A winner’s curse in the bidding process for broadcasting rights in football? The cases of the French and UK markets

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Abstract

The winner’s curse is a well-known phenomenon in the auction theory. The main aim of this article is to verify its existence in football broadcasting rights. The underlying objective is to assess whether some indices of this situation are verified and can cause a winner’s curse. The methodology is based on the application of Andreff (2014)’s six indices and a seventh index (disappointment) to the domestic markets for broadcasting rights of the French and English football leagues. These two markets have seen an increase in the number of packages offered to broadcasters, with the possibility of several ‘winners’. The paper shows that the winner of the major packages in the auction is not cursed. The curse is more likely to happen for the second mover. As such, the paper suggests a practical recommendation for broadcasters interested in football rights: win the best package or keep away.

Keywords

winner’s curse, football broadcasting rights, first mover advantage, second mover disadvantage, bidding process, broadcast packages
1. Introduction

The winner’s curse is a well-known phenomenon in economics. It is one of the negative externalities listed in the auction theory, along with collusions or information asymmetries for example. Andreff (2012, p.120) describes that this curse explains “the underlying causes of the winner’s disappointment in the bid, due to costs higher than initially planned.” Thaler (1988, p.192) lists two ways where the winner is cursed: “(1) the winning bid exceeds the value of the tract, so the firm loses money; or (2) the value of the tract is less than the expert's estimate so the winning firm is disappointed”.

Klemperer (2002, p.173) underlines the winner’s curse as the situation “when bidders have the same, or close to the same, actual value for a prize, but they have different information about that actual value”. According to the author, the threat is for “the party who has most greatly overestimated the value of the prize”. A famous example of this asymmetry situation comes from the article of Akerlof (1970) about the second-hand automobile market or "market for lemons". Also related to automobile, Bliss and Nalebuff (1984) take the example of the "game of chicken". This game consists of two cars racing towards each other, the loser (chicken) being the first driver to veer off the collision course. As mentioned by the authors, “The longer each driver waits, the smaller is the value from turning as collision is more likely to be inevitable” (Bliss & Nalebuff, 1984, p.3). As such, this situation is likely to generate two ‘winners’ who will be cursed. This idea that two (or more) winners may be cursed is relevant to situations where several prizes are allocated, as this can be the case on the market for sports
broadcasting rights which is the focus of interest in this paper.

Andreff (2014, p.24) considers the winner’s curse as a “major concept in sports economics”. The most frequent cases are the right to host Olympics, the acquisition of superstars but also the purchase of a franchise in North American professional sports or public subsidies in stadia construction (Rosentraub & Swindell, 2002). For example, the Olympics in Montreal, Athens, Sochi or Rio de Janeiro widely exceeded the anticipated costs ex post. The winner’s curse is also found in the race for free agents, for example in baseball (Cassing & Douglas, 1980). The recent case of Mike Conley Jr illustrates this situation in basketball: this 28-year-old player has never been part of All Star selections (best players of the league) and has signed during the summer 2016 the biggest contract in the history of the NBA with the Memphis Grizzlies for $153m over five years. Such a contract is possible because of the competition between teams. In this case, Dallas Mavericks (the only other team Mike Conley Jr met among several other teams interested) was willing to offer the player a big contract so Memphis did their best to outbid their competitor’s offer.

In this paper, we focus on another situation related to the winner’s curse in sports economics: the bidding for broadcasting rights. In European football, this has hugely increased over the past 25 years. More and more TV channels have been interested in broadcasting football games, leading to a fierce competition favouring the winner’s curse. Our objective is to verify whether this has been the case and, if so, what are the exact causes and who have been cursed. A multiple case study (Eisenhardt, 1989, 1991; Vigour, 2005, Eisenhardt & Graebner 2007) is used in this paper. It allows
us to make a comparative analysis between two European football leagues: the English Premier League (EPL) and the French Ligue 1 (L1). Their two domestic markets (UK and France) are quite similar in terms of population (respectively 65,111,000 and 64,668,000 inhabitants\(^1\), even if the demographic structure is different\(^2\)) and Gross Domestic Product (GDP) (respectively 2420 and 2860 billion US$.\(^3\)). As such, we will be able to verify whether the situations are quite similar with regards to the winner's curse in these two leagues that have some similarities in terms of domestic market and an 'historic' domestic broadcaster each: Sky (since 1992) for the EPL and Canal Plus (since 1984) for the L1. The winner's curse in the bidding for broadcasting rights has important economic and social implications for fans: pay-TV channels will seek to increase subscription fees to avoid the winner's curse (costs higher for fans who may become not able to afford them) or will be cursed and possibly become insolvent, meaning that fans will lose their access to games without being reimbursed. This is in line with the conclusion of Noll (2007, p.419): "As time progresses, centralization of the sale of television rights in leagues will cause increasing harm to consumers by restricting choice and raising prices". In Europe, the consumer welfare is even more

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likely to be impacted because of the prevalence of one single sport, namely football (Jeanrenaud & Késenne, 2006).

The paper reads as follows. First, the theoretical framework is developed, based on the characteristics of the bidding system and some explanations of why the winner’s curse may happen in this system, along with the specificities of the market for sports broadcasting rights and the indices of a winner’s curse identified in the literature for this market. Second, the aim is reminded and the methodology is described. Third, results are provided before being discussed in the fourth section. The last section concludes.

2. Theoretical framework

Bidding system and winner’s curse

Milgrom and Weber (1982) describe the bidding system as a very old practice already found in the Babylonian and the Roman civilizations for the slave’s market. This method is now used to sell diverse ‘goods’. Indeed, listed by Krishna (2009), we find bids on markets such as concessions of mines, tobacco, fish, fresh flowers, scrap, golden ingots, bond issues, long-term titles or public goods. The first analysis dealing with the winner’s curse comes from Capen et al. (1971) who advance this hypothesis to explain the low returns on investments for companies engaged in competitive biddings for oil and gas leases.
The auction theory highlights four main types of bids, derived from Vickrey (1962). Inspired by Klemperer (2002), Table 1 summarizes these four types of bids.

Table 1

A characteristic of the bids which generates high prices for providers is its uncertainty. It lies in the type of information each competitor can find (or not) about the bid, but also for certain types of bids in the amount of the offers proposed by their competitors. A bid based on the “common value” model reflects this uncertainty. In this type of bid, the “value is not known and the bidders thus have to estimate it based on the information they have” (Avenel et al., 2011, p.43). Bidders make offers based on their estimation and capacities. For example, it is the case in the bidding for treasury bonds or for oil (Harbord, Hernando & von Graevenitz, 1999).

The elements above may generate the winner’s curse. More specifically, two approaches are listed by De Bornier (n.d.) to explain such a winner’s curse, consistent with Thaler (1988):

- an objective approach, where the price paid is higher that the real value of the good,
- a subjective approach, which corresponds to the frustration felt by the winner who realises that its surplus could have been much higher when comparing the actual amount paid with that proposed by the second bidder.
Naegelen (1986, p. 31) notices that this “ambiguity of the literature arises because in practice it is difficult ex post to distinguish what lies in the regret and what characterizes the curse”. Table 2 illustrates these two approaches.

Table 2

The winner’s curse has been studied in experimental economy. Bazerman and Samuelson (1983) applied the famous jar experiment to verify the phenomenon of winner’s curse in common bids. The real value of every jar was $8. Most of players being risk-adverse, the average value estimate was $5.13. The average value of the winning bid was $10.01. The authors, thus, confirmed the existence of the winner’s curse. The overestimation of the good would be due to both the uncertainty on its real value and the number of competing bidders, consistent with Capen et al. (1971), Klemperer (2002) and Avenel et al. (2011).

First mover advantages, later entrants’ disadvantages and war of attrition

The winner’s curse applies to situations where there is one winner that overbids for a single product at a specific time without dynamic perspective (e.g. overbidding in t to take advantage of this in t+1). In the market for sports broadcasting rights, some characteristics may question the winner’s curse: the existence of packages meaning there might be more than one winner; auctions every three to four years introducing a dynamic perspective; the uncertainty about the real value even for the seller due to the specific nature of professional sports and the complexity of its market (competition
between sports and more generally entertainments and leisure, international competition between leagues). Three phenomena appear to be relevant to understand and explain these characteristics: the first mover advantages, the curse of later entrants and the war of attrition.

The first mover advantages correspond to a well-known concept in the economic literature (von Stackelberg, 1934; Gal-Or, 1985; Lieberman & Montgomery, 1988, 1998). According to Benzoni (2007, p. 23), this concept “predicts that a firm which is first to enter a new market (early entrant) will accumulate so many advantages that later entrants will have difficulties to compete on equal terms”. Benzoni (2007) goes further in presenting a sequential entry model in the mobile network market where the level of profits for the later entrants depends on the timing of their entry in the market. He also confirms “the existence of later entrants’ inherent disadvantages in a fixed-cost industry with fast growing demand. The later a firm enters such a market, the higher its initial investment must be” (Benzoni, 2007, pp. 27-28). This may explain the presence of one ‘historic’ domestic football broadcaster both in France and the UK (respectively Canal Plus and Sky). Indeed, it might be too difficult for later entrants to find the funding required to compete with the first mover. Benzoni (2007, p. 28) provides additional elements to explain this situation: “As the later entrant cannot spread its investments over several years, it must immediately offer the same quality of service as an early entrant, and will consequently face a financial abyss at entry, leaving it with no room to manoeuvre to develop its commercial strategy”. Benzoni (2007) talks about the “curse of later entrants” to characterise such a situation.
Another relevant concept developed by Benzoni (2007) is the war of attrition. This war can take the form of a loss leader strategy on the short term with profits expected on the long term after having discouraged other competitors. Defined by Andreff (2012, p.51): “This strategy is expensive, because it generates negative profits (losses) [...]. The stake of the attrition war is to incite the competitor to give up, but the outcome is uncertain”. This “theory of predation” completes the “first mover advantages” and, like the latter, can explain that ‘historic’ broadcasters retain the rights and their competitors leave the market.

Over-valued markets in sport?

The notion of sports bubble is often associated with the purchase of sports broadcasting rights, transfer fees for players, salaries for superstars or the pursuit of relocation (or expansion) by franchises. North American sports leagues offer an example of the situation where a franchise is in a monopoly position when dealing with potential municipalities in an oligopolistic situation to host a team (Andreff, 2014). Hosting a sports franchise is a factor of prestige for municipalities and franchises use their power of attraction to generate an intense competition between municipalities which can result in overbidding. Noll and Zimbalist (2011) point that new facilities (relocation or expansion often requires building them) do not provide substantial economic development. Andreff (2014, p.14) explains that ‘’hosting a franchise can create only a negligible positive economic impact, when not negative”’. Coates and Humphreys (2006, p.298) suggest that ‘’net benefits of stadiums and arenas may be highly localized
in areas near these facilities’. This is in line with results establishing that properties gain value when they are close to the facilities (Coates & Humphreys, 2002; Tu, 2005). If the relocation of a team alone cannot provide a substantial economic effect (Baade & Dye, 1988; Humphreys, 1999; Fort, 2006), being part of a broader strategy affecting a specific area of the city can help participate in an economic redevelopment (Siegfried & Zimbalist, 2000)

Despite this, there is little evidence of the “tulip bulb” phenomenon reaching sport. The recent examples of the expansion of the NHL with Las Vegas Golden Knights (price of $500m in 2016) or the future expansion of the MLS (with the franchise team owned by David Beckham in Miami for a price estimated at $25m) illustrate the power of attraction enjoyed by professional sports even if it can be irrational at an economic level for some stakeholders (with the rise in taxes due to new facilities built with public subsidies). If there would be currently a bubble, citizens or consumers would be those that support it rather than private investors that own sports franchises. Such a bubble is not evident given that sports franchise values in North America have constantly risen since the early 1980s (Humphreys & Mondello, 2008; Scelles et al., 2013).

Structure of the market for sports broadcasting rights

Before focusing on the types of bids and the winner’s curse in the market for sports broadcasting rights, the main characteristics of this market need to be provided. Bolotny and Bourg (2006) describe a double market with upstream the primary market
(sports programmes) involving broadcasters (supply) and viewers (demand) and downstream the secondary market (broadcasting rights) involving broadcasters (demand now) and sports organizers (supply) (Figure 1). The secondary market is defined by various forms depending on the characteristics of supply and demand. Bourg and Gouguet (2007) classify them as in Table 3.

Figure 1

Table 3

For the allocation of football broadcasting rights, Andreff (2014, p.15), following Solberg (2006), specifies that the most common procedures are English auction and sealed-first bid, or combinations of them. Sealed-first bid is the method of allocation used for the broadcasting rights in L1 for example. This league relies on the new modalities of sequential bids used by some professional sports leagues which put up for auction several packages. Sequential bids are different from simultaneous bids since after each package won by a bidder, every competitor is informed about who won and the amount paid. However, during the bidding process, the auction is blind like in the UK.
Famous examples of winner’s curse already appeared in European football. Andreff (2012) quotes the examples of Kirch Media in Germany, Digital ITV which broadcasted the English football Championship and Alpha Digital Synthesis which broadcasted the Greek championship, all going bankrupt in 2002. The same happened to Telepiu and Stream in Italia. These bankruptcies caused major problems where they happened (Solberg & Haugen, 2010). The main consequences are financial for the clubs. Indeed, the failure of a broadcaster threatens clubs’ revenues. 30 English clubs were in trouble in 2002 when Digital ITV began to struggle before another channel (Sky) made a deal to recover the rights. The bankruptcy of Kirch Media is a bit different, because of the emergency fund guaranteed by the German government. In addition to the clubs, consumers are also affected by bankruptcies. Indeed, the product

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they buy can be depreciated with the risk of insolvency for some teams (Scelles, Szymanski & Dermit-Richard, 2017; Szymanski, 2017) and the potential departures of star players during the season.

Indices of a winner’s curse in the market for sports broadcasting rights

Beyond the illustrations above, it is necessary to identify some indices of a winner’s curse in the market for sports broadcasting rights to answer the aim of this paper. Andreff (2014, p.7) claims that “A major difficulty with the winner’s curse concept consists in testing its very existence”. Regarding the market for sports broadcasting rights, Andreff (2014, p.18) identifies six indices, some of them being supported by other authors:

1) A very swift increase in TV rights fees on a same sporting event from one broadcasting contract to the next one.

2) Financial loss endured by a TV company on a broadcast deal: income derived from televising a sporting event do not cover sunk costs of producing the broadcast, including those rights paid after outbidding competing TV. This is supported by Solberg and Hammervold (2008) who highlight that quite a number of sports rights deals have ended up being unprofitable for the TV network.

3) A post-bid bankruptcy which exhibits ex post that a TV channel could not afford the bid which it won due to overoptimistic valuation. This is supported by Buraimo (2006) who refers to ITV Digital as a case where the winning TV channel is so much cursed that it goes bankrupt.
4) Too many unknown and uncertain details about the date, the place and the participants (qualified teams and athletes) of a sporting event which falls adrift into unexpectedly low broadcast revenues and excessive costs ending up in a loss. These unknown and uncertain details lead the most optimistic highest bidder to win and be cursed (Fort, 2003). As underlined by Gratton and Solberg (2007), the winner’s problem is that he realises this too late.

5) Outbidding newcomers which enter the broadcast market for a given sporting event increase aggressive competition on the demand side and thus make the winner’s curse more likely to happen. This is supported by Scelles and Dermit-Richard (2016) who find a positive correlation between competition and the amount of TV rights.

6) TV rights re-packaging, in reducing the number of products on sale in the face of a given number of TV channels leads to increased competition that triggers TV rights fees inflation and thus a greater likelihood of the winner’s curse. This might be questioned. Supposing both fewer packages and the same number of bidders might be not realistic because some TV channels might be discouraged to bid due to their insufficient financial resources. As such, it might be the case that re-packaging does not trigger TV rights fees inflation due to fewer TV channels interested and does not lead to a greater probability of the winner’s curse.

More generally, the six indices identified by Andreff (2014) need to be verified with empirical data. They may also need to be organised in a more logical manner as one would expect that bankruptcy will be the consequence of the other indices and, as such, appears after them in the list. Besides, a seventh index not listed by Andreff (2014) is
relative to disappointment, which is a central element in the definition of the winner’s curse. Disappointment may be the consequence of costs higher than expected ex post (Gratton & Solberg, 2007) or insufficient returns, due for example to fluctuations in the supply side for advertising (Blair, 2012).

3. Aim and methodology

The main aim of this article is to verify the existence of a winner’s curse in the domestic markets for broadcasting rights of the French and English football leagues. The underlying objective is to assess whether some indices of this situation are confirmed and can cause a winner’s curse.

We rely on the six indices identified by Andreff (2014) and disappointment:

a) The very swift increase in TV rights fees (I1) is investigated by comparing the evolution and the annual increase in domestic TV rights.

b) For outbidding newcomers (I2), domestic broadcasters are listed for both countries since the early 1980s with an analysis of the consequence of their entry in the market.

c) For TV rights repackaging (I3), we examine the evolution of the national TV rights in relation to the number of packages since the 1980s.

d) For unknown and uncertain details (I4), the evolution of expenditure related to both domestic leagues is analysed together with the level of profits for historic broadcasters Sky and Canal Plus. Moreover, player moves between those two leagues are taken into consideration.
e) Financial losses (I5) are investigated for broadcasters of the English and French football leagues other than Sky and Canal Plus.

f) For post-bid bankruptcy (I6), we focus on the case of the EPL broadcaster Setanta.

g) For winner’s disappointment related to the underestimation of the costs and/or overestimation of the return (ex post real value lower than expected) (I7), we look at media interviews of representatives having purchased broadcasting rights in France and the UK.

We have reorganised the order provided by Andreff (2014) based on the following assumptions: on the expenditure side, I1 (increase in TV rights) might be explained by I2 (outbidding newcomers) that might be explained by I3 (TV rights repackaging); on the financial side, I4 (unknown and uncertain details) might explain I5 (financial losses) that might explain I6 (bankruptcy) and/or I7 (disappointment). When dealing with I2, we first attempt to verify that outbidding newcomers increase aggressive competition before observing whether this makes the winner’s curse more likely to happen; when dealing with I4, we focus only on the existence of unknown and uncertain details and not on their financial consequences since the latter are redundant with I5 (financial losses).

Eventually, the methodology consists in verifying:

1) the seven indices for the French and English football leagues in their respective domestic markets over the period 1980-2020;

2) that they led to a winner’s curse; and
whether the winners cursed are the main winner (main package), a secondary
winner (secondary package) or both (‘game of chicken’).

Multiple sources are used for the data collection: public reports Ofcom
Summary of UK sports rights and Sky annual report (2015, 2016) for the UK case;
DNCG\textsuperscript{7}, CSA (2001), Senat (1996) and Eveno (2006) for the French case; and
Transfermarkt for player transfers. When another source is used, it is explicitly
mentioned.

4. Results

\textit{Very swift increase in TV rights?}

We analyse the increase rate from one contract to the next one for the EPL and L1 TV
rights respectively in the UK and in France. The problem is to determine what a very
swift increase is: +50\%? +100 \%? Figure 2 shows the evolution of TV rights fees (in
euros) to provide an idea about the amounts at stake.

Figure 2

Figure 3 deals more specifically with the annual increase rates (based on pounds
instead of euros for the EPL).

Figure 3

\textsuperscript{7} DNCG report from 2003 to 2016, http://www.lfp.fr/corporate/dncg
It is worth noting that almost all contracts have been negotiated for several years with a single annual fee over the contract length in the UK while this has been the case in France since 2005-2006, explaining the presence of annual increase rates equal to 0%.

Figure 3 is largely supportive of the hypothesis of a very swift increase in TV rights, both for the EPL and the L1 (confirmed). In England, out of 12 variations, 9 increase rates are above 50% (75%), among which 5 are above 100% (42%). In France, out of 22 variations, 8 increase rates are above 50% (36%), among which 5 are above 100% (23%) as for England. Given that more variations (France compared to England) reduce the likelihood of reaching an increase rate of at least 50% for each of them (i.e. it is easier to reach 75% of its increase rates above 50% when there are mainly three to five years between each contract as for England rather than 16 annual variations as for France), we can consider that England and France present a quite similar pattern. Nevertheless, France has not enjoyed an increase rate above 20% since 2005-2006 (TV rights are negotiated for three to four years since then) whereas three of the last four variation rates have been above 50% for England.

Outbidding newcomers?

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8 In France, Figure 3 shows annual increase rates equal to 0% from 1988-1989 to 1991-1992. Nevertheless, it must be noted that this is based on estimated rather than actual amounts.
In the UK, BBC and ITV cooperated to share coverage rather than compete against each other until 1988, when ITV pushed up the annual fee to £11m in 1988-1992 for its exclusive coverage (Gratton & Solberg, 2007). Sky enjoyed then an exclusive coverage for 15 years and even a monopoly after securing the 2001-2004 deal, leading to a decrease in the price it paid for the 2004-2007 rights. During the life of the latter, the European Commission insisted that at least one of the packages offered for the 2007-2010 period went to a different broadcaster. Setanta, an Irish channel, invested in the Premier League but failed to attract enough subscribers to be viable and was unable to pay what they signed for in 2009. Then, ESPN UK acquired the rights that Setanta gave up (for 2009-2010 but also 2010-2013) before BT entered the market and has become a serious rival for Sky since then (Table 4).

Table 4

In France, Canal+ initially enjoyed a monopoly for the Ligue 1. Its first serious rival was TPS in 1999 which stopped its exclusive coverage. However, Canal+ recovered its exclusivity for the 2005-2008 period. Then, TPS struggled until Canal+ absorbed its competitor. For the 2008-2012 period, Orange obtained three packages before giving up
at the end of the contract due to a different strategy adopted by its new CEO\textsuperscript{9}. To avoid that Canal+ became again the only broadcaster, the president of the LFP Frédéric Thiriez launched in 2011 CFoot, a channel belonging to the league and broadcasting the Ligue 2. The channel stopped less than one year later with only 300,000 subscribers and €15m losses\textsuperscript{10}.

The last major competitor for Canal+ is BeIN Sports (formerly Al Jazeera Sport) (Table 5). They obtained some packages both for the 2012-2016 and 2016-2020 contracts. Natixis\textsuperscript{11} estimated that their cumulated operating deficit will reach €2.2bn for the 2012-2020 period. Their cumulated losses were already €1bn by the end of 2015\textsuperscript{12}. Eventually, both for the EPL and the L1, outbidding newcomers regularly appeared and increased competition (I2 confirmed).

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In the UK, TV sports rights packaging had been impacted by several interventions from the competition authority. The trend is to have more and more premium live packages to enhance competition and allow more broadcasters to be part of the market. Nowadays, there are seven “premium” packages in the Premier League (only one from 1992 to 2001 and two from 2001 to 2007\(^\text{13}\)), and one broadcaster cannot have more than five live packages. Figure 4 suggests a positive correlation between TV rights and number of packages which is confirmed by the calculation of the Spearman correlation coefficient between them (0.88, significant at the 1% level; Spearman correlation due to data being not normal according to the Shapiro-Wilk test both for the number of packages and the amount of TV rights).

Figure 4

In France, from 1999 to 2005, four packages were offered as for the 2005-2008 period, when Canal+ was again in a monopoly situation on the market\(^\text{14}\). Over the 2008-


\(^{14}\) Le Monde (2008). Canal+ et Orange se répartissent les droits télévisuels de la Ligue 1 de football. [Canal+ and Orange divide up the television rights of the Ligue 1] Available
2012 period, 12 packages were allocated before being reduced to 11 over the 2012-2016 period then six over the 2016-2020 period. As for English football, Figure 5 suggests a positive correlation between TV rights and the number of packages in French football which is confirmed by the calculation of the Spearman correlation coefficient between them (0.87, significant at the 1% level; Spearman correlation due to data being not normal according to the Shapiro-Wilk test both for the number of packages and the amount of TV rights).

Figure 5

Eventually, there is no evidence of a link between repackaging and a potential winner’s curse (I3 not confirmed). Correlation coefficients between TV rights and number of packages are rather supportive of more packages leading to increased TV rights both in the UK and France even if the limited number of observations means that some caution is required before drawing conclusions. The broader broadcasting market context can be viewed as a variable that impacts the influence of the number of

packages on TV rights. Moreover, there may be other extraneous variables explaining the strong correlation coefficients above.

*Unknown and uncertain details?*

Regarding the EPL and L1, unknown and uncertain details are about teams and players. They may impact the quality of live games if they relate to the best teams and players. It is scarce that the best teams are relegated at a lower level. This was the case for Marseille in France in 1994-1995 and 1995-1996. Canal Plus profits were lower during these two seasons than in 1993-1994 and 1996-1997 (Figure 6). Nevertheless, it is difficult to establish a relationship between the two events (absence of Marseille and decrease in profits for Canal Plus). To deal with uncertainty about players taking part in the league, a perspective not discussed yet seems fruitful: the indirect competition between Sky and Canal Plus. The idea is that the TV rights offered by the two channels are a main source of income for clubs that is mainly spent in players. As such, a larger amount spent by one channel compared to the other provides a greater likelihood that clubs playing in the league associated to the former attracts better players, including those from the league associated to the latter. This is even more likely since the Bosman case of 1995 reducing the constraints on the number of players from the European Union per club.

Figure 6
Figure 1 shows that, most of the time, the domestic TV rights have been higher for the EPL than L1. The potential impact on spending for players has been amplified by TV rights shared with Ligue 2 clubs in France, international TV rights far higher for the EPL than L1 and English clubs generating more revenues from other sources than French clubs (Scelles & Dermit-Richard, 2016), meaning more overall revenues in EPL than in L1 (Figure 7). Even when Canal Plus spent €600m per year over the 2005-2008 period, French clubs were not able to attract or even retain their best players, e.g. Lyon losing Essien (Chelsea) in 2005, Diarra (Real Madrid) in 2006, and Abidal (FC Barcelona), Malouda (Chelsea) and Tiago (Juventus FC) in 2007. This has become even harder for French clubs since 2007 with the continual growth of the EPL TV rights, relying in particular on Sky’s expenditure. Some of the best players having operated in L1 since then moved to the EPL. Over the most recent period, Table 6 and 7 confirm that the EPL attracts the best players from L1 while the contrary is not true. These

16 E.g. Nasri from Marseille to Arsenal in 2008; Chamakh from Bordeaux and Koscielny from Lorient both to Arsenal in 2010; Gervinho and Cabaye from Lille to Arsenal and Newcastle respectively in 2011; Hazard from Lille to Chelsea, Giroud from Montpellier to Arsenal and Lloris from Lyon to Tottenham in 2012; André Ayew and Payet from Marseille to Swansea and West Ham respectively, Martial from Monaco to Manchester United and Kanté from Caen to Leicester in 2015; and Ibrahimović and David Luiz from Paris to Manchester United and Chelsea respectively in 2016. Star moves from the EPL to L1 are much scarce and exclusively to Paris since the Qatari era (begun in 2011-2012), with David Luiz from Chelsea in 2014 (back there in 2016) and Di Maria from Manchester United in 2015.

17 See Appendix 1 for details about the players involved.
elements illustrate the uncertainty about players taking part in the competition, while stars have been identified as a key determinant of TV audience in the EPL (Buraimo & Simmons, 2015; Scelles, 2017). Nevertheless, financial data for Canal Plus (Figure 6) is not supportive of this uncertainty leading to unexpectedly low broadcast revenues and high costs ending up in a loss (I4 not confirmed). An explanation may be that despite the best players leaving the French Ligue 1, its level remains at a sufficiently good standard and/or TV viewers have a sufficiently strong identification to French clubs. Another explanation may be a sufficiently high number of known and certain details about the dates, the places and the participants due to a relative inertia from one period to another.

Figure 7

Table 6

Table 7

Financial loss endured?

According to the elements developed in the previous subsection, Sky might have developed a financial advantage due to the EPL attracting the best French players (among others). However, Sky might have spent too much to attract the best players (and has not fully achieved this since Messi, Ronaldo, Neymar and even the British Bale do not play in the EPL) compared to the real increase in TV audiences and thus subscription fees they generate. As such, it might be the case that Sky has endured some
financial losses, consistent with the winner’s curse. Figure 8 shows the evolution of Sky’s expenditure for the EPL TV rights and its profit.

Figure 8

Some caution should be taken when discussing the relationship between both indicators since Sky does not rely on EPL broadcasting only. Yet, this is a (the?) key element in Sky’s strategy from its beginning (Douglas, 1999). Sky seems to have suffered from the winner’s curse over the 1998-2002 period, i.e. most of the 1997-2001 contract length and the first season of the 2001-2004 contract. Nevertheless, it then recovered and benefited from having ‘destroyed’ competition with the 2001-2004 contract when securing the 2004-2007 contract. Indeed, due to the absence of competitors, it could spend less money in TV rights. A short-term strategy of losses could be a long-term strategy for profits or a “loss-leader strategy with the investments

Moreover, we must be cautious about the timing of the amortisation of the TV rights: “The amortisation of an intangible asset begins when the asset is available for use, and is charged to the income statement through operating expense over the asset’s useful economic life in order to match the expected pattern of consumption of future economic benefits embodied in the asset” (Sky plc annual report, 2015, p.89). TV rights are amortised when they are made available to clubs (e.g. TV rights for 2016-2017 amortised in 2016-2017 and not before as they begin to be available in July and not before).

planned to be profitable in the long run—for example, by forcing rivals out of the market” (Hammervold & Solberg, 2006, p.148). This is consistent with the elements developed in the theoretical framework about the war of attrition. Sky suffered again in 2007-2008 after having faced the competition from Setanta for the 2007-2010 contracts. Since then, Sky has always made a profit, despite the competition from BT since the 2013-2016 deal. The evolution of Sky’s profit does not support the hypothesis of a winner’s curse for the company.

Figure 6 shows the evolution of Canal Plus expenditure for the L1 TV rights and its profit. As for Sky, some caution should be taken when discussing the relationship between both indicators since Canal Plus does not rely on L1 broadcasting only. It seems that the swift increase in TV rights provided by Canal Plus in 1999-2000 has durably reduced its profit. Nevertheless, the company has always made a profit since then. As such, the hypothesis of a winner’s curse for Canal Plus is not supported, consistent with the case of Sky but contrary to the idea that the indirect competition between the two broadcasters might have generated financial losses for Canal Plus. It is likely that Canal Plus could make an extra profit until 1998-1999 due to the absence of competition, which is characteristic of a ‘winner’s blessing’ instead. The 2005-2008 contracts could have led to a winner’s curse for Canal Plus. Nevertheless, it allowed the channel to ‘destroy’ competition (Canal Plus eventually absorbed its competitor TPS) without damaging its profit and to reduce its offer for the following deals.

Both the cases of Sky and Canal Plus are not supportive of the winner’s curse. Even without having access to their annual profits, their long presence in the market
might have been interpreted as the absence of persistent losses, assuming in this case that they would have left the market. As described by Harrison and List (2008, p.823), “It is plausible to assume that survival in the industry as a leader provides sufficient evidence that they do not make persistent losses in their natural market setting”. Sky and Canal Plus have enjoyed a long-term overall profitability of their networks from market domination, this profitability supporting the increasing transfer fees paid for players and the rising cost of acquisition of sport assets (broadcast networks and clubs themselves) over time (Scelles et al., 2016). They relate to the long-term returns from securing the long-term benefits of extended contracts. However, the fact that Sky and Canal Plus did not suffer from the winner’s curse does not mean that there was not a curse for the winner of specific packages, as exemplified by the cases mentioned in the subsection ‘Outbidding newcomers?’ that are summarised in Table 8. These examples confirmed the existence of financial losses for some broadcasters (15 confirmed).

Table 8

Post-bid bankruptcy?

Over the 2007-2010 period, the Irish television station Setanta secured two EPL packages consisting of 46 live games per year at a total cost of £392m, or £131m per year (Gratton et al., 2012). Industry experts believed that Setanta UK needed 1.9 million
customers to break even (BBC, 2009)\textsuperscript{20}. The problem was that they had only 1.2 million customers\textsuperscript{21} and it was reported that they lost around £100m per year\textsuperscript{22}. This led Setanta UK into administration at the end of the 2008-2009 season, after they lost one package of their former bid. Setanta surprised observers when they outbid Sky for 23 matches in 2006 but it was a step too high for them as Mike Darcy\textsuperscript{23}, Sky’s chief operating officer, mentioned: “Setanta ran into difficulties because it tried to grow too fast and lost control of costs”. As one former Setanta executive stated, they maybe exited the market too quickly, underlining the fact that Murdoch empire was in the early 1990s “on the brink of bankruptcy, largely because of the money it had lavished on Sky”\textsuperscript{24}. In France, no TV channel went into administration but TPS was absorbed by Canal Plus after having lost its packages for the 2005-2008 contract. The example of Setanta illustrates the possibility of a post-bid bankruptcy (\textbf{16 confirmed}).

Economic experiments on the winner’s curse may explain the case of Setanta. Indeed, Kagel and Levin (2001, p.11) find that new entrants make what we can call ‘rookie mistakes’: “\textit{Auctions with inexperienced bidders show a pervasive winner’s curse}”\textsuperscript{16} confirmed.

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\textsuperscript{20} BBC (2009, June 23). Setanta goes into administration. Available at http://news.bbc.co.uk/1/hi/business/8115360.stm


\textsuperscript{22} \textit{ibid}


\textsuperscript{24} \textit{Ibid.}
curse that results in numerous bankruptcies”. In addition, the winner’s curse for inexperienced bidders has been proven to be particularly “robust” in laboratory experiments (Harrison & List, 2008).

Disappointment?

Winner’s disappointment is an indication of a winner’s curse according to Thaler (1988) and Andreff (2012). Leaving the market can be interpreted as disappointment, even more if it is associated with losses. This situation happened frequently in the market for broadcasting rights in English and French football where the two historic broadcasters remain in place while other broadcasters follow one another, mostly for secondary packages. Nonetheless, exiting the market is not enough of a prove to consider that a broadcaster is disappointed. Comments made by executives and spokespersons of broadcast companies can reveal such a disappointment. Therefore, we looked at the comments made by executives and spokespersons of broadcasters that left the market, especially those associated with losses.

For example, Stéphane Richard, CEO of France Telecom (Orange), said in 2010:

“Considering our experience, if I had to make the decision tomorrow to renew the rights for football for 203 million euros a year, I would not make it.” 25 This informs about the

25 Challenges (2010) INTERVIEW DE... - "France Télécom doit se remobiliser". Available at https://www.challenges.fr/entreprise/interview-de-france-telecom-doit-se-remobiliser_359170
disappointment felt by Orange after having acquired the rights in 2008. Orange owned one of the three premium packages (Saturday 9pm prime time, 38 games plus V.O.D highlights of every game). S. Richard recently added that: “The problem with the development of a proprietary offering in sport is that, every four years, you can lose most of the programs that make your attractiveness or you can see the price double. The business of sports rights is too volatile and speculative for us”.

Following the bankruptcy of Setanta’s UK division, a spokesperson for ITN (producer) said: “We are extremely disappointed by the news that Setanta has today gone into administration and will cease trading”. Such comments in both countries confirm the disappointment felt by some broadcasters (I7 confirmed).

5. Discussion

Our results support four indices provided by Andreff (2014) and I7 (disappointment), but not I3 (TV rights repackaging leading to increased competition) and I4 (unknown

26 Video on demand.


Available at: https://www.lesechos.fr/28/09/2017/lesechos.fr/030634281924_stephane-richard---les-telecoms-doivent-devenir-multiservices-.htm#

and uncertain details leading to revenues lower than expected and financial losses) (step 1 in our methodology partially verified). They led to ‘a’ winner’s curse (step 2 verified) but not to ‘the’ winner’s curse. Indeed, broadcasters that have been cursed are not Sky and Canal Plus which always win the best packages but rather those broadcasters which won secondary packages (answer to step 3). The economic theory can help explain these results.

**Horizontal and vertical integration**

Some economic phenomena can be considered as the consequences or at least be related to a sort of blessing or curse such as first mover advantages, the curse of later entrants and war of attrition described in the theoretical framework. Some others not developed in the latter can also be highlighted. For example, horizontal and vertical integration did happen in the industry (Solberg & Helland, 2011). In France, some illustrations are the absorption of TPS by Canal Plus (horizontal integration) and the latter being shareholder of Paris Saint-Germain from 1991 to 2006 (vertical integration). It might be argued that the latter is an illustration of an advantage the first mover may have. Indeed, Canal Plus was able to invest in Paris Saint-Germain thanks to its very good start from the end of 1984 (when the TV channel was born) to 1991. This is characterised by the following economic data: turnover from €82.6m in 1985 to €938.6m in 1991 and profit from -€50.3m in 1985 to €164.8m in 1991 (Quélin, 2000). This may be explained by the exclusivity for broadcasting French football. Investing in Paris Saint-Germain was supposed to enable Canal Plus to build a strong competitor for
Olympique de Marseille, of which the increasing domination threatened the interest of the championship (decreasing outcome uncertainty); to increase the attractiveness of Paris Saint-Germain which represents a strong market (Paris); and to reduce unknown and uncertain details in controlling Paris Saint-Germain, decreasing the impact of a clue identified as inducing the winner’s curse by Andreff (2014). A similar situation can be identified today with the relationship between BeIN Sports and Paris Saint-Germain. In the UK, Sky attempted a similar vertical integration over Manchester United in 1999 but this was blocked by the UK Government on the recommendation of the Monopolies and Mergers Commission (Gerrard, 2000).

Coming back to horizontal integration, about it is worth noting the recent failed agreement of distribution between Canal Plus and BeIN Sports after the decision of the French antitrust authority not to allow it. Cases of horizontal integration are not specific to French football in Europe. In Italy, Telepiu (loss of around 1.645 billion euros) and Stream (loss of around 595 million euros) merged into Sky Italia in 2003 (Solberg, 2006). In Spain, three competitors merged into Sogecable, known as PRISA TV today.

*Impact on consumer welfare*

A consequence of the race for the rights is the impact on consumer welfare. History has shown that competition authorities made many interventions on this market to prevent monopoly situations or at least limit them. However, broadcasters are not the only actors to be cursed. Indeed, Seamus Coffey (then Butler, 2015) explained in 2009 the
situation of Sky and Setanta as “two monopolies are worse than one” when describing the annual cost to watch every single game for the consumer, based on monthly and fixed costs:


Sky and Setanta: 12 x €30 + 12 x €18 = €576.


It is paradoxical to see that competition leads to a raise of the cost for the consumer in this market where two channels cannot broadcast the same game. In the UK, a rule prevents a broadcaster to retain more than five out of seven packages for broadcasting rights. This may be the reason why there are currently two monopolies in the market (Sky and BT Sport). Nevertheless, the consumer may not be cursed if he only subscribes to the broadcasters that won the ‘premium’ packages, a sensible hypothesis given that fans prefer to watch the best teams (Buraimo & Simmons, 2015; Scelles, 2017). In a situation with two main broadcasters, the consumer may be blessed if he chooses to watch the best teams and cursed if he wants to watch every single game broadcast. This might be a direction for further research.

It might also be the case that with two broadcasters, the owner of the premium packages may be able to reduce the cost of subscription for consumers as it pays less money for the rights than in a situation of exclusivity. As such, it may attract more subscribers and be able to make profits. On the contrary, the owner of the other packages may not be able to sell enough subscriptions to be profitable. This would fit with our results showing that the second mover is the one who is cursed.
Overview on the market for broadcasting rights

The development of football TV rights is supported by two groups of stakeholders who are at risk to suffer from its development:

- Broadcasters if it occurs that they paid too much, whether the price of subscription they set is too cheap and / or the number of subscribers is lower than expected.

  Broadcasters should anticipate in the bidding process how not to go beyond a cap where the bid exceeds ex ante the earnings ex post (Les Echos, 2016).

- Customers who, in many cases, face a situation of monopoly, whether there are only one or two monopolies. It might be the case that the consumer is cursed as soon as he subscribes to pay-TV. This is called “siphoning” and describes a situation where “pay-TV will carry events that were formerly available on free television, so that viewers pay for infra-marginal viewing of games that would have been broadcast anyway for free” (Noll, 2007, p.409). For Sean Williams

(2009), managing director of strategy at BT Retail at the time of Setanta’s bankruptcy, there is a market failure in pay-TV in the UK and this “gives rise to significant harm to consumers in the form of higher prices, restricted choices and diminished innovation.”

Interestingly, Sky and BT agreed a deal allowing their respective customers to get access to the other network’s channels in December 2017 (Sweney, 2017). This may be a way to avoid the winner’s and customers’ curse.

It is also important to mention the ‘no-single buyer’ rule that prevents one channel to acquire all packages in the bidding process. A European Commission decision made in 2006 about the EPL aimed to enhance competition by establishing that a minimum of two broadcasters must own rights of live broadcasting. The problem of this kind of decision is that broadcasters can adopt an illegal agreement behaviour as it happened in Italy between Sky Italia and Mediaset where the ‘no-single buyer’ rule is also in force. On one hand, this rule can help enhance competition between broadcasters and thus generate a growth in TV rights (e.g. Bundesliga TV rights over the 2018-2021 period). On the other hand, this regulation can affect consumer welfare as “it penalises

consumers in an almost comical way. It is essentially a remedy that requires football fans to subscribe to two different television services to have full access to the televised games of the championship” (Ibanez Colomo, 2016). This question the relevance of the ‘no-single buyer’ rule which is also doubtful for the broadcaster who wins the ‘second’ package or a set of packages.

6. Conclusion

The winner’s curse is difficult to be clearly identified but a range of indices can enable to evidence its presence (Andreff, 2014). The historic broadcasters in the EPL and L1 (respectively Sky and Canal Plus) have not suffered from the winner’s curse and they have probably even been blessed at some times, especially in monopoly situation. The second mover in the market for broadcasting rights has been identified as more exposed to the curse. These conclusions are consistent with the economic concepts of “first mover advantages” and “curse of later entrants”.

Disappointment felt by the winner is a main indicator of a winner’s curse according to Thaler (1988) and Andreff (2012), and as such has been added to Andreff (2014)’s indices. Leaving the market can be interpreted as disappointment, even more if it is associated with losses. This situation happened frequently in the market for

32 Chillingcompetition (2016). Football, TV rights and the ‘single buyer rule’: In a world of commitment decisions, bad policy dies hard.
broadcasting rights in English and French football. Nevertheless, losses on a specific market like that for football TV rights can also be part of a broader strategy. Football rights which are often associated with large TV audiences can constitute a ‘drawing card’ for broadcasters to attract a mass of subscribers and make profits on other products or with the overall price of the subscription that goes beyond football broadcasting. Costly investments in sports can be viewed as a necessity to promote other programmes that are more profitable. Recent losses in pay-TV subscribers can be related to the decrease in these additional programmes where companies make profits by using cross-marketing offerings. Further research may focus on the role of football broadcasting rights in the broader strategy of a TV channel. It may also investigate more in depth the evolution of the costs for TV viewers compared to that of their living standard. As for the second mover in the market for football broadcasting rights, they may be cursed. Beyond football, it may be worth investigating Olympic broadcasting rights, characterised by the rise of streaming activities by the main networks, to establish whether the indices tested in football are confirmed in another sports broadcasting market.

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Figure 1 Independent variables of the amount for broadcasting rights (Bolotny & Bourg, 2006, p. 113)
Figure 2 Evolution of domestic TV rights for the English and French football league

Figure 3 Annual increase rate of domestic TV rights for the English and French football leagues
Figure 4 Evolution of the national TV rights (in €m) and number of packages in English football

Figure 5 Evolution of the national TV rights (in €m) and number of packages in French football
Figure 6 Evolution of expenditure for the French Ligue 1 TV rights and profit for Canal Plus (in €m)

Figure 7 Total Revenue of EPL and Ligue 1 from 1996/97 to 2017/18 (in million euros)

** Projected
Source: Deloitte (2017, p.10)
Figure 8 Evolution of expenditure for the EPL TV rights and profit for Sky (in €m)

Tables

Table 1 Four types of bids and their modalities

<table>
<thead>
<tr>
<th>Type of bid</th>
<th>Modality of the bid</th>
</tr>
</thead>
<tbody>
<tr>
<td>English</td>
<td>Ascending</td>
</tr>
<tr>
<td>Dutch</td>
<td>Descending</td>
</tr>
<tr>
<td>Sealed-first</td>
<td>The highest offer takes it and pays what he has offered</td>
</tr>
<tr>
<td>Sealed-second</td>
<td>The highest offer takes it and pays the highest second offer</td>
</tr>
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</table>

Table 2 Illustrations of the objective and subjective approaches

<table>
<thead>
<tr>
<th></th>
<th>Objective approach</th>
<th>Subjective approach</th>
</tr>
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<tbody>
<tr>
<td>EV (estimated value)</td>
<td>120</td>
<td>120</td>
</tr>
<tr>
<td>B (bid)</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>RV (real value)</td>
<td>80</td>
<td>110</td>
</tr>
<tr>
<td>Π e (expected profit)</td>
<td>20 (EV-B=120-100)</td>
<td>20 (EV-B=120-100)</td>
</tr>
<tr>
<td>Π f (final profit)</td>
<td>-20 (RV-B=80-100)</td>
<td>10 (RV-B=110-100)</td>
</tr>
<tr>
<td>-------------------</td>
<td>-------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>B2 (2nd highest bid)</td>
<td>Not relevant</td>
<td>90</td>
</tr>
<tr>
<td>Surplus lost</td>
<td>Not relevant</td>
<td>Up to 10 (B-B2=100-90)</td>
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</table>

Table 3 Market, supply and demand in sports events broadcasting

<table>
<thead>
<tr>
<th>Market</th>
<th>Events</th>
<th>Supply</th>
<th>Demand</th>
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<tbody>
<tr>
<td>Monopoly</td>
<td>Olympics Winter 2010 Summer 2012</td>
<td>IOC</td>
<td>ABC, CBS, FOX, NBC, EPSN, TBS, CNN Sport, HBO, Direct TV, Newsport, Showtime</td>
</tr>
<tr>
<td></td>
<td>Football World Cup 2006</td>
<td>FIFA</td>
<td>ABC, Cable TV, UER, Team AG, Kirch ISL, IMG-UFA, CWL</td>
</tr>
<tr>
<td>Supply-side monopoly</td>
<td>European Football Championship 2004</td>
<td>UEFA</td>
<td>UER, Kirch, Team AG, Octagon</td>
</tr>
<tr>
<td></td>
<td>French football championship 2006/2007</td>
<td>League</td>
<td>France Télévision, TF1, Canal Plus, TPS, M6</td>
</tr>
<tr>
<td>Bilateral monopoly</td>
<td>European Football Championship 1984</td>
<td>UEFA</td>
<td>UER</td>
</tr>
<tr>
<td>Oligopsony</td>
<td>Baseball championship 1960</td>
<td>Professional teams</td>
<td>ABC, CBS, NBC</td>
</tr>
<tr>
<td>Monopsony</td>
<td>French football championship 1973/1974</td>
<td>Professional teams</td>
<td>ORTF</td>
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</table>

Table 4 Domestic broadcasters of the English Premier League since 1983

<table>
<thead>
<tr>
<th>Period</th>
<th>Channels</th>
</tr>
</thead>
<tbody>
<tr>
<td>1983-1988</td>
<td>BBC, ITV</td>
</tr>
<tr>
<td>1988-1992</td>
<td>ITV</td>
</tr>
<tr>
<td>1992-2007</td>
<td>Sky</td>
</tr>
<tr>
<td>2007-2009</td>
<td>Sky, Setanta</td>
</tr>
<tr>
<td>2009-2013</td>
<td>Sky, ESPN</td>
</tr>
<tr>
<td>2013-2019</td>
<td>Sky, BT</td>
</tr>
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Table 5 Domestic broadcasters of the French Ligue 1 since 1984

<table>
<thead>
<tr>
<th>Period</th>
<th>Channels</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984-1999</td>
<td>Canal +</td>
</tr>
<tr>
<td>1999-2005</td>
<td>Canal +, TPS</td>
</tr>
<tr>
<td>2005-2008</td>
<td>Canal +</td>
</tr>
<tr>
<td>2008-2012</td>
<td>Canal +, Orange, CFoot (2011-2012)</td>
</tr>
<tr>
<td>2012-2020</td>
<td>Canal +, BeIN Sports (formerly Al Jazeera Sports)</td>
</tr>
</tbody>
</table>

Table 6 Player moves between the English Premier League and the French Ligue 1 in 2014, 2015 and 2016

<table>
<thead>
<tr>
<th>L1 to EPL</th>
<th>Name</th>
<th>Type of transactions</th>
<th>Fees in £m (if transfer)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>Cabella</td>
<td>transfer</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>Origi</td>
<td>transfer</td>
<td>11.35</td>
</tr>
<tr>
<td></td>
<td>Amalfitano</td>
<td>transfer</td>
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</tr>
<tr>
<td></td>
<td>Stambouli</td>
<td>transfer</td>
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</tr>
<tr>
<td></td>
<td>Ospina</td>
<td>transfer</td>
<td>3.60</td>
</tr>
<tr>
<td></td>
<td>Ecule Manga</td>
<td>transfer</td>
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</tr>
<tr>
<td></td>
<td>Riviere</td>
<td>transfer</td>
<td>5.69</td>
</tr>
<tr>
<td></td>
<td>Falcao</td>
<td>loan</td>
<td></td>
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<td></td>
<td>Gomis</td>
<td>free</td>
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<td>Cabaye</td>
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<tr>
<td></td>
<td>Gueye</td>
<td>transfer</td>
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<tr>
<td></td>
<td>Amavi</td>
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<tr>
<td></td>
<td>Ayew</td>
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<td>Kante</td>
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<td>Djilobodji</td>
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<td></td>
<td>Payet</td>
<td>transfer</td>
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<td></td>
<td>Martial</td>
<td>transfer</td>
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<td>Thauvin</td>
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<tr>
<td></td>
<td>Falcao</td>
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<td>1.35</td>
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<td>Toivonen</td>
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<table>
<thead>
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<td>2016</td>
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</tr>
<tr>
<td></td>
<td>Ndong</td>
<td>transfer</td>
<td>18</td>
</tr>
<tr>
<td></td>
<td>Luiz</td>
<td>transfer</td>
<td>31.50</td>
</tr>
<tr>
<td></td>
<td>Saiss</td>
<td>transfer</td>
<td>3.4</td>
</tr>
<tr>
<td></td>
<td>Boufal</td>
<td>transfer</td>
<td>16.83</td>
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<td></td>
<td>Dja Djedje</td>
<td>transfer</td>
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</tr>
<tr>
<td></td>
<td>Mendy</td>
<td>transfer</td>
<td>13.95</td>
</tr>
<tr>
<td></td>
<td>Batshuahy</td>
<td>transfer</td>
<td>35.10</td>
</tr>
<tr>
<td></td>
<td>Mandanda</td>
<td>free</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ibrahimovic</td>
<td>free</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Pied</td>
<td>free</td>
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</tr>
</tbody>
</table>

**EPL to L1**

<table>
<thead>
<tr>
<th>Year</th>
<th>Name</th>
<th>Type of transactions</th>
<th>Fees in £m (if transfer)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>David Luiz</td>
<td>transfer</td>
<td>44.55</td>
</tr>
<tr>
<td></td>
<td>Van Wolfswinkel</td>
<td>loan</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ba</td>
<td>loan</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Stekelenburg</td>
<td>loan</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ilori</td>
<td>loan</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Theophile Catherine</td>
<td>loan</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Marveaux</td>
<td>loan</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Origi</td>
<td>loan</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>Stambouli</td>
<td>transfer</td>
<td>7.74</td>
</tr>
<tr>
<td></td>
<td>Rafael</td>
<td>transfer</td>
<td>2.88</td>
</tr>
<tr>
<td></td>
<td>Di Maria</td>
<td>transfer</td>
<td>56.70</td>
</tr>
<tr>
<td></td>
<td>Lopes</td>
<td>transfer</td>
<td>10.80</td>
</tr>
<tr>
<td></td>
<td>Theophile Catherine</td>
<td>transfer</td>
<td>1.80</td>
</tr>
<tr>
<td></td>
<td>Rekik</td>
<td>loan</td>
<td>4.50</td>
</tr>
<tr>
<td></td>
<td>Pasalic</td>
<td>loan</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fofana</td>
<td>loan</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cabella</td>
<td>loan</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Boga</td>
<td>loan</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Kemen</td>
<td>loan</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>Eder</td>
<td>transfer</td>
<td>4.05</td>
</tr>
<tr>
<td></td>
<td>Depay</td>
<td>transfer</td>
<td>14.40</td>
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<tr>
<td></td>
<td>Payet</td>
<td>transfer</td>
<td>26.37</td>
</tr>
<tr>
<td></td>
<td>Njie,</td>
<td>loan</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Veretout</td>
<td>loan</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Saivet</td>
<td>loan</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Thauvin</td>
<td>loan</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Gomis</td>
<td>loan</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Balotelli</td>
<td>free</td>
<td></td>
</tr>
</tbody>
</table>

Source: Transfermarkt.co.uk
Table 7: Player moves between the EPL and the L1 in 2014, 2015 and 2016

<table>
<thead>
<tr>
<th>L1 to EPL</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>Sum</th>
<th>Total transfer fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer</td>
<td>7</td>
<td>14</td>
<td>8</td>
<td>29</td>
<td>£336.47m</td>
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<tr>
<td>Loan</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Free</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EPL to L1</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>Sum</th>
<th>Total transfer fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer</td>
<td>1</td>
<td>6</td>
<td>3</td>
<td>10</td>
<td>£173.69m</td>
</tr>
<tr>
<td>Loan</td>
<td>7</td>
<td>5</td>
<td>5</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>Free</td>
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<td>0</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

Table 8: Financial losses for broadcasters of the English and French football leagues other than Sky and Canal Plus

<table>
<thead>
<tr>
<th>England</th>
<th>France</th>
</tr>
</thead>
<tbody>
<tr>
<td>Setanta, losses of £100m a year, 2007-2009</td>
<td>Orange, overall losses with their movie channel of €120m in 2011&lt;sup&gt;34&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>CFoot, loss of €15m in 2012&lt;sup&gt;35&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>BeIN Sports, losses of €200m per year, 2012-2015&lt;sup&gt;36&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

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