On Sport and Society

Commentary

The commercialization of college sports

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SPORT AND SOCIETY FOR H-ARETE
The commercialization of college sports
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At the 2009 NCAA Convention in January the president of the organization, Dr. Myles Brand, gave his State of the Association Address. The subject was the dangers of commercialism in intercollegiate athletics. Reading Dr. Brand's address on the brink of the annual epidemic of March Madness is, to the say the least, a mind-blowing exercise. It is either the product of unfettered chutzpah or incredible naïveté. The tone and content of the address offer considerable evidence of each.

Following the money grabbing of the past two weeks of conference tournaments that have no reason to exist except to fill the coffers of conferences, the next three weekends will be filled with basketball as 64, or if you want to count the appendage, 65 college basketball teams will entertain the nation in its hour of need. March Madness, an NCAA copyrighted phrase, will also fill the coffers of CBS television, the advertisers, advertising agencies, the conferences, perhaps the universities, and of course the NCAA.

CBS is paying the NCAA $6.1B over 11 years for the rights to telecast March Madness. The economist Andrew Zimbalist notes that advertisers will pay CBS an estimated $100,000 for a 30-second spot in the first round of the tournament, and the rate will increase to $1M for a 30-second spot in the finals. The NCAA will take in nearly $600M between the TV rights and ticket sales assuming last year's numbers are a reliable guide. This accounts for 96% of the NCAA's annual revenue.

It is generally assumed that the big-time successful basketball programs generate great wealth for the universities. Well, not quite. Most basketball programs actually spend more than the revenue they generate, and this includes many of the top ten programs that take in as much as $11M in revenue. When the costs of arenas, training facilities, academic tutoring programs, travel expenses, coach's salaries, recruiting expenses, staff expenses, secretarial costs, medical and insurance expenses, and scholarship costs are included, most of these programs do not generate enough revenue to stay out of red ink.

The largest payout, $19M, for March Madness in 2008, went to the Big East Conference. Each member university received $1.2 million which might have been enough to pay their head coach, although not at the University of Connecticut. In Division I basketball the average coach's salary is close to $1M, while top end coaches receive between $2M and $3.5M plus a range of additional perks and revenue enhancers.

According to Brand, intercollegiate sports are different from the professionals in that they are not in the business of "creating profits for owners and shareholders." Wow! The reason colleges sponsor sports is that "sports have a positive impact on the lives of young people." Two points here: sports are creating profits for a lot of people, and the evidence of the impact on the lives of young people is mixed, at best.

Brand sees a clear danger that over-commercialization will become a reality as universities increase their expenditures on athletics three to four times faster than the rate of their budget increases, while revenues fail to keep pace with these expenditures. The result has been an increase in the amount of commercialization in athletic programs in the never ending search for new revenue streams. Brand fears that amateurism might be threatened by increased commercialism. Yes, amateurism.

So Brand asks: Where is the balance point between "the extremes of unrealistic idealism and crass commercialism?" Clearly there are costs in running an intercollegiate athletic program, and commercialism is the only way to meet those costs without eliminating intercollegiate competition. "While that, of course, is always an option, the benefits of student participation in high-level, organized athletics; the branding and marketing of the institution through athletics; and the value to the community, including economic development, would all be lost." And which is the least of these three? Clearly the one involving students.

My favorite lines of the address: "student-athletes should not be commercially exploited," because "they are students, not professionals." And "exploiting student-athletes for commercial purposes is as contrary to the collegiate model as paying them." The internal contradictions are the crux of Brand's flawed assumptions.

Brand goes on to discuss what should be done to control commercialism: "Local control permits each campus to take best advantage of its unique opportunities and to market and depict itself in the manner it judges most appropriate."

"The development, advancement and protection of an individual institution's brand ought to be within its purview."

What a marvelous set of images, especially the "advancement and protection of an individual institution's brand." Need any more be said about the commercial model that Miles Brand holds for intercollegiate athletics?

Brand also declares that it is not exploitation of the athlete when the university uses the image of the athlete to promote itself or to sell its athletic merchandise. Nor is it excessive commercialism when the university sells its logo, endorses a commercial product, uses its athletic uniforms to advertise a product, or advertises that product on the athletic scoreboards, or sells signage for a commercial product.

Apparently the key to Brand's logic is to be found in this assumption: "the key differences are that, first, the function of college sports is based on education while the function of professional sports is based on entertainment.

"And second, those who participate in college sports are students while those who participate in professional sports are paid employees."

March Madness apparently struck Miles Brand a few months early. As it strikes us this week, try to remember, this is not a crass commercial enterprise.

On Sport and Society this is Dick Crepeau reminding you that you donÕt have to be a good sport to be a bad loser.