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More Reasons for NFL to Beam

League weighing options for Thursday, Saturday games. It could put them on NFL Network or join a new all-sports venture.

By David Wharton
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The deal that sent "Monday Night Football" to ESPN last week capped one of the most successful runs in the history of sports as big business, the NFL selling broadcast rights to five networks for more than \$23 billion over the next eight years.

Yet, even with these astronomical sums, industry analysts say the high-stakes negotiations are far from over.

ESPN is expected to try some creative ways to make financial sense of its part of the deal. And the league has maintained rights to a package of Thursday and Saturday games, leaving owners with the risky yet tantalizing option of joining in a new all-sports network.

"People want NFL games," said Marc Ganis, president of SportsCorp Ltd., a Chicago sports business consulting firm. "So all the parties will be looking to generate even more funds."

The wheeling and dealing began five months ago when CBS, Fox and DirecTV negotiated to continue airing a full slate of games. Last week, ESPN paid \$8.8 billion for eight seasons of "Monday Night Football" and NBC paid \$3.6 billion for six seasons of Sunday night games.

If nothing else, industry analysts see the ESPN deal as a defining moment for American television.

"It shows that cable has grown up enough to eclipse broadcast networks in terms of sports programming," Ganis said.

Analysts suspect that ESPN — which reaches an estimated 88 million of the nation's 110 million homes with television sets — has become so pervasive that viewers no longer consider it different from traditional broadcast networks such as ABC and NBC.

But the question remains, in paying \$1.1 billion a year for "Monday Night Football," can the cable sports network make good business sense of a weekly game that lost an estimated \$150 million a year on ABC?

ESPN has an advantage in that it can generate revenue not only from advertising but also from the

fees it charges to cable operators who carry its network.

George Bodenheimer, president of ESPN and ABC Sports, has vowed not to raise those fees. He said the cable network can use NFL broadcasts to draw more viewers to its Spanish-language channel and a planned service by which consumers can watch streaming video on cellphones.

Analysts suspect there is another, more valuable way to leverage the games.

Some of ESPN's offerings — including ESPNNews and the college-oriented ESPNU — are relegated to the outer reaches of digital cable. The network might eventually negotiate to have those stations shifted down the dial to basic analog service, where they will reach far more viewers and be more valuable.

" 'Monday Night Football' strengthens ESPN's hand," Ganis said. "They're going to push to get their other networks on better real estate."

When asked about this possibility, Bodenheimer said: "The cable distribution deals are complicated deals. We're having those discussions with cable operators all the time."

While ESPN explores a number of ways to generate revenue through "Monday Night Football," the NFL has a major card to play.

Commissioner Paul Tagliabue mentioned the possibilities surrounding a late-season package of Thursday and Saturday games during his state-of-the-NFL address at the Super Bowl in February.

The quickest, safest path would be to sell the rights to an established network. But team owners are looking longer-term.

The NFL might choose to partner with a media corporation to create an all-sports network — in effect, a rival to ESPN. News Corp.'s Rupert Murdoch has expressed interest in such a venture. Any new entity featuring NFL games would have instant cachet.

The league also could put the games on its NFL Network. Again, cable operators would be under pressure to put the network in their mainstream lineup, transforming it into a major cable presence overnight.

"That would be the higher-risk, higher-return option," said David Carter of the Sports Business Group, a Los Angeles consulting firm. "I'm sure they are gauging where they think the NFL Network would end up, whether it's basic cable or tiered."

Robert Kraft, owner of the New England Patriots, said he would prefer keeping control of the games, either through a co-owned entity or the league's network.

"I know it's more risky but I think it's more in our interest," he said. "I think it has got to be hashed out" among team owners.

No matter what ESPN and the NFL ultimately decide, analysts say one thing is certain.

The five networks that paid billions for broadcast rights will spend the next six to eight years heavily promoting the league, intent on attracting the biggest audiences possible to recoup their expenditures.

"That is one of the secrets to the NFL's success," Ganis said. "The NFL takes money from these parties who then promote the NFL."

Theoretically, the next time the contracts come up for negotiation, he said, "the NFL can charge them even more."

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