</p>	<ol style="list-style-type: none"> 1. Fairfax Digital 2. Fox Sports
f) Social Networking	Highlights are uploaded to the internet on to websites such as YouTube which aggregate videos. Extended highlight clips and portions of games are available and are linked to related videos	This form of communication is becoming increasingly popular and will erode the value of COMPS sports' internet rights	<ol style="list-style-type: none"> 1. YouTube

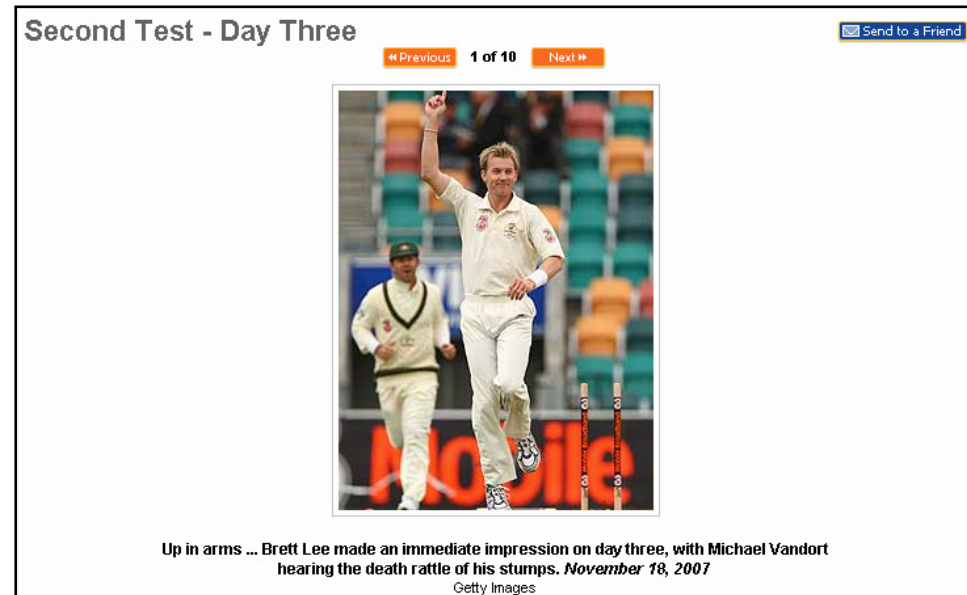
Note: More detailed examples on following pages

2a Detailed video and image archives

Example	Description	Issue for COMPS	Specific examples
a) Detailed video and image archives	Media websites are providing archives of sporting events, which may include, for example, up to 50 photos from a cricket test match, or highlight packages for each day's play	Both the volume of coverage and the duration of availability extend beyond a traditional concept of news reporting	<ol style="list-style-type: none"> 1. Fairfax Digital 2. Fox Sports



- Dedicated archive for “Summer of Cricket”
- Contains highlights clips including a catch from a match that occurred months earlier



- Historical image archives from over a year old

2b Unofficial sports portals

Example	Description	Issue for COMPS	Specific examples
b) Unofficial sports portals	Media organisations have created websites dedicated to particular sports. These websites include news, image galleries, expert opinions, ladders, fixtures, tipping, and can include a page dedicated to each club	These portals divert traffic from official COMPS websites. This dilutes the value of official content	<ol style="list-style-type: none"> 1. Real Footy 2. League HQ 3. Rugby Heaven <p>(all Fairfax Digital)</p>

Sport

Live scores | Rugby | NRL | AFL | Cricket | Tennis | Golf | Motorsport | Football

Roosters deny signing Carney



12:46pm | But glamour club admits they are interested in signing NRL's wild child. | Tangled Webcke halts pulping of book | Dragons legends on Bennett bandwagon | Taulapapa's ban adds to Sharks woes | Penrith bid for points doomed

- Basketball 'Humiliated' former housekeeper sues Kobe Bryant
- Cycling Armstrong confident of Giro return after surgery
- Golf Woods defends fee to appear at 'favourite place to play'
- Union Lions coach quits after racism hearing
- Cricket Warne's Royals an outside chance for world sports awards
- Football Pim spoilt for choice with four strikers

≡ **LEAGUE HQ** ≡

NRL power rankings
For the third time in as many weeks there is a new No.1.

≡ **REAL FOOTY** ≡

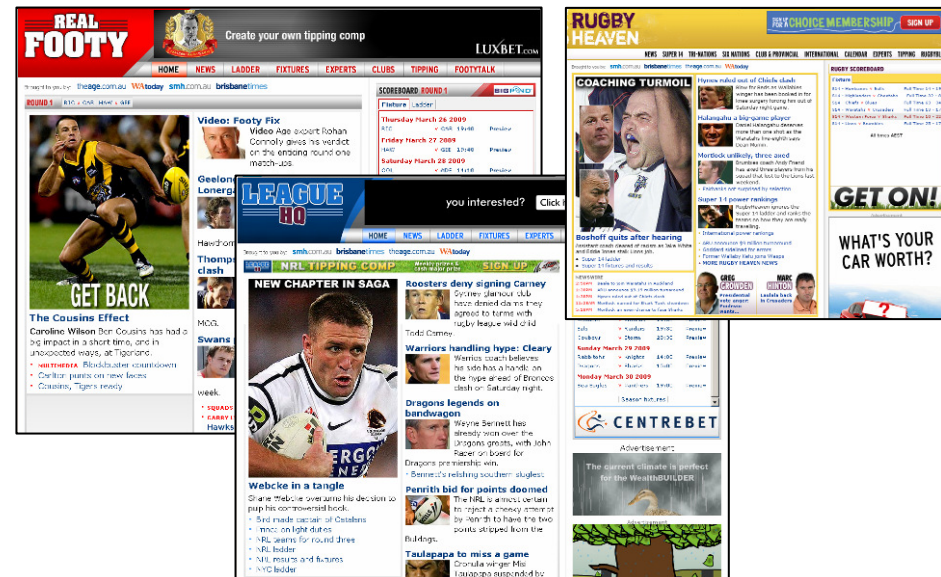
On the Western front
Swans' success key to western expansion.

RUGBYHEAVEN

Super 14 power rankings
RugbyHeaven ignores the Super 14 ladder and ranks the teams.



Pointless penalty
Phil Gould: Extra man rule fails the grand final test.



- www.smh.com.au links to dedicated sports portals

- Each portal can contain news, image galleries, expert opinions, ladders, fixtures, tipping, and can include a page dedicated to each club

2c Syndication of sports content

Example	Description	Issue for COMPS	Specific examples
c) Syndication of sports content	Media websites that display video footage allow the footage to be embedded in third party websites	Unofficial video is propagated across third party websites reducing the value of the official website for web users. News organisations are directly leveraging sports content for their own commercial purposes	<ol style="list-style-type: none"> 1. Fox Sports 2. Fairfax

AFL Video

MEL v ADE (26/4)

Video Quality: High Medium Low

MEL v ADE (26/4)
Adelaide beat Melbourne 54-31 in a dull contest at the MCG where the Demons did not manage a single goal in the first half of the game.

Related Links:
+ Crows hold firm over Demons

NEW! Find out more about the **new higher quality video**

Embed this video on your site

Paused 01:16/03:38

More AFL Videos

- Fox Sports allows other websites to embed highlight clips on their own websites

2d Direct monetisation of sports content

Example	Description	Issue for COMPS	Specific examples
d) Direct monetisation of sports content	Mobile operators distribute highlights clips, provided as 'news coverage', sold on a subscription or 'per clip' basis	Erodes the value of COMPS sports' mobile rights. News organisations are directly leveraging sports content for their own commercial purposes	1. 3 Mobile



Here are the highlights:

- Live scores and match stats for every game in every round including State of Origin and Kangaroo tours
- Fixtures and ladder
- Video updates
- NRL on TV Video
- Match previews and reviews
- News updates throughout the day
- Alerts available to advise scores at each break

- 3 mobile offers highlight clips of matches on a subscription or 'per clip' basis
- For example, highlight packages of an NRL match cost 50c each

Text story	15c
Video	50c

2e Non affiliated advertising “ambush” marketing

Example	Description	Issue for COMPS	Specific examples
e) Non affiliated advertising “ambush” marketing	Media websites show adverts before video highlights and company logos and advertisements next to the highlights that appear to be a formal sponsor of the sport	Non-affiliated websites are generating ad revenue from highlight clips This also dilutes ‘exclusive’ sponsorship arrangements	1. Fairfax Digital 2. Fox Sports

The screenshot shows the website theage.com.au with a video player. A red circle highlights a 'Fairfax Media' watermark overlaid on the video. The page includes navigation links like NEWS, MYCAREER, and DRIVE, and a search bar. The video player shows a cricket match with a 'FOX SPORTS LIVE' logo. Below the video, there are sections for 'Aussies bury Proteas challenge', 'THE AGE CHANNELS', and 'SUMMER OF CRICKET'.

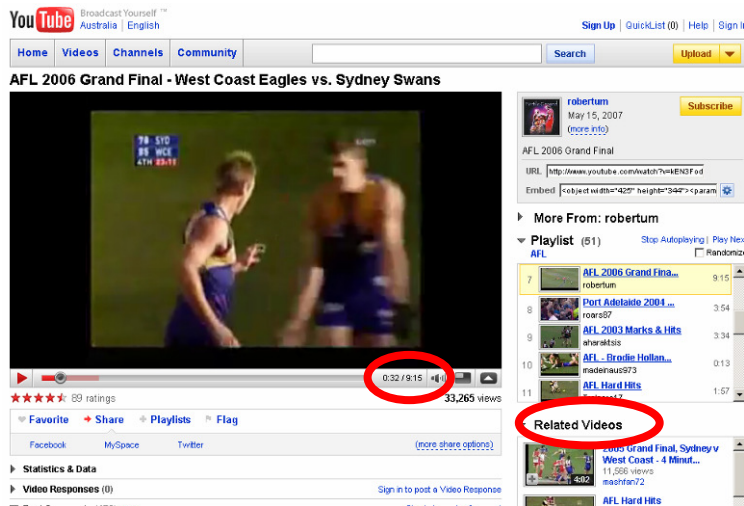
- A ‘Fairfax Media’ watermark appears over the video
- The video itself is over a month old

The screenshot shows the Fox Sports website with a video player. A Gillette advertisement is overlaid on the video, which shows a man shaving. The website header includes 'FOX SPORTS' and navigation links for various sports. The video player shows 'NRL Video' and 'BUL v SOU (13/4)'. Below the video, there are sections for 'More League Videos' and 'What's Hot'.

- Prior to the highlight package there is a 16 second commercial shown

2f Social networking

Example	Description	Issue for COMPS	Specific examples
f) Social Networking	Highlights are uploaded to the internet on to websites such as YouTube which aggregate videos. Extended highlight clips and portions of games are available and are linked to related videos	This form of communication is becoming increasingly popular and will erode the value of COMPS sports' internet rights	1. YouTube



- Over 9 minutes of content
- Package related videos
- >32,000 views

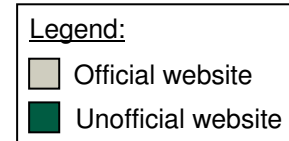


- Over 10 minutes of content
- Package related videos
- >8,000 views

3 Community outreach examples

- Tennis Australia - contributes to the community through programs such as the Aviva Tennis Hot Shots Program, National Coach Education Program, Talent Search, the National Court Rebate Scheme and the AIS Pro Tour Program
- NRL - community contributions include Rugby League's One Community, the Indigenous Development Program, Kids to Kangaroos, LeagueFun, and Legends of League
- ARU - contributions to the greater community include EdRugby - the ARU's national education program for schools, TryRugby, and Indigenous Rugby Programs
- FFA – contributes to football in Australia through programs such as the Optus Small Sided Football, the Indigenous Football Festival, and Talented Player Development Programs
- Cricket Australia - contributes to the community through programs such as MILO in2 CRICKET, Disability Action Plan and CricKids Playing in Harmony
- PGA - contributes to grassroots golf through the PGA Foundation and programs such as the Holden Young Lions, involving PGA members undertaking clinics across the nation
- AFL - runs a number of community interest programs including NAB AFL Auskick, AFL Kickstart, AFL Club Community Camps, Multicultural Football Schools Program, and the AFL National Schools Program

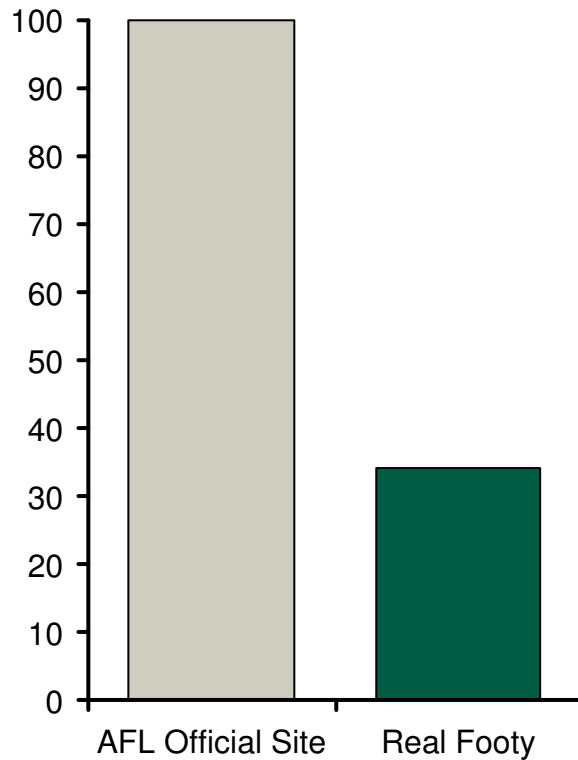
4 Audience fragmentation by third party websites



Average daily unique visitors to official and unofficial sports websites (2008 Season)

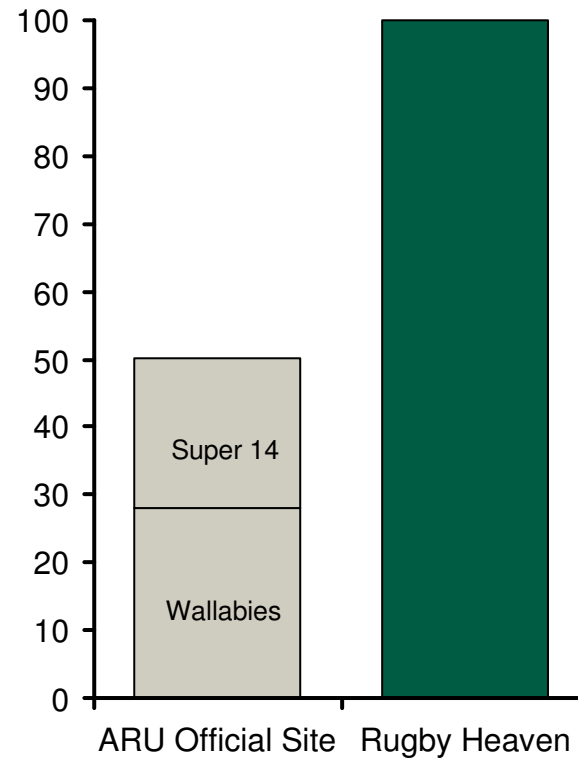
Australian Rules

Percentage



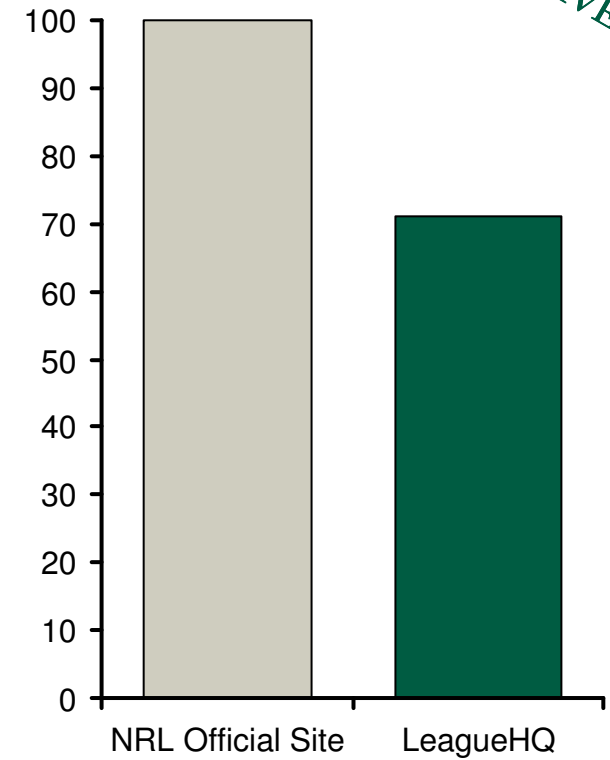
Rugby Union

Percentage



Rugby League

Percentage



ILLUSTRATIVE

5 International event new media restrictions

Excerpt from “IOC Submission into the reporting of sports news and the emergence of digital media”

“The Internet is an important medium for the communication and promotion of sport and the Olympic Movement. The IOC embraces this medium as a platform for disseminating coverage of the Olympic Games and understands that media organisations have integrated this medium in their business and publish Olympic-themed content on their websites to target the online audience and to better serve fans.

The dissemination of moving images and play-by-play audio commentary over the Internet are covered by broadcast licences. Unless a media organisation has been granted the right by the IOC to broadcast such material over the Internet, no sound or moving images of any Olympic events may be disseminated over the Internet, whether on a live or delayed basis, regardless of source, unless authorised by the IOC. On the other hand, in cases where broadcast rights-holders have been granted the right by the IOC to broadcast moving images and play-by-play audio commentary over the Internet, the broadcast of such material on the Internet must not be accessible to persons outside the broadcast territory for which the respective broadcast rights-holders have been granted rights by the IOC - i.e. such broadcast must be geoblocked.

Media organisations that have not purchased broadcast rights from the IOC may not disseminate moving images or play-by-play audio coverage of the Olympic Games over the Internet, beyond that which is permitted under the IOC’s News Access Rules.”

5 International event new media restrictions

ICC WOMEN'S WORLD CUP 2009 NEWS ACCESS REGULATIONS

No television, radio, internet or other inter-active or electronic media broadcaster other than an official licensed broadcaster appointed by ICC or EML may broadcast, transmit and/or stream sound or images or a combination of them anywhere in the world of the Event, including, without limitation, any event/function organised prior to the commencement of the warm-up matches on 1 March 2009, any press conference, interviews, training sessions, warm-up matches and competitive matches, the opening ceremony, any post match presentations and the closing ceremony, and/or other events/functions which are organised under the auspices of ICC, CA and/or the local organising committee of the Event, other than what is allowable under these News Access Regulations. These News Access Regulations are subject to applicable national laws and regulations. The Accreditation of any person(s) accredited at the Event may be withdrawn without notice or reason, at the discretion of IDI, for the purposes of ensuring compliance with these News Access Regulations.

1. Event material may only be used in regularly scheduled bona fide daily news programmes/bulletins (specifically excluding any magazine, analysis, feature and/or discussion programmes) of which the actual local, regional, national or international current hard news elements constitute the main feature of the programmes. Such programmes may not be positioned or promoted as Event programmes.
2. Non-rights holders are permitted solely to report in newspapers or magazines a description of the status and outcomes of Matches.
3. Non-rights holders may not make available or provide Event material to any third party without the prior written consent of the ICC.
4. Non-rights holders may not infringe, or facilitate the infringement of, the rights of any party officially associated with the Event and in this regard the non-rights holders may not, without limitation ...