SPORTS ECONOMICS AND POLICY

A Term - Fall 2021

Monday 5:40pm – 8:55pm

Room: Warren 208

Professor Sunil Gulati Professor Jonathan Knee

Hours: M: 10-11, W: 11:30-12:30 Hours: Tues. 3pm-4pm

Office: 1001C Intl Affairs Bldg. Office: 312 Uris

Phone: 212-854-4067 Phone: 212-857-3158

[sunil@columbia.edu](mailto:sunil@columbia.edu) [knee@evercore.com](mailto:knee@evercore.com)

TA: Peter DeBlasi (PDeblasi22@gsb.columbia.edu) Phone: 631-991-1173

Course Description

The course examines economic and policy issues raised by the rapid changes in the contemporary sports industry. The focus is on understanding the implications of industry structure, economics, law and culture in both the domestic and international sports businesses (especially soccer), with an emphasis on how these factors may impact the post pandemic world for various stakeholders. In addition, we consider various forms of public and self-regulation designed to improve the effective operation of sports businesses in the face of this transformation.

Grades will be based on a combination of your attendance, class participation, weekly short homework assignments, a project outline, and a group project. The project outline is due the Friday before session #4 (September 24th). The group project will be due before the start of class session #5 (October 4th) and two of the groups will be asked to make short presentations of their work during the final session (#6 - October 11th). A schedule for the classes is listed below, though we reserve the right to make changes primarily due to the availability of guest speakers.

|  |  |
| --- | --- |
| Session 1  **Course Outline** | Intro to Sports Economics and Industry Structure |
| **September 10th**  Professor Gulati | ***Topics:***  (1) Class overview and organization  (2) Microeconomics and sports  (3) The structure of professional sports in the U.S.  (4) Taking A Knee: Pre and Post George Floyd  Readings:  (1)Richard H. Thaler, “Anomalies: The Winner's Curse***.***” *The Journal of*  *Economic Perspectives*, Vol. 2, No. 1. (Winter, 1988), pp. 191-202.  (2) Simon Rottenberg “The Baseball Players' Labor Market.” *The*  *Journal of Political Economy*, 1956.  (3) Jeffery Borland and Robert Macdonald, “Demand for Sport” *Oxford*  *Review of Economic Policy*, Vol. 19, No. 4 (2003), pp.478-502.  (4)Stefan Szymanski, “The Economic Design of Sporting Contests.” *Journal of Economic Literature*, Vol. 41 (Dec., 2003), pp. 1137-1187.  (5) Andrew Zimbalist, “Sport as Business.” Oxford Review of Economic Policy, Winter 2003, Volume 19, pp. 503-511.  (6) Allen Sanderson and John Siegfried, “Thinking about Competitive Balance.” Journal of Sports Economics, Volume 4, Issue 4, 2003. pp 255-279.  (7) Mitchell Ziets and David Haberm “The Financial Valuation of Sports Franchises.” The Business of Sports, (Rosner, Shropshire--editors). Jones and Bartlett Learning, 2011.    **Groups assigned** |
|  | Media Rights Deals |
| September 13th  Professor Knee | Topics:  (1) Cost and exploitation of sports rights (2) Impact of pandemic on sports rights  Guest: Sean McManus, Chairman, CBS Sports (TBC)  Cases: Victoria Chavez and George Foster, Fox Sports and News Corp., Sports Empire, Stanford Graduate School of Business – Case SPM-10, September 3, 2003.  Readings:  (1) Bharat Anand, “Spillovers,” from The Content Trap  (2) Andrew Marchand, “MLB lands billion-dollar deal with Turner Sports to broadcast playoff,” New York Post, June 13, 2020. (<https://bit.ly/3j9HEdL>)  ***Key Questions:***   1. Was News Corp’s decision to outbid CBS for football rights wise financially and/or strategically? Do you think those are different questions? 2. What are the key factors that drive the short and long term financial impact of the purchase? 3. What was driving sports rights trends before the pandemic? 4. How has the pandemic changed those trends? |

|  |  |
| --- | --- |
| Session 3 | Pandemic Impact on Sports Value Chain |
| **September 20th**  *Professor Knee* | Topics:   1. Sports talent value chain 2. Key factors determining how much value there is, who captures it 3. Key factors determining how pandemic pain is spread across value   chain  ***Cases:*** Bharat N. Anand and Kate Altea, International Management Group (IMG), Harvard Business School case 9-702-409, Sept. 16, 2002  ***Guest:*** George Pyne, CEO, Bruin Sports Capital (TBC) ***Readings:***  (1) 2014 financing documents, WME acquisition of IMG.  (2) Endeavor Group Holdings form S-1 (<https://bit.ly/3wA41za> )  (3) Sunil Gulati, Andrew Zimbalist “COVID-19 was a Game Changer,   What Now for the Future of Sport,” I by IMD March 2021   (<https://nym.ag/3gBYZvh>)  (4) Kim Masters, “High-Flying Endeavor Brought Down to Earth by  Virus and Debt,” The Hollywood Reporter, Mar. 26, 2020  (<https://bit.ly/30fLOYW>)  (5) JP Morgan, “Alexia’s Sports Rights Almanac 2020,” North American  Equity Research, June 24, 2020. Pages 4-8  (6) Wells Fargo, “Regional Sports Network (RSN) Primer,” June 10,  2019. Pages 1-13  (7) Neil Paine, “The Coronavirus’s Economic Effect On Sports Could Be  Staggering,” FiveThirtyEight, Mar. 16, 2020  (<https://53eig.ht/30cbXrw>)  (8) ESPN Staff, “Sudden vanishing of sports due to coronavirus will cost  at least 12 billion, analysis says,” ESPN, May 1, 2020  (<https://es.pn/2ZzV1vT>)  (9) Will Leitch, “10 Ways 2020 Changed Sports Forever,” NY Mag   Intelligencer, Dec, 26, 2020 (<https://nym.ag/3gBYZvh>)  ***Key Questions:***   1. Where does the value lie in the talent value chain? In sports who has   leverage- athlete, agent, agency, team, league, broadcaster 2. What should one look for as critical qualities of attractive sports businesses to invest in 3. What are the key characteristics of sports business winners and losers during the pandemic? 4. What drove the changes in the composition of IMG from the time of the case to its sale to WME and to its IPO this year?   Project outline due by Friday, September 24th |
| Session 4 | Soccer — Domestic and International |
| September 27th  Professor Gulati | Topics:  (1) The Institutional Landscape  (2) MLS and International Soccer  (3) USWNT and Equal Pay  (4) Rise and Fall of Superleague ***Readings:***  (1)Andrew Zimbalist, Circus Maximus: The Economic Gamble Behind Hosting the Olympics and the World Cup (Brookings Institution Press, 2015).  (2) Morgan, et.al. v. United States Soccer Federation; Complaint, Response and Ruling; Various Documents  (3) Tariq Panja, Super League Collapses as Premier League Teams Walk Away, NYT. April 20. (<https://nyti.ms/3zr0GEF>)  ***Guest:*** TBD |
| Session 5  October 4th  Professor Knee | The Impact of Digital Platforms  Topics:   1. Emergence of SVOD and OTT platforms   ***Cases:*** Anita Elberse and Brett Laffel, Major League Baseball Advanced Media: America’s Pastime Goes Digital, Harvard Business School case  9-510-092, February 28, 2011  Guests: John Skipper, CEO, Meadowlark Media (TBC),  Kevin Mayer, Chairman of DAZN (TBC) Readings:   1. BAMTech marketing materials 2. “Disney Invests $1 Billion in MLB’s Streaming Business, BAMTech, “Hollywood Reporter, August 9, 2016. (<https://bit.ly/2HzZGaE>) 3. “Disney to End Netflix Deal, Sets Launch of ESPN and Disney Branded Streaming Services,” Variety, August 8, 2017. (<https://bit.ly/30hYW0w>) 4. Sam Carp, “DAZN Group to prioritise streaming business as Perform and STATS merge,” Sports Pro, April 15, 2019. (<https://bit.ly/2S9ILxH>) 5. Ed Dixon, “’DAZN wants US NFL Rights’ Says CEO,” Sports Pro, July 9, 2019. (<https://bit.ly/36gEKQl>) 6. Tariq Panja, “TPG in Talks to Acquire Goal, the Soccer Website, for $125 Million”, New York Times, June 3, 2020 (<https://nyti.ms/3fD4GYf>) 7. Fred Garvin, “A Not So Quick Glimpse At DAZN’s Financials”, Medium, March 21, 2020. (<https://bit.ly/3eAs7QP>) 8. John Wall Street, “DAZN in Trouble? OTT Provider Tells League Partners It’s Not Paying Rights Fees During Hiatus, SI.com, Apr 1, 2020. (<https://bit.ly/2DPAafN>)   ***Key Questions:***   1. What businesses is BAMTech in? In which of these do you think it has a competitive advantage and what is the source of that? 2. Why did Disney invest in BAMTech and why did it accelerate its purchase of control? 3. Is DAZN a good business? 4. Which sports streaming businesses are helped and which are hurt by the pandemic? Are the short and long term answers to this different?   Group Projects due |
| **Session 6** | Policy Implications: Public and Private |
| October 11th  Professor Gulati Professor Knee | Topics:  (1) Presentation of final projects  (2) Ethics, Values and Corruption in Sports  (3) Public Policy: antitrust, price regulation, “public” access  (4) Private policy: student athletes, head injury  (5) Winners/losers in the post pandemic world  Cases: TBD Guest: TBD Reading: TBD |

METHOD OF EVALUATION

Group Project – 50% Groups will be randomly assigned at the first class session and the project will   
 be due at the start of the 5th session. Two groups will be selected to present   
 their projects during the last class.

Class participation – 25% TA keeps track of participation and attendance. Two absences results in a   
 maximum grade of P. Three absences result in an F for the course.

Homework – 15% Due each week before the start of class starting on week 2 through Canvas.

Project Outline – 10% Due by 5pm on Sept 24th through Canvas.

**ATTENDANCE POLICY**

Students are required to attend each class and first class attendance is mandatory. Students participating remotely must have their video function enabled to be considered present. Students should reach out to the instructor or TA to seek an excused absence (for religious observances; personal, medical, and family emergencies; military service; court appearances such as jury duty). Note that if a category of absence provides a legitimate basis for excuse, if the student has adequate notice it is his/her responsibility to arrange for the class to be taped. Only after the student confirms that the tape has been viewed is an excuse granted. Unexcused absences will affect your course grade. It is the student’s responsibility to confirm the accuracy of attendance records with the TA on an ongoing basis.

* Students that miss **33%** of their classes (2 unexcused absences or more) will at most receive a **P** **for the course grade**
* Students that miss **50%** of their classes (3 unexcused absences or more) will receive a **F** **for the course grade**

**INCLUSION, ACCOMMODATIONS, AND SUPPORT FOR STUDENTS**

At Columbia Business School, we believe that diversity strengthens any community or business model and brings it greater success. Columbia Business School is committed to providing all students with the equal opportunity to thrive in the classroom by providing a learning, living, and working environment free from discrimination, harassment, and bias.

Columbia Business School will make reasonable accommodations for persons with documented disabilities.  Students are encouraged to contact the Columbia University’s Office of Disability Services for information about registration. Students seeking accommodation in the classroom may obtain information on the services offered by Columbia University’s Office of Disability Services online at [www.health.columbia.edu/docs/services/ods/index.html](http://www.health.columbia.edu/docs/services/ods/index.html) or by contacting (212) 854-2388.

Columbia Business School is committed to maintaining a safe environment for students, staff and faculty.  Because of this commitment and because of federal and state regulations, we must advise you that if you tell any of your instructors about sexual harassment or gender-based misconduct involving a member of the campus community, your instructor is required to report this information to a Title IX Coordinator.  They will treat this information as private, but will need to follow up with you and possibly look into the matter.  Counseling and Psychological Services, the Office of the University Chaplain, and the Ombuds Office for Gender-Based Misconduct are confidential resources available for students, staff and faculty. “Gender-based misconduct” includes sexual assault, stalking, sexual harassment, dating violence, domestic violence, sexual exploitation, and gender-based harassment.  For more information, see <http://sexualrespect.columbia.edu/gender-based-misconduct-policy-students>.