

Kill Your Television?

Fact: The growth pro cycling has enjoyed over the past two decades has occurred largely thanks to television. TV is the primary way that about 99% of cycling's audience can watch the sport, and it is also a key revenue driver for certain events and for the all-important team sponsors. The Tour de France is now the third most-watched sporting event on the planet, and its race drama plays out on millions of TVs around the world. Stronger and more effective cycling content and programming, and new distribution approaches could bring waves of new fans to the sport. This represents a great opportunity to grow pro cycling. However, there are first a number of obstacles which must be overcome.

A Sea of Challenges: Cycling is one of the most expensive sports to televise, because it takes place on the road rather than in a stadium. A large array of highly-specialized and expensive equipment must be integrated to create compelling broadcast content. This includes helicopters and fixed-wing airborne transmission relay systems, fleets of motorcycles, high-definition cameras and central production and satellite uplink trucks where the transmission feeds are mixed and rebroadcast out to the networks – and where the "play-by-play" announcers are often based. Anyone who has wandered around the parking lots at a major race has seen the numerous semi-trailers and thick cables running every which way. According to U.S. cycling TV producer Kent Gordis, the specialized camera equipment typically used to cover a race can cost as much as \$30,000 a day to rent. A major race requires three camera/motorcycle unit pairs and a helicopter to cover all the action, plus several additional fixed-site cameras. Helicopters can cost as much as \$5,000 per hour. It's no wonder that the expenses of broadcasting a race can quickly become overwhelming.

What is perhaps not as widely understood is that many cycling events – particularly those in the United States – must also purchase the air time to actually broadcast their event on a TV network. While TV channels compete with each other and pay huge prices for the right to televise more popular sports like American football, most bike racing events have to pay their own way. Indeed, the Tour de France is the only bicycle race broadcast in the U.S. that commands a rights payment – although it is quite minimal. Even in cycling-mad France, the national TV station pays only about €20 million to the race owner for the rights to televise the Tour de France – a rounding error relative to the prices paid for the media rights in other sports, like European football.

This "pay to play" standard is also known as a time-buy – essentially an "infomercial" for the sport. This is unfortunately the standard for many cycling events outside of a handful of the more popular races in Western Europe, whose coverage is either paid for or otherwise subsidized by the television carrier. In a time-buy, the race organizer then turns around and tries to supplement his revenue by selling ad time for the event. However, advertiser interest in time-buy programs is typically weak. This is why U.S. racing coverage often has a small pool of the same ads run over and over again, much to the annoyance of viewers. In summary, from the race organizer's perspective, not only are the production costs of organizing and televising a bike race very high, but actually getting the event onto TV represents a significant additional cost. These two costs items are a key reason why profitability is so difficult to achieve in a cycling event.

The underlying complication for the sport is that – outside of the Tour de France – professional cycling does not have a large fan base and television viewing audience in most regions of the world. Except for the intense focus on the Tour de France, media interest and revenues throughout the rest of the sport are surprisingly weak. The bounty represented by the Tour de France simply hasn't trickled down to the rest of pro cycling. In the U.S. market, for example, even the Tour itself averages only a 0.1 Nielsen Rating – meaning that only about 100,000 people in the whole country are actually tuning in to watch each day. These figures obviously go up and down, depending on the drama of the event and the presence of

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popular American riders, but it's telling that the highest Tour de France rating in the U.S. over the last twenty years was a 1.2 rating – roughly the same as a typical weekday afternoon baseball game. From the TV executives' perspective, any race before July is essentially a warm-up for the main event, and after July, races are just second chances for riders and teams who didn't make an impact in the main event. While this lopsided perception may be slightly exaggerated, it clearly reflects the reduced broadcast value of all the other races on the calendar.

There are, of course, lots of other “normal” logistical trials and tribulations of managing a high-profile race – road closures, police support, coordination of volunteers, solicitation of local sponsors and so on. When one adds in these additional costs of both producing and then paying to distribute the TV programming, it comes as no big surprise that major U.S. races, and indeed most WorldTour races lose money. While TV might build a broader audience over the longer term, the expenses of televising cycling are severely burdening the sport in the short term, or even killing some individual events. Like so many other aspects of cycling, this is obviously not a sustainable economic model. Indeed, without heavy investment by major patrons of many of these events, volunteer labor, and the subsidization of services like local police support, much of the world's cycling calendar would simply go dark.

Pro cycling cannot survive or grow without TV programming, but pro cycling desperately needs to get much better at *both* producing and distributing media content. How can these challenges be addressed or overcome, so that the whole of pro cycling – beyond the Tour de France – can become more popular and more profitable? Fortunately, despite this sea of challenges, there are some promising answers and solutions.

Technology to the Rescue: First, there are a number of emerging new production technologies which should help to dramatically reduce the physical production costs of televised cycling, in terms of cameras, transmission and media streaming. Currently, a single day of production at the Tour of California requires a minimum of three motorcycles, a transmission relay plane, at least one helicopter with a camera, custom wireless delivery hardware, TV production support trucks and an announcer team, at a cost of about \$200,000 per day.

Now, according to producer Gordis, 4G and 5G distribution technology and specialized streaming technology can drastically reduce these costs. “Devices like the NewTek Tri-Caster video production system represent huge leaps in miniaturization and have a one-time cost of \$30,000 – as opposed to leasing a full production truck at \$25,000 *per day*,” says Gordis. The ability to mix and deliver the video feed on standard laptop computers will continue to bring down the costs. In terms of the all-important aerial photography in cycling coverage, it is widely expected that drones will soon be able to replace expensive combined helicopter camera and fixed wing transmission systems. Gordis is also developing miniaturized on-bike camera and data transmission systems which will help to bring new and more interesting video content to the sport. The Tour of California TV budget is rumored to be \$3.2 million for eight days (which includes the time-buy expense), but using some of these new technologies, Gordis televised the recent Redlands Classic for just \$15,000. “Sure,” he says, “the racing and the coverage is not quite apples to apples, but still, that's a huge difference.”

More Interesting Coverage: One complaint often heard about professional road racing is that much of the TV coverage – to put it bluntly – just isn't very exciting. Despite the rise in popularity of the Tour de France, overall cycling TV ratings have actually been going down for almost two decades, according to Eurosport. Many of the so-called transitional stages in multi-day races are four or five hours long, often with little drama until the last 500 meters. They tend to occur on mid-week mornings or afternoons, when viewership is light. “Coverage of the sport is calcified,” says Gordis. “If the product was more gripping, more people would join up, and they would probably be more likely to overlook the doping scandals.”

There are many ideas for making the sport's presentation more compelling to watch. Former race

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promoter and marketing consultant Michael Aisner points out that cycling has a lot of drama and sub-plots in constant motion, but television has not done a good job to bring that “inside story” to the viewer. “We need to think about how to make cycling television coverage more like a reality TV show,” he says. “Telling the inside story of the battle between LeMond and Hinault, the coach inside the team car exhorting the riders, the follow-up to the Johnny Hoogerland story, and so on,” says Aisner. “Human interest stories are what grabs the average viewer, and makes them more interested in the sport, and more invested in the outcome.” Giving the riders names and permanent numbers on their jerseys would be another ultra-simple way of creating more interest in cycling’s personalities – an idea recently pitched by Peter Stetina and other riders. Aisner thinks there should be two separate programming options – live detail during the day for the hard-core fan, and a more creative night-time or prime-time offering.

The role of the commentator is obviously critical for a successful broadcast, and the racing is just one part of the final product. Former NBC Sports announcer Craig Hummer echoes some of Aisner’s basic ideas, saying “Compelling TV coverage has to be more about the journey, not just how fast they get there. We need to tell stories, not just ‘tell about’ what is on the screen.” Some fans complain about inconsistent story-telling, often mixed in with historical facts, plugs for regional tourism or unrelated sponsor products. Often, the drama of the race can get lost, in between distracting repetitive and frequent ads.

However, Paul Sherwen, one of the most respected current broadcast analysts in the business, believes that telling a complete story of the race is just as important as having dynamic visuals. “The job requires a great deal of preparation,” explains Sherwen, a pro rider himself from 1978 to 1986. “I’m constantly reading up on and speaking with the riders to get a sense of who is coming into form, and how the race might go.” Not all the viewers are cyclists themselves, which is why Sherwen also spends hours studying the race “bible” and learning about the regions where races take place. This also explains why so much effort is made to share regional and historical facts. “Races are typically a huge tourism investment for the organizers. It’s part of our job to breathe some life into the scenery and history – in places like France, Colorado or wherever. The race is in constant motion, the landscape is always changing. What other sport can do that? When we can connect the viewer to a beautiful and historic place, it can have a real effect on their future travel decisions.”

There are also other structural and probably more contentious ways of making the sport more exciting. One potential idea would be to shorten not only the total days of racing – particularly the often boring and so-called “transitional” stages of the Grand Tours – but also shortening the length of individual races, in order to make them more compatible with modern viewing habits. Former announcer Hummer suggests the creation of a series something like the Grand Slam in golf or the Davis Cup – to spice things up a bit, and to draw in new fans. “We have to create events that are more interesting and gripping from start to finish, so that people don’t just tape the event and then fast forward to the last five minutes,” he says. Changing the types or length of events, or rearranging the calendar might upset some traditionalists, but these are the types of idea which should be considered.

And technology can also help here – to make televised racing more exciting. On-board cameras, power meters, physiological monitors and GPS tracking units to follow individual riders are widely used in other sports, but cycling has largely ignored or misused them. All of the recent talk about efforts by both Velon and ASO to deliver on-bike video streams only demonstrates how far behind the sport really is. In fact, neither of these approaches is really new anyway; on-board digital cameras were used as early as the 1999 Giro d’Italia, and Computer Sciences Corporation developed a true GPS tracking service for the 2007 Tour of California. Yet, no enhanced and *integrated* live content has been presented to television viewers to date. In short, it should be fairly easy for pro cycling to make better use of existing and well-known technologies, in turn making the sport much more interesting and appealing to the TV audience.

Sponsorship Challenges: Even when the race organizer *is* able to deliver a cost-efficient and professional broadcast of an exciting event, there is still no guarantee that a sufficient audience will tune

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in, and activate the marketing potential of the event for sponsors. American football's success is often cited as a model for other sports to emulate, but there is a huge difference between cycling today and the era in which NFL television took off. In the 1960s, the average TV home in America had access to four or five TV channels; today, major market cable systems offer over a thousand channels, and there is virtually an infinite amount of sports content available on the internet. A niche sport like pro cycling will never be able to generate huge bidding wars among the TV channels for its media content, but there are ways to improve on the current situation.

The contrast in pro cycling's TV audience demographics can explain why many cycling events unfortunately fall into the infomercial category. The largest audience continues to be in Western Europe, where cycling has historically been seen as a "blue collar" sport. Hence, the market here has focused on sponsors like lower- to mid-price range auto companies like Skoda, packaged snack food makers, PMU (an off-track betting service), housewares, cleaning supplies and so on. While the French sausage maker Cochonou is a major sponsor of the Tour de France, it would have no interest in advertising at the Giro d'Italia or the Ronde van Vlaanderen – markets where its products are not even sold. This viewership niche makes it difficult to develop the kind of broad international sponsor relationships that other major sports enjoy – the Visas, Coca-Colas, BMWs and so on.

There are now opportunities in other and emerging cycling markets. The sport attracts a different demographic in English-speaking markets like Great Britain, the U.S. and Australia, where it tends to attract higher-income and more-educated audiences. There are many companies that would like to sell their goods or services to those kinds of people – healthcare companies, healthy food producers, high-tech products, or tourism companies. "Providing a platform that allows a vendor to address this high-end demographic," says US Pro Challenge CEO, Shawn Hunter, "can be huge." But unfortunately, the overall numbers in these markets are much smaller than Western European viewership. It is the old chicken and egg problem – before sponsorship value can grow, fan interest and the TV audience have to grow.

Changing the Distribution Model: The real revolution – which is waiting to happen – is a dramatic change in pro cycling's distribution model. Traditional TV is a blunt instrument for content delivery, and its monetization model was invented when there were only a handful of channels for consumers to watch. Internet live-streaming is emerging as the new model, as more of the world is wired and as consumers can choose exactly what to watch, when they want to watch it. As opposed to TV, which is only truly effective when connecting content to very large audiences, an online sports distribution platform could more cost-effectively deliver pro racing to its target audience. And people are demonstrably willing to pay for it.

This approach turns the traditional TV model on its head, essentially providing a "gate fee" for the sport's specialized content. More importantly, advertisers would have a more focused platform for connecting with consumers, based on their click habits and browsing history as tracked by the ad divisions of Google, Facebook, and Microsoft. And finally, the time-buy requirements would be eliminated, freeing up cash that could be applied towards more productive means of growing the sport's distribution. By using the internet as the primary means of distributing and delivering televised content, and with some good marketing and strategic planning, cycling could quickly develop a more engaged and broader viewership, while creating a more sustainable business model.

Looking Forward: The sport needs to shift its focus to on-demand web content and develop a web portal for all things "pro cycling." Professional surfing has built a hugely successful centralized online service for its events, content archives, and fan interaction; similarly, there needs to be a "go-to" place for all pro bike racing content, including live and archived video coverage, but also forums, chats, statistics, and other fan-centric pursuits. A key to any cycling site's success will be having enough new and exclusive content to make visiting the site a daily habit for the consumer, so that he or she will consider purchasing a recurring subscription, or value-added content on demand for specific events.

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Such a cycling web destination could become a distribution platform for current race content streams, but could also produce its own original content using the new, lower-cost technologies described above. The movement towards on-demand content could provide pro cycling with the means to more effectively deliver what its fans are asking for, and with a potential for profitability which neither the ASO or cycling's other traditional power centers could interrupt.

This implementation of new technologies to dramatically reduce production costs, combined with new strategies to reach specific and focused end markets could be truly revolutionary. These changes would create new revenue streams for pro cycling, and would in turn help to create greater economic stability across the sport. There are millions of potential new fans out there waiting to be won over, and echelons of new racers who have yet to be inspired. The future of pro cycling will be brighter if it can successfully make these changes, and like many modern revolutions in our connected world, this one may be live-streamed.

***DISCLAIMER:** As with all postings on theouterline.com, our goal is simply to provide ideas and spur debate about what constitutes real change in professional cycling. If you have an opinion about how to repair and strengthen professional cycling, please contact us, and make your ideas or opinions heard.*

Joe Harris and Steve Maxwell, September 8, 2015