



Watching you, watching me...French football's Thierry Henry - Getty Images Sport

A FRENCH EVOLUTION

The French TV market is undergoing a period of change with new media players competing at the very top level, but a pronounced advertising downturn is having its effect on both rights fees and sponsorships. **Matt Cutler and Olivier Michel**, French director at Sport+Markt, examine the country's media and sponsorship markets.

THE CONSEIL SUPERIEUR DE L'AUDIOVISUEL (CSA), the French institution that regulates French radio and TV, would argue that the country's history promotes a cut-throat TV market with a number of different players acting within the capitalist ideals of free market competition.

And since the end of a state broadcasting monopoly in 1982, the free-to-air market has indeed developed so that three rival broadcasters - one public-service and two commercial - satisfy the needs of the French viewer with a variety of programming that includes top sporting content.

Commercial broadcaster TF1 claims the largest audience share in the French television market (27.2 per cent), claiming the top ten audiences in all genres in 2008 and boasting a strong portfolio of sports rights including Euro 2008 (shared with M6 - a commercial rival with audience share of 11 per cent), the 2010 and 2014 FIFA World Cups, Champions League football, Formula One and the 2011 Rugby World Cup.

Public-service broadcaster France Televisions - which has a 30.8 per cent share of the TV market with its France 2 and France 3 channels - notably has the rights to the Tour de France and the Six Nations, which outside of international and Champions League football, are the top audience-drawing sport on French television.

The pay-TV market story however reads very differently, with pay-operator Canal Plus in a position of real dominance. Although living alongside the French channel of pan-regional broadcaster Eurosport, Ligue 2 football broadcaster Ma Chaine Sport and digital-terrestrial channel Direct 8, Canal Plus' merger with pay-operator TPS in January 2007 gave it a monopoly of the pay-TV market.

This is something it has used to its advantage by securing premier content for its subscription sports channels, gaining a reputation in playing hardball with rights-holders over the fees it is prepared to pay. Its current sporting content

includes the Ligue 1, Champions League, the English Premier League, Spain's La Liga, domestic Top 14 French rugby, all four golf majors and three of the four tennis majors.

Yet rights-holders have seen something of a positive development in the rising challenge of telecoms operators over the past couple of years. France Telecom-owned Orange's developing ADSL-television sports channel, which launched in 2007, despite facing major hurdles in legal opposition from government agencies and rival operators, has risen to challenge Canal Plus through a series of sports right-acquisitions. The channel - although only available to subscribers to Orange's internet, telephone and ADSL television service - has notably acquired exclusive football content that has traditionally been restricted to the Canal Plus domain.

Key to Orange's strategy was the acquisition of French Ligue 1 football from the 2008-09 season at a cost of €203 million a year, a deal

that ended Canal Plus' exclusive live coverage of the league, boosted the revenues of the Ligue de Football Professionnel (LFP) and gave Orange the rights to the lucrative prime-time Saturday night match. Last month it also took over the rights to the German Bundesliga (where French star Franck Ribery plays for Bayern Munich), previously with Canal Plus on a one-year deal for this season.

Whether Orange can maintain its challenge is one of the big questions in the French market that will be answered in the coming months. Earlier this year, French competition authority reaction to Orange's 'bundling' model resulted in the suspension of the sports channel's marketing programme for nearly two months and a separate recommendation in July is likely to result in government legislation to restrict Orange's ability to bundle the sport channel. If that were to happen, it would raise serious questions about the telecoms operator's future in the French sports broadcasting market.

Another question that may take longer to answer is the long-term effect of the global economic downturn. Of all the major TV territories in Europe, the French free-to-air television market in particular is showing the strain of a reduction in advertising spend across the media as a whole, with a significant impact on the both the TV and televised sports sectors.

Economists may argue that the impact of the financial downturn is petering out, but the figures don't lie and TF1's 2009 first half profits showed a 61 per cent drop on the first half of 2008 - something it has blamed directly on the advertising downturn.

Unsurprisingly this means the French market is far from a Utopia for rights-holders at the moment. And despite competition from established free-to-air broadcasters, there has been a noticeable reduction in free-to-air rights fees for football. Football is - as with the majority of European markets - the sport that draws the top audiences and the largest rights fees.

France's top sporting audience last year was for the Euro 2008 final between France and Italy; and all of the top 10 sporting audiences were football of some kind. Earlier this year, however, both France Televisions and TF1 achieved cuts of around one fifth in the rights fees for their respective renewals of the French League Cup and Champions League.

Even a French Football Association tender process in July which proposed a rights fee calculated out of TV audiences - an idea planned to combat declining rights values during the renewal of its national team deal - saw all interested bidders fail to meet the minimum guarantee. The federation is likely to renew with its current partner TF1 for live rights either at or below its current fee of €45 million a year. The domestic rights for tennis' French Open and rugby's Heineken Cup are the two rights properties coming up for renewal - only time will tell whether the trend in football rights-fees will permeate to these properties.

GAMBLING ON SHIRT SPONSORSHIP

Olivier Michel, French director at Sport+Markt, on recent trends and the overall health of the French sponsorship market.

THE FRENCH SPORTS

sponsorship market is of comparable size to the Italian market, on a scale positioned behind Germany and the UK.

As elsewhere in Europe, French sponsors and rights holders alike have been affected by the economic crisis, but conditions are especially tough in the French market due to the inherent disadvantage that no other top European top market has to deal with to the same extent: the French ban on betting and alcohol companies as sports sponsors.

Ligue 1 club Olympique Lyonnais provides a good example of the problems being faced by French rights owners in the face of both the betting ban and the financial crisis. Although the club represents one of the fastest growing French brands over recent years, it has suffered

the loss of main kit partners Accor and Renault Trucks. But, with its new and willing shirt partner Betclac, it is hitting legal barriers. During a pre-season

friendly tournament in Spain, Lyon displayed its sponsor logo, but had to start the French domestic season with a blank space on its shirt. The prospect of the lifting of the ban with the new year 2010 promises an influx of new money into the French sponsorship market. French rights holders also miss out on another significant income source with the ban of alcohol sponsorship, as can be seen in other markets with deals such as those involving beer brands Carlsberg in the UK, San Miguel and Estrella Damm in Spain, and Bitburger and Krombacher in Germany.

In terms of recent major deals, I would however point out the top sport football. The deal starting in 2011 between kit supplier Nike and the French Football Federation for over €40 million a year is the number one deal - not only in France but all over Europe.

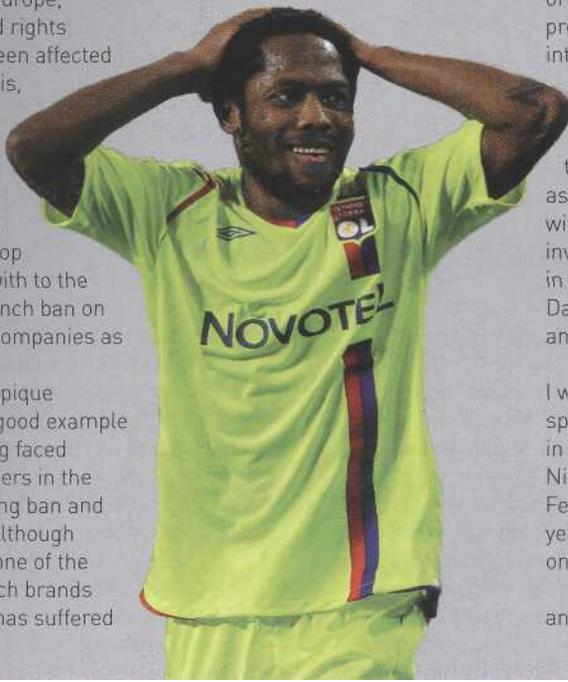
Also, the deal between Ligue 1 and Puma for the official ball, for

which Puma pays over €3 million a year, is significant.

At club level, Lyon has just signed a new lucrative kit contract with Adidas, starting at the end of this season. Once legal barriers can be overcome, we can expect a high-value deal between online betting company Betclac and Lyon.

The deal between Nike and the French Football Federation underlines the significance of the sponsorship platform in France. At team level, the two large Olympiques are top assets; at event level we also see Roland Garros and the Tour de France. Naturally, suppliers are among the biggest players, especially Nike - which includes the Umbro brand - and adidas.

In addition to sportswear suppliers, the big money suppliers in French sport still include financial institutes such as BNP Paribas, as well as telecoms company Orange, and supermarket brand Carrefour.





Past forward cycling is just one of the sports tourism draws in France - Getty Images Sport

VIVE LE TOURISME

France, like its European neighbours, is a mature tourism market, yet, in the spectator sphere, major sports events still have the power to make a big impact on the country's tourism graph - a factor that has not been ignored.

THE 2007 RUGBY WORLD CUP was estimated to have brought 350,000 overseas visitors to France, of which 275,000 attended matches, and during the World Cup month of October alone, international arrivals were up 7.6 per cent year on year. The event's 48 matches attracted a record number of spectators with 97 per cent capacity crowds and over 2.3 million tickets sold.

There was a 363 million net additional economic gain to the French economy for the seven-week duration of the tournament. And the French want more. In addition to its role as host for some of the world's biggest annual sporting events, including the French Open Tennis, cycling's Tour de France and the Le Mans 24 hour race, the country is also bidding to host two of the world's biggest major events - Euro 2016 and the 2018 Winter Olympics.

France is to invest €100 million into football stadiums to boost the country's bid to host Euro 2016. The investment, said junior sports minister Bernard Laporte, "shows the will of the government to support this candidacy. We must host such big events in France so that our country shines in the whole world."

The country considered, then rejected, a proposal to joint-host the tournament with fierce on-pitch rivals Italy. French Football Federation

chief Jean-Claude Escalettes said: "We go to win and we will go alone. France is a great football nation - it has 2.5 million registered players and we must go it alone to win this event.

"There is a common wish in all of football that we go it alone."

France faces competition from a joint-bid from Norway and Sweden as well as single country bids from Italy and Turkey. The final decision as to which country will act as the host will be taken on February 15, 2009.

Anncy was selected by the French National Olympic Committee (CNOSF) ahead of Grenoble, Nice and Pelvoux, to be France's candidate for the 2018 Winter Olympic Games.

The committee said that Anncy had a "high quality" bid, a well-developed proposal that includes skiing in three major areas nearby including the slopes of Mont Blanc, which hosted the world's first Winter Games in Chamonix in 1924.

The Anncy bid committee itself cites its expertise in hosting major international competitions, not least the Skiing World Cup (some 60 per cent of the World Cup skiing events organised in France) as well as cycling and athletics, as one of its key assets.

Others include cost-control, respect for the

environment, quality transportation networks and accommodation capacity. Meanwhile, another pertinent factor for the IOC will be the fact that 70 per cent of the proposed venues for the Games already exist and have been approved for World Cup Skiing events.

As a result, the level of investment planned for Anncy's bid is €242 million (which compares well the €350 million spend for the Turin Games in 2006). The infrastructure investments will be limited and include the construction of two ice skating rinks, the speed skating oval and ski jumps.

The bid is to be co-financed by the French government and the local authorities. And as the bid team itself acknowledges, the impact of hosting such a major event will be huge.

"For two weeks, the host region is in the world spotlight. This is a unique. There is also an impact in terms of modernising the rail infrastructure, economic and social development, housing among the many boosts foreseen for the Haute-Savoie department.

"The creation of a centre of excellence dedicated to winter sport tourism and industries will provide sustainable support to our know-how and will enable all of France's mountains to benefit from the Olympic dynamic."