

Its Just Not Cricket: The Rise of Twenty/20 and the Indian Premier League

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What's new about cricket?

- Evolved in early 18th century England.
- Establishment of Lord's Cricket Club in 1787 "crucial in the formation of modern sports" (Szymanski,2009).
- 19th century cricket clubs in many European countries.
- Most popular US sport until 1850s (Szymanski, 2009).
- By mid 19th Century "cricket had spread to the most unlikely parts of rural Ireland" (West, 1991).
- Top level cricket largely confined to a small number of members of the British Commonwealth.
- Cricket second most popular sport in World after soccer (Swartz, 2016).



Two Fairly Major Changes

- Introduction of a (much) shorter match format.
- Phenomenal Success of Indian Premier League (IPL).
 - Launched 2008.
 - One of the richest sports leagues in the World.
 - Raises questions about
 1. traditional view of sports leagues; and
 2. move toward emerging economies as a significant force in professional team sports.

Cricket

- Traditionally cricket matches played over several days with Test (international) Matches lasting up to 5 days.
- In England league composed of 17 (now 18) county teams playing 3 (now 4) day matches.
- Changing lifestyles led to attendance declines.
- One day matches (ODMs) introduced in 1963.
- ODMs proved popular – New ODM league and 2 ODM knock out tournaments alongside traditional county championship.
- ODMs spread to other cricket playing countries.

Professional Cricket Traditionally Limited to England.

- Limited revenue meant cricket part-time professional or semi-amateur sport in other countries (Gupta, 2004; Lenten, 2008).
- Tradition of non-English players playing in England.
 - Northern club leagues.
 - By 1960s English county cricket a “magnet” for top international players although salaries modest compared to other sports. Most county teams had 4 or 5 non-English players by early 1970s.
 - Backlash against overseas players saw county teams limited to 2 and subsequently 1 overseas player – since restored to 2.

Cricket Authorities Slow to Develop Sport Commercially.

- Displayed little commercial acumen.
- ICC failed to recognise potential for international ODMs.
- First ODI 1971 – substitute for abandoned Test match.
- First World Cup 1975.
- First 3 World Cups held in England – Other venues would probably have been more lucrative.
- National governing bodies favoured State broadcasters - paid little in royalties for broadcast rights.
- “Making money by selling the sport commercially was frowned upon” (Gupta, 2004).

1976 – Kerry Packer and World Series Cricket

- WSC launched after ACB sold rights to Australian Test matches to ABC at a much lower price than Packer's Channel 9 had bid.
- Recruited majority of top Australian and international players by paying them more money.
- WSC introduced number of key innovations:
 - Coloured uniforms
 - Day/night matches under floodlights.
 - Multiple cameras and latest video technology.
 - Fielding restrictions favoured more aggressive batting.
- WSC came to an end when Packer's Channel 9 won rights to Australian Test matches but had 2 lasting effects.
- WSC innovations retained for one day matches.
- Cricket outside of England became a professional sport.

Cricket's Desert Circus.

- India and rest of South Asia huge cricket mad population.
- 1973 100,000 TV licences in India pop. 600m.
- By 1990s cable and satellite had brought TV to every part of India.
- Sharjah - If you build it they will come.
- Large South Asian diaspora in Persian Gulf states and UK and US.
- Match broadcasts to South Asia attracted large audiences.
- Teams attracted by large prize money.
- Move away from structured competitions based on traditions to lots of matches with competitions that came and went – matches became entertainment exhibitions.
- “In these exhibitions...one team won and held aloft a trophy, and six months later no one remembered what the competition was about or its significance” (Gupta, 2004).
- Contrast with traditional view of sports leagues.

Twenty/20

- 2003 ECB introduced new even shorter match format – Twenty/20.
- Each team bats for 20 overs.
- “a revolutionary step forward, as matches could take place after work and last for no more than three 3 hours” (Plumley et al, 2019).
- Since 2018 Matches played during English school summer holidays – many on Friday evenings.
- T20 an immediate success with regular sell-out crowds.
- Quickly spread to most other cricket playing countries except India (Parker et al., 2008).
- Big demand for T20.
- T20 World Cups in 2007, 2009, 2010, 2012, 2014 & 2016.

The Indian Premier League

- India sent young inexperienced team to first T20 World Cup in South Africa in 2007...
- ...and (unexpectedly) they won it (Kanath & Gopalkrishna (2017)).
- Attempt to capitalise on explosive growth in demand for T20.
- IPL also prompted by 2007 launch of Indian Cricket League – an unofficial tournament (Parker et al, 2008).
- 2008 BCCI responded by setting up IPL.
- IPL set up in a rush (Parker et al, 2008).
- “The inaugural Indian Premier League (IPL) season of 2008 marked arguably the biggest business revolution in the sport of cricket in the 130 year formal history of the game” (Lenten et al., 2010).

IPL Structure

- 8 new team franchises - each based in one of India's major cities.
- Double round robin league schedule – Top 4 semi-finals.
- League runs for 48 days approx. (March/April)
- BCCI auction of new franchises in January 2008.
- BCCI recruited top players from around the World to play in IPL.
- ECB blocked participation of English players in first season – to the great chagrin of the players.
- Team rosters decided by sequential English auction
 - Salary cap - franchises limited to max spend of \$5m - min spend \$3.5m.
 - Winning bid = Player's salary. (Player reserve).
 - Could sign up to 8 non-Indian players but only 4 could play in any match.
 - Icon players – outside of auction - paid 15% more than next highest player on team – Designed to generate fan support in early years.
 - Teams required to include number of Indian under 22 players.

Business Model

- First 10 years teams paid franchise fee plus small % of merchandise and licence revenues.
- Most of broadcast and other central revenues returned to teams – to help them become established.
- Post 2018 teams pay % of revenues to BCCI. Broadcast and other central revenue split 50/50 BCCI and franchises.

Show Me the Money

- 8 franchises sold for \$724m (10 years).
- 2008 auction bids for 75 players. Total spend \$36.78m.
- Media rights >\$1 billion for 10 years.
- 2010 IPL first sporting event broadcast on Youtube.
- Further digital rights deals.
- Total IPL revenues \$2.5 billion in first 10 years (Kanath & Gopalkrishna, 2017).
- 2017 IPL global rights sold for \$2.55 billion (5 years) – biggest rights deal in cricket history.
- Big increase in value of digital rights.
- IPL first serious foray into sports rights markets by social media.
- 2018-22 title sponsorship deal \$340 million - 550% increase on previous deal.
- Franchise's revenues expected to treble over the next few years (Kanath & Gopalkrishna, 2017).

IPL Not Just About Sport.

- “The Indian Premier League, with its three hours of intensity, has changed the way cricket is played, viewed and consumed; not just in India but globally” (Subramanian, 2015).
- Links to Bollywood movie entertainment industry – means of attracting fans to franchises.
- “The IPL is an action-packed reality show. We are not pitching IPL against cricket; we are pitching it against the prime time (7 to 11 p.m.) of general entertainment channels...it’s an evening out. A Bollywood movie is three hours. This is a three-hour function. A lot of good food and catering and popcorn and ice cream for the kids.” (Lalit Modi former BCCI Chair).
- IPL a reality TV show.

Outlook Bleak for English County Cricket.

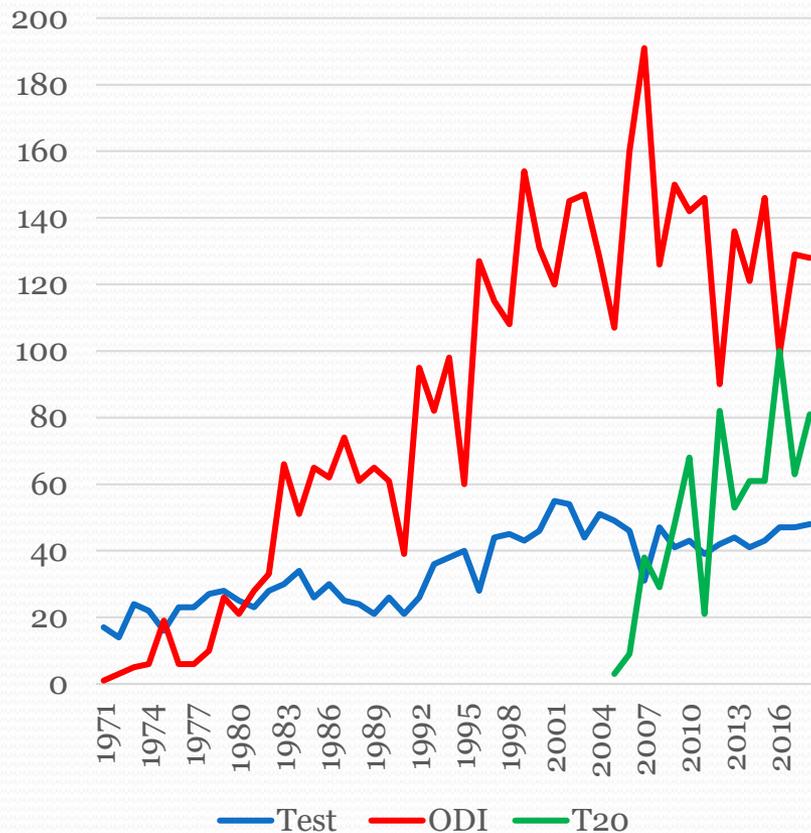
- Gradual decline in attendances since mid 1990s (Patton & Cook, 2005).
- 1997 financial review of 18 first class county teams:
 - Extremely low proportion of total revenue from the paying public watching matches;
 - Debt levels at some clubs unsustainable;
 - Without ECB handouts (from international match revenue) many would cease to exist as going concern (Shibli & Wilkinson-Riddle, 1997).
- 2018 Financial problems persist.
 - ECB grants >50% of teams' Total Revenue.
 - Only 1 team profitable without ECB money.
 - Big difference in revenue between counties that host international matches and those that don't.
 - 11 of 18 teams debt ratio > 75% 2>100% (Plumley et al., 2019).

T20 – A New Sport or Cricket-lite?

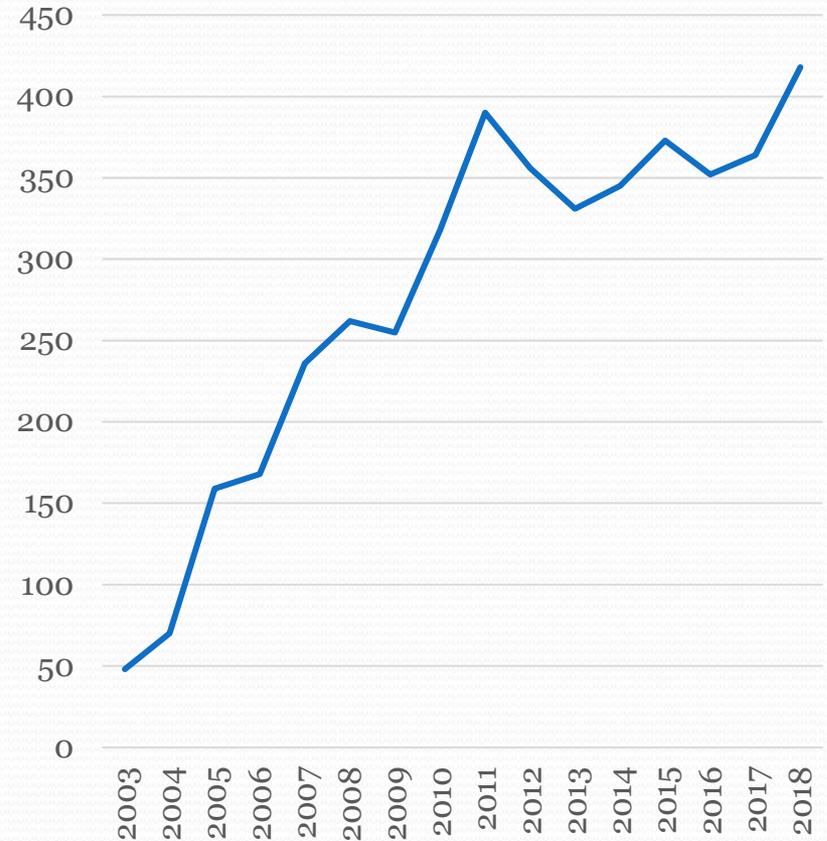
- Test and ODI matches appeal to different audiences. (Bhattacharya & Smyth, 2003).
- Test matches strong negative impact on attendances in ¾ day county matches but ODIs do not. Both affect ODM attendances (Paton & Cook, 2005).
- Tests, ODMs and T20 - 3 distinct products (Borooah & Mangan, 2012).
- Shorter formats especially T20 designed to appeal mainly to new fans (Lenten, 2008).
- Fans “that just want to go to the game and don't even know what happens” (Brian Lara).
- T20 markedly different to other cricket formats due to its short duration. Fewer overs to lose wickets – primary focus is scoring runs (Swartz, 2011).
- Requires different skill sets, strategies and tactics (Depken et al. 2010)
- Reflected in bids in player auctions.
- Limiting opponents scoring more important than bowling them out in T20 compared to longer ODMs (Cannonier et al., 2015).
- Winning strategies differ for Test matches and ODIs (Lohawala & Rahmen, 2018).
- Scoring rates in other cricket formats increase post T20.

The Changing Pattern of World Cricket.

International Matches by Format



Domestic T20 Matches in (10) Test Playing Nations by Format



Source: www.espncricinfo.com

T20 – The Future of Cricket?

- Despite criticisms of purists T20 continues to grow – pressure on countries to include more T20 matches in domestic and international schedule (Cannonier, 2015).
 - English teams now play almost as many T20 matches as four day matches.
 - ECB new 8 franchise T20 tournament in 2020.
 - May further damage smaller counties – franchises based at international match venues.
 - Ireland, Scotland & Netherlands new T20 league.
- Number of competing formats could dilute product.
- 4 day game has very limited demographic appeal – “exists mainly to provide a production line for the national team rather than a standalone sport in its own right” (Plumley et al., 2019).
- T20 may pose greater threat to ODIs due to proliferation of “context less” matches (Cannonier, 2015).
- Optimistic view Test and ODMs will survive but will be less of them.

IPL Dominance of T20

- Has survived betting scandals and predictions that it is financially unsustainable.
- Average player salaries second only to NBA (Swartz, 2016).
- IPL players paid up to \$2.5 million – for six weeks (Kanath & Gopalkrishna (2017)).
- High salaries give IPL pre-eminent position in players' wish list - relative to other T20 leagues and (possibly) international cricket.
- Cricket calendar must accommodate IPL
- National associations must release top players to IPL or risk losing them to *"free agency"*.
- BCCI refuses to permit Indian players play in other T20 competitions.

Implications for Sports Economics

- Several studies of IPL auction (Parker et al. 2008; Rastogi & Deodhar, 2009; Depken & Rajesekhar, 2010; Lenten et al., 2010; Borooah & Mangan, 2012; .
- IPL blurred distinction between sports and entertainment “the platform that can provide more eyeballs than any other marketing gimmick” (Subramanian, 2015).
- Newly emerging economies now driving cricket financially.
 - India and Pakistan important financially.
 - India’s early elimination in 2007 World Cup had huge negative effect on ratings and revenue – led to changed format in 2011 World Cup (Kendall & Lenten, 2017).
- Contrast with European domination in soccer.
- Competition between leagues for global media audiences
 - BCCI selling IPL to the World while preventing Indian players playing in other T20 tournaments.
- Emergence of “Freelance” and “Portfolio” players (Rumford, 2011).
- Need to rethink traditional views on sports leagues?

