

When Elite Track and Field Has Arrived

--Short Version--

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The sport of elite track and field (ET&F, or elite athletics) is based upon a beautiful set of activities, easily understood and appreciated by many people. Somehow, this familiarity has not lent itself to the creation of a successful entertainment product. As the largest sport by participation numbers in US high schools, retaining interest in the elite form of the sport has been very challenging. This is consistent with the professional sport's inability to provide meaningful financial support to a significant number of its top athletes. ET&F's professional product appears to disappoint the sport's many fans and observers, just as much as it under-serves its professional talent. Knowledgeable followers of the business conclude that ET&F is not even worthy of being called a "minor sport", using a pejorative applied to hockey, golf, and professional tennis (the ATP/WTA Tours).

It may not be surprising to note that the size of ET&F is nowhere near that of professional tennis (PT), a sport that conducts highly successful men's and women's "Tours". The PT business sponsors a combined 130+ tournaments annually, with athlete prize money of at least \$340M. ET&F pales in comparison to this. In 2017, the major professional ET&F series (of IAAF-related meets), will collectively sponsor 34 events. Estimated prize money is only \$19M. Tennis also conducts four (separate) "Grand Slam" events every year. These alone disburse an additional \$78M in earnings, among a potential 2300 individual athletes, with aggregate event revenues of circa \$870M. In contrast, ET&F conducts one "major" fixture per year, paying out no more than \$7.2M in compensation, among 1771 participants (2015 IAAF Outdoor World Championship). Topline revenue numbers for ET&F major events is smaller (\$100M in the largest example).

On the combined PT Tours, about 100 men and 100 women each earned more than \$293K in prize money in 2016. Roughly 400 combined athletes in tennis earn above \$100K per year. In contrast, ET&F, via the IAAF Diamond League Tour, provided \$100K+ to only ten athletes in 2016. 400th place on the ET&F list was worth only \$4K! PT puts on a larger number of events at all levels, which provide a much larger amount of direct athlete compensation. PT supports annual "happenings" (major events) that are much larger, and more frequent.

I do not seek to disparage the ET&F enterprise. Many good people are trying hard to move the sport forward. I also see little value in creating a long list of low-level (tactical) steps which promise only incremental gain. More may be achieved by considering the apparent potential of ET&F, in view of the demonstrated performance of PT. In relative terms, one sport seems to thrive at the professional level, while the other struggles. Rather than asking "what ET&F should do in the future", I see more value in trying to understand the critical attributes of PT, which ET&F is lacking. Looking outward may be the best strategy. Here, I consider the expected look and feel of ET&F, when it reaches the level of success of PT, or when it has "arrived". It is my opinion that simply reaching the size and status of professional tennis would be an excellent goal for the stakeholders of ET&F. It would represent a great improvement!

Through a good deal of analysis, I have concluded that the most important differences between the two sports are organizational in nature. With this in mind, I point to the following ideas:

1. A Structured "Tour" is the Valuable Commodity.

The PT Model. There is one real source of tennis-generated income for PT participants: the all-inclusive ATP/WTA Tour. Everyone at the elite PT level participates in this Tour's events. They all follow its very clear rules, and they benefit from its overall scope. The PT Tour sets the events, and it imposes a high degree of standardization and hierarchy on how they are conducted. The Tour is the dominant enterprise in the sport, and any alternative efforts are relatively insignificant. With this structure, the absence or retirement of profound

talents does not create significant problems. The PT Tour, while built upon its athletes, is ultimately bigger than any one of them. Regardless of today's names and personalities, The PT Tour goes on, its athletes perform and earn their prize money, and the public enjoys the changing face of an excellent product.

PT tournaments implement a strict hierarchy. Qualification for higher events depends upon points and rankings from previous tournaments. Athlete appearance requirements appear at all levels of the PT Tour, and they effectively mandate a significant competitive schedule for those athletes wishing to prosper. Winning matches in Tour events is essentially the only way to move up in the rankings, to play on the biggest stages (i.e., “majors”), and to increase earnings significantly.

The ET&F Approach. ET&F seems to be a “collection of sole proprietors”, attempting to maximize a relatively small amount of annual income. Regardless of the details of current sponsorship sources, I suggest that financial gain in ET&F relies too heavily on extramural income sources, and too little on results within the ET&F Tour's events. Individual stars seem to hold undue influence over the product. Absence or retirement of top-tier ET&F talent causes a type of existential crisis that PT seems to avoid. All of this points to an ET&F Tour is not yet a sufficiently strong entity, with a high enough level of integration.

Even with recent improvements, many of the Tour events still operate as independent, small enterprises. In the flagship Diamond League Tour, event organizers are allowed to populate competitive fields as they see fit (implicitly to maximize their financial return). As a result, individual meeting results do not really set the stage for later or larger events. The use of appearance fees, to generate compelling fields for individual meetings, is still a part of ET&F. These individual events, and free-market transactions, are at odds with creating a more powerful and highly-structured Tour. This is not the model that PT successfully demonstrates. Significant appearance requirements do not seem to apply to ET&F Tour athletes, who are free to pick and choose which (if any) meets they appear in. And, track's biggest star does not regularly compete on ET&F's most important Tour! Scarcity of a prime commodity (athletes) limits the perceived quality of the ET&F product, as defined by a paying fan base. The ET&F “major” meets that do exist in effect have (single) performance mark qualification standards, with only a minimal competition-based component. So, the entirety of the Tour season does not define the major event participants very much. Most Tour events are effective “exhibitions”, with decreased relevance. Achieving greater focus in product definition is challenging, when the current ET&F offerings are not as tightly integrated as they could be. Spreading a finite talent pool, among seemingly independent product offerings, seems dissipative. Condensing this same talent into a single, structured product is a successful approach for most other professional sports. Ultimately, the collective ET&F Tour that exists now is not successful in providing a significant and sustainable level of earning power for its participants. It is simply not a valuable enough commodity. A focus on building and strengthening a single competitive entity for ET&F is an obvious priority for its stakeholders. PT shows one example of what this focus can achieve.

2. More, Not Less, of Many Things

Relative scarcity of the ET&F product may be a greater problem than any organizational limitations. ET&F athletes compete much less frequently than peers in other successful sports. A sample of world-ranked ET&F athletes, competing in all events, shows an average annual number of races/events of slightly under 13, within 11 distinct meetings. Quite simply, ET&F athletes do not compete, or appear at events, very frequently. By comparison, professional athletes in most other sports earn a better living from a much heavier competitive schedule. Within our model PT sport, a similar sample of ATP/WTA athletes competed in a per capita 21 separate tournaments in 2016, playing about 61 individual matches. ET&F also suffers from a level of “non-Tour” distraction that PT does not. Analysis of recent year data indicates that only 76% of all ET&F starts were directed at the putative core product (IAAF Tour events). In PT, by comparison, about 96% of all matches are within ATP/WTA events. While only 1 in 20 matches are outside of the primary PT Tour, something like 1 in 4 ET&F athlete starts are unrelated to the IAAF franchise.

The relatively light workload, and the expenditure of energy outside the Tour, creates a problem for ET&F. Assuming “engagement time” to be an important contributor to brand value in sporting enterprises, one concludes that ET&F does not offer enough of its product to its customers. While no professional athlete in any

sport wants to compete more than is “necessary”, PT (and a number of other professional sports) negotiate a much more extensive schedule with its athletes, independent of personal preferences. More money demands more appearances. The ET&F Tour is not yet successful enough to indulge in a relatively short work schedule!

ET&F event structure is also a factor. Many forces have caused organizers to curtail the number of disciplines, and their athlete counts, at most elite meets. ET&F has gravitated to one-day/short-format meets for the large majority of its events. Less than 50% of the sport's disciplines are competed at a single Diamond League Tour stop, with a relatively small number of elite athletes on display! Some blame TV broadcasters. I argue that untethered marketing efforts may be more responsible. Common marketing conclusions, such as “fans do not want to sit through a long day (or multiple days) to watch ET&F,” are hard to accept. Other sports seem to contradict this. For example, the PT archetype does not embrace any part of the short-format approach. Regardless of event level, PT tournament durations are significantly longer (typically at least 6 days), and individual field sizes are larger (between 28 and 128 athletes). PT seems to offer more of its product, not less.

I fear that ET&F stakeholders lack confidence in the overall value of their product. Numerous accommodations and adjustments are made to what it does offer to its customers. Athletes seem accepting of a career structure that offers, with few exceptions, only part-time employment. The media does its best with this meager offering. ET&F customers consume the available content, while grumbling. Analytical fans become confused! Today's ET&F approach supports less: fewer meets, fewer disciplines, and smaller fields. This seems deflationary: any purported product improvement is offset by its increased scarcity. The alternative is to (proudly) offer more of nearly everything: more and longer meetings and larger fields, with more competitive rounds. This is more like PT. I argue that a stronger ET&F business can arise from a larger competitive footprint.

3. Creating the Proper Relationship With TV

ET&F has seemingly misunderstood the proper role for TV (or any video product showing the sport in motion) in its efforts to grow the sport. TV can indeed add value to the sport. However, TV cannot create this value within an enterprise that has not properly defined the structure of its core product. Also, many ET&F fans have some disgust over the nature of TV coverage. This presents a separate problem.

What are the problems with TV coverage? Ideas do vary. I say that present approaches miss the opportunity to show more of a multi-faceted competitive sport, within an effective three-ring circus of activity. While professional golf and tennis do a relatively good job of using camera switching to cover sports that also have many simultaneous stories, ET&F broadcasting tends to use a one-thing-at-a-time approach. It would be simple to show dozens of attempts (jumps) in an long jump competition, while rapidly interleaving coverage with other, simultaneous track or field events. The PGA on TV does this well, every week. Coverage of ET&F relies more heavily on editing and condensing of footage. I conclude that same broadcasters that are quite willing to tell me lots about the swing mechanics of the 100th ranked PGA golfer, on multiple holes, do not believe that I would want to watch the World's 20th ranked long jumper do their thing. This is a contradiction. Also, most observers feel that ET&F coverage is too much about talk (widely-panned athlete interviews!) and too little about live, commentated video of the circus. This is also a symptom of a relative lack of faith in the product. Really, who would know if a golf-type approach would work for ET&F, without trying it in earnest?

Time constraints and urgency seem palpable within ET&F on TV. Other model sports do not seem to be affected as much by the clock. PT has their own, solid style of broadcasting, particularly at the four major tournaments. Tennis broadcasters appear unashamed to present long portions of an outer court match between the 16th seed and an unseeded qualifier! Admittedly, tennis has grown into an entity that commands longer windows of TV time. Track needs to aspire to this, as its product is improved.

Data related to TV are illuminating. ET&F's major US broadcaster (NBC), provides only tens of hours of near-live coverage from the core ET&F Tour. Aggregating over all elite meets, and distribution forms, it is difficult to see more than 100 hours of unique coverage. Disclosures of large rights values (i.e., money flowing to the ET&F Tour from broadcasters) are almost non-existent. No published statements indicate payments of more than a few \$M, in any significant market. No good reason for hiding lucrative rights fees can be imagined, as these

figures could advertise a lucrative and healthy sport. Olympic broadcast rights costs are well-publicized, for example. PT events, by comparison, enjoy a larger television footprint, with considerable value. Even one low-level (ATP250) tournament offers 58 hours of live coverage, which is effectively 3 years of NBC Diamond League broadcasts! Dedicated media enterprises for the PT Tours provide tennis customers with 4600+ hours of live coverage, from almost 100 (non-major) Tour events. On the ATP side alone, an annual rights figure of \$130M is published. Grand Slam events offer additional hours, and more money. The US Open is broadcast extensively by ESPN, over the its two week event length. \$70M per year, is paid to Tour interests for this right. Big TV money exists in PT!

Postulate: TV cannot be the primary driver for creating a healthy professional sport. However, once a sport has refined its structure, and grown live customer interest, TV can provide an additional benefit. To start, I recommend “giving the ET&F product away,” to simply augment customer engagement. Do this in exchange for greater coverage volume, rather than for insignificant rights fees. Once a larger, more structured product exists, consider pursuing significant TV revenue. PT does show that this revenue can be achieved, if an appropriate product is presented.

4. The Olympics: Who Needs Who?

I believe that the nature of the long-term relationship between ET&F and the Summer Olympics is consistent with the various problems that plague the sport. The Olympics present a quadrennial, unfunded obligation that inhibits the creation of larger annual events. Focusing on someone else's party can divert energy from creating your own high-quality Tour events. Any perceptions of Olympic value to ET&F seem irrationally high. Application of elite-level athletic resources to an enterprise that people follow only for a few weeks every four years, has limited commercial potential. I argue ET&F's creation of its own annual, or semi-annual, major events would be better, and more rewarding. Imagine a PT-like scenario, under which ET&F could host multiple major meets per year, offering more prize money, and greater media attention. This would exceed a sport limited by a quadrennial cycle of interest, regardless of its size.

While much money may churn through the Olympic business, very little of it seems to filter down to the ET&F Tour (and its athletes). Circa \$5.5B of Olympic revenue comes in per cycle. Much (\$4.68B) does flow out, but it feeds many hungry mouths. Published statements show that annual payments to USATF (the relevant US ET&F body) are under \$3M. I am not convinced that IOC money is being disbursed those sports and athletes (such as ET&F) that dominate its big show. The thought-questions, “what would happen if ET&F decided not to participate in the Olympics? Or, what would the IOC be prepared to pay to ensure its participation,” are not academic. Other important sports (NHL Hockey) have asked them, with respect to their own Olympic experience. Tennis has dealt with the same question in their own way. Ultimately, an infrequent event, that is free-riding on ET&F, commands too much attention from the current stakeholders of the sport. ET&F leaders need to consider the value of “rightsizing” their Olympic focus. But, just like with more lucrative broadcast rights, the improvement of the sport's structure needs to lead the search for a better Olympic deal. However, when ET&F has arrived, I argue that it is fine to suggest that the IOC will support the sport to the tune of \$250M, per each Olympic cycle in which it participates.

Moving Forward

What would various monied interests and sports managers need to do to move ET&F forward in the areas I have described? While the Long-Form document provides a lot of necessary details on this, I offer a condensed description here. Consider a proposed 5-year plan. By year 5:

A. The Tour. Conduct a single, annual Tour of 60 meetings that include both indoor and outdoor events. Kicking off outdoors with the fresh energy of January, in the sunshine of the Southern Hemisphere, seems wise. On average, there would be about 6 meetings per month. This allows differentiation between “Premier” and “International” Tour events, which would often occur simultaneously. Each Tour event would feature the full track and field schedule, including relays (ET&F's effective “quadruples” events!). Quite likely, the events can be built from current meetings, including Diamond League (Premier) and World Challenge/Tracktown Summer

Series fixtures (International). Growth and transition to 60 events would happen over five years. Event fields would depend upon the level of the meeting. Necessarily, and much like the PT model, each meeting would last 4 to 7 days. By year 5, the Tour must attract and retain 95% of the top-ranked worldwide talent in each event. This will match PT in terms of concentrating athlete effort to the benefit of the Tour. Top-ranked ET&F athletes would be required to appear in at least 40% of Tour events (24 meets per year).

B. Money. Reach the point of funding \$150M in annual prize money for the combined 60 events. This requires each Premier meeting to provide financial commitments of \$4M. Pay a minimum appearance fee to every athlete, and pay an increased prize amount based upon finishing position. In rough terms, with 20 men's and women's events per meet (including relays), and an average of 32 athletes per Premier event, this provides for a minimum payment of \$1.5K per athlete, a per event payout of \$100K per meeting, and a nominal winners stake of about \$14K per meeting event. In aggregate, over a 30 meet competitive season, even a 5th ranked athlete would earn ~\$150K per year in any single event. This would support 200 ET&F athletes at this level! Many athletes would seek to compete in multiple events.

Year-by-year prize money, and necessary resources, are simply calculated. With a 25% growth rate, the first year would start at \$61.5M of winnings, but within fewer meetings. By year 5, athletes are earning a combined \$150M, as the meeting count approaches 60. While event gross profits would be expected to provide this, conservative analysis argues that ET&F's backing entities and individuals would need to guarantee some fraction. Over a 5 year period, a total financial backstop of \$170M might be needed. I argue that ET&F has already demonstrated how to stage events of the requisite size. Now, they need to increase their frequency. While an enhanced Tour puts more money in, the sums at risk are not overly large by the standards of most professional sports, including PT.

C. Major Events. Create at least two “major” events per year. These are for the top 64 athletes in each event, as defined from finish-related points earned in preceding Tour events. This mandates participation and success in the core events of the Tour. A major meeting adds competitive rounds and more meeting days. With just two majors per year, it is probably best that both are outdoor events. Reaching prize money of \$15M per major would put these roughly on par with PT major events. \$375K per individual event would be available in each major meeting. These events do not dominate the core Tour, but they should provide sufficient financial incentive for athlete participation.

D. Be Generous to TV to Start. Create or support a meet-level infrastructure that allows the outright donation of television rights to broadcasters, in exchange for their commitment to minimum hours of live programming. More in line with PT, one would expect to see at least 1200 hours of live coverage of the ~62 events proposed here. Allow in-meet live video, switched actively between competition venues, to be the main visual product. Less expert commentary is required, to start. After achieving volume, one can look more aggressively at the refinement and monetization of this product.

E. Work-for-hire Within the Olympic Movement. After making the ET&F Tour into the main conduit for athlete earnings, and ensuring participation of nearly all elite talent, approach the IOC from a position of strength. Propose to consider the continuation of a business relationship under new terms that are better for ET&F stakeholders. Participate in the summer Olympics if a satisfactory deal, relative to opportunities provided by your own Tour product, can be negotiated. Be happy with your own Tour if they cannot.

While these steps look significant and challenging, achievement of the proposed scope and financial scale are not unprecedented within the global sports industry. With appropriate focus of the right entrepreneurial talents, I am confident that they could be achieved.

When our sport has arrived, numerous ET&F athletes will be supported at a sustainable level, and their fans will enjoy a much better entertainment product!