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Master's Thesis of Global Sport Management

Demand and Willingness to Pay for
Colombian Professional Football Pay-TV

콜롬비아 프로축구 유료화에 대한 수요 결정요인과
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체육교육과 글로벌스포츠매니지먼트

José Manuel Ramírez



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Advisor: KIM, Kihan

Submitting a master's thesis of Global Sport Management

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The Graduate School
Department of Physical Education
Seoul National University
Global Sport Management Major

José Manuel Ramírez

Confirming the master's thesis written by

José Manuel Ramírez

August 2022

Chair Kim, Yukyoum (Seal)

Vice Chair Lee, Chung Gun (Seal)

Examiner Kim, Kihan (Seal)

Abstract

Demand and willingness to pay for Colombian professional football pay-TV

José Manuel Ramírez

Global Sport Management, Department of Physical Education

The Graduate School

Seoul National University

At the beginning of 2020, Colombian professional football started being exclusively broadcasted in a newly created pay-TV channel called Win Sports+. Consumers had to pay a monthly subscription fee in order to gain access to watch Colombian football. This was implemented by the teams in order to increase their TV rights revenue. Pay-TV model is what has driven revenue up for the top football clubs in the world since its introduction at the beginning of the 1990s. Because its success, this subscription-based model it's being replicated by other developing football leagues around the world, with the objective of profit maximization. Plenty of authors have studied broadcast demand in football in terms of audience and motivation to consume sports media, however, a gap in the sport

management literature exists regarding pay-TV demand and willingness to pay for football broadcasts.

According to the existing literature, sport broadcast demand is affected by personal preference factors, sport related factors, behavioral factors, economic factors and consumer's background factors. This research has two research questions. The first one is to understand how these factors influence consumer's decision to subscribe to the Colombian professional football league pay-TV, the second one is to understand how the same factors influence willingness to pay of the consumers who are not subscribed to the Colombian professional football league pay-TV.

The independent variables analyzed in the personal preference factors were sport interest and team interest; in sport related factors were uncertainty of outcome and quality of the game; in the behavioral factors were entertainment and eustress; in the economic factors were price perception and availability of substitutes; and in the consumer's background were gender, age, income, stadium experience and illegal streams experience.

The method utilized in this research was quantitative, distributing an online questionnaire to a random sample of 313 adults in Colombia. Subscription was measured with a yes/no question and willingness to pay of

consumers that are not subscribed was measured with a 5-point Likert scale. All independent variables, apart from age and gender were measured in a 5-point Likert scale. For the data analysis of the first research question multiple logistic regression was conducted. For the second research question multiple linear regression was conducted.

The results showed that eighty-four of the respondents of the survey (26.8%) were currently subscribed to Win Sport+. Regarding subscription, five of the independent variables came up as statistically significant, from which illegal streams experience, price perception and availability of substitutes influenced very strongly; sport interest strongly and team interest moderately. Personal preference factors and economic factors, were the most relevant predictors of subscription. Willingness to pay was only sensitive to two independent variables in the model, price perception and illegal streams experience, the first one influenced very strongly and the second one strongly. Willingness to pay for not subscribed fans was not found to be particularly sensitive to one specific group of factors.

These findings highlight the importance to study pay-TV independently to audience. The factors affecting the decision to tune in for a game when is already part of your TV package are different to the factors affecting the decision to pay or not for the subscription. Also, price

perception and illegal streams experience were the only variables significant in both research questions. This is a very important insight for sport managers which evidences the importance of price setting when introducing a pay-TV model and also the relevance that illegal streams have on the sport broadcast market.

Keywords : Sport broadcast, pay-TV, subscription, willingness to pay, demand, football.

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Chapter 1. Introduction

1.1. Research Background

To understand better the complex relationship between sport and media, it is pertinent to start defining the product itself. The core product of professional sport is the actual game or competition between two teams, these games are usually part of a structured seasonal format that creates a league product. But, how is this product demanded? This could be either direct, through attendance or the consumption of media; or derived when sport is used as a mean to produce other good or service (Borland & Macdonald, 2003). The main determinant of demand for sport is fan interest (Hammervold & Solberg, 2006), but this, at the same time, is affected by other aspects that will be analyzed in detail throughout this research.

The media and sport relationship goes back in time. At the end of the 19th century newspapers started covering local sport events and it became a situation where both stakeholders benefited. Sport increased stadium attendance as a consequence of the free publicity and newspapers gained circulation and advertising (Evens et al., 2013). Since then, sport and media have had a “*symbiotic and mutually amplifying relationship*” (Sullivan, 2006, p.139). However, when technological developments of radio and TV allowed simultaneity of the coverage of games, media was seen as a competitor rather

than an ally. Sport organizations were afraid of the impact that it could potentially have on attendance of games, which at the time was their main source of revenue (Rowe, 1996). As a consequence, some sport organizers started charging a fee to radio broadcasters in order to allow them access to cover the event (Evens et al., 2013). Although it did not make a big difference financially, this laid the foundation for the later TV rights that completely changed the dynamics of the sport and media relationship.

By 1980's, sport and media developed a steady and mature relationship (Rowe, 1996). Sport benefited from the increased competition among broadcasters which inflated the price of TV rights (Evens et al., 2013). This inflation was created because sport demonstrated to be a worthy investment for broadcasters. A clear example of this is that rights fees account for approximately 80% of the total production costs of sports (Sullivan, 2006).

From being first seen as a competitor, broadcasting then became one of the most important sources of revenue for sport organizations, especially football clubs. In 2021 Money League report produced by Deloitte for the 2019/20 season, TV rights revenue accounted for 39% of the total income for the top twenty football teams in the world, compared to a 15% match day revenue. However, the injection of capital from media to sports has come with

a cost. Some have argued that it has denaturalized the essence of sport and have turned into a mass spectacle where the product is not the game itself but the viewers; this is evident when competitions change rules, format or schedule in order to satisfy broadcasters (Evens et al., 2013; Sullivan, 2006). This evidences why this is a relevant research area within the sport management academic.

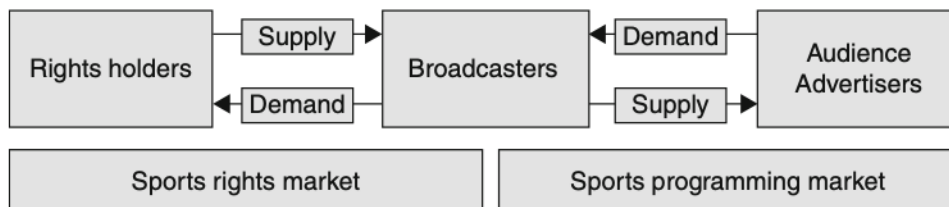


Figure 1. The Sports Broadcasting Market (Evens et al., 2013, p.39)

Figure 1 explains the relationships within the sport broadcasting market. It is a market divided in two. The upstream market where right holders; usually leagues, football associations or clubs, allow broadcasters to access and reproduce the main product in sport which is the games. The downstream market is when broadcasters produce the audiovisual content and package it to sell it to the final consumer who is the fan watching a game. Broadcasters interconnect both of the markets, that is why although there are two markets they do not operate separately, and any decision taken in either of them will affect all of the stakeholders. This research focused on the

downstream market, specifically about the factors that determine audience demand from broadcasters.

Broadcasters have two different models in which they supply sport media, free to air and pay-TV. The main difference is where they get their revenue from, free to air sells advertisement to companies while pay-TV sells subscription to fans (Gratton & Solberg, 2007) This differences will be explained in depth in Chapter 2. Pay-TV model has predominantly developed in European football, where commercial broadcasters have managed to take rights away from free to air broadcasters, and signed exclusivity deals that have created monopolies (Evens et al., 2013). This model proved to be financially successful for football sport organizations, after driving the value of the rights up (Gratton & Solberg, 2007) and was then replicated into different markets like Latin American countries such as Brazil, Argentina, Chile and Colombia (Blanco, 2020).

1.2. Research Significance

This research is relevant within the sport management field because there is a gap in literature about pay-TV broadcasters in sport. Plenty of authors have analyzed television demand in football in terms of audience (Artero & Bandrés, 2018; Buraimo & Simmons, 2009, 2015; Caruso et al.,

2019; Feddersen & Rott, 2011; Pérez et al., 2017; Sung et al., 2019; Tainsky & McEvoy, 2012; Wills et al., 2020); however, only Hammervold and Solberg (2006) have researched willingness to pay for subscription based sport broadcasters. Other authors have published literature related to pay-TV on different books from a theoretical approach, explaining how the model works (Evens et al., 2013; Gratton & Solberg, 2007; Szymanski, 2010), but there is lack of actual research studies where pay-TV is studied as the dependent variable.

It is important to analyze pay-TV, because this model is what has driven the broadcast revenue up for the top football clubs in the world (Deloitte Sports Business, 2021; Evens et al., 2013), and has attracted interest from football organizations all around the world, trying to replicate its success on the European markets in new developing markets, like Latin America (Blanco, 2020). Nonetheless, sport managers need to be cautious when introduction this subscription-based model because sometimes it has not gone as planned. As football rights has been proved to be a valuable asset, there is intense competition in the upstream market between broadcasters, which ends up inflating the price, this is known as the ‘winners curse’, broadcaster bid to high and fail to get the return on investment (Pindyck & Rubinfeld, 2005).

Since the beginning of 2020, Colombian professional football league moved from a free to air broadcast model to a pay-TV one, where consumers have to pay a monthly fee for a premium channel where the games are broadcasted. This created controversy among fans, who refuse to pay for the product and have used social media to protest against it (Goal, 2021).

Sport managers need to understand better what are the determinants that influence consumer's willingness to pay for professional football broadcasts. This will allow them to create better products for their specific niche, without jeopardizing the finances and their reputation.

1.3. Research Questions

This research studied five main independent variables, based in the sport broadcast demand literature, to determine their effect into willingness to pay for the pay-TV. The dependent variable, willingness to pay, will be measured in two ways. Binary, to determine if respondents are subscribed or not, and in a Likert scale to know how likely is the respondent to subscribe in the future. This will allow me to answer two different research questions as follow:

RQ1. How do personal preference factors, sport related factors, behavioral factors, economic factors and background factors

influence consumer's decision to subscribe to the Colombian professional football league pay-TV?

RQ2. How do personal preference factors, sport related factors, behavioral factors, economic factors and background factors influence willingness to pay of consumers who are not currently subscribed to the Colombian professional football league pay-TV?

Chapter 2. Literature Review

2.1. Structure of Televised Sport

2.1.1. Free to Air Model

This model should be split into two different streams, public service broadcast and commercial broadcast. Their main difference is their source of revenue. Public service broadcasters, receive revenue from small license fees and mainly from public grants, while commercial broadcasters are profit maximizing and receive money from advertisers, which is positively correlated to audience size (Gratton & Solberg, 2007).

Public service broadcasters are very important in society because they provide education on relevant issues, develop national identity and create a sense of community (Waters, 2011). This is why the relationship between sport and broadcast first developed, public broadcasters helped to maximize the social value of sport, they saw people as citizens rather than consumers (Evens et al., 2013), and they benefitted from the penetration they had in the market, being the dominant player in the broadcasting market until mid-1980s (Gratton & Solberg, 2007). This dominance created an inefficiency in the market leading to a buyer cartel, the right owners were getting under-paid and the broadcasters benefited from the value surplus because they were paying below a competitive level (Butler & Massey, 2019; New & Le Grand,

1999). This inefficiency in the market was evident in England in the 70s when the right owners, members of The Football League, did not make available the TV rights because they believed that the price that they were being offered did not compensate for the loss of gate revenue predicted (Szymanski, 2010). However, this market inefficiency started to change in 1980s when technical developments allowed commercial broadcasters to close the penetration gap and enter the market of sport broadcast (Gratton & Solberg, 2007; Szymanski, 2010; Tonazzi, 2003), this shifted the power from buyer to the rights owner as a consequence of the increased competition between broadcasters (Cave and Crandall, 2013), the value of broadcasting rights increased significantly and public service broadcasters were taken over by commercial broadcasters (Gratton & Solberg, 2007)

Commercial free-to-air broadcasters developed from the public service broadcasters and like its predecessor, consumers do not have to pay additional price to access the content, they only need to pay a license fee usually included on a basic cable package (Dietl & Hasan, 2007). It is a market driven model which relies on advertising as its source of revenue, advertisers want their product to be seen by as much people as possible, and they found in sport a perfect fit to attract big audiences. Commercial broadcasters value of advertising spaces will go up as the number of people

watching increase (Dietl & Hasan, 2007; Gratton & Solberg, 2007; Tonazzi, 2003). The best example of this model is the United States sport broadcasting market, where commercial broadcasting actually developed before public broadcasting and, despite many changes, main sports continue to be broadcasted by nationwide television networks without consumers having to pay an extra fee (Evens et al., 2013). Szymanski (2010) described why sport rights in United States have resisted to move to a pay-TV model, which helps to understand better the conditions required in the market for this model to be successful for all stakeholders. First are the consumer preferences, in United States there is not a single sport that concentrates more than 25% of the expenditure, the market is much more diverse and main sports share interest. Second is the size of the market, United States has an estimated market of 106 million households. As explained above, TV rights value correlates to the size of the audience, this leaves commercial broadcasters in a strong position where they can afford paying high TV rights without the need to charge an extra fee to consumers because they are profitable relying on the selling of advertising. Third is the contest design, United States sport leagues have a format that facilitates and encourage advertising, there are much more stops to the game which translates into more advertising spaces that commercial broadcasters capitalize on. It could be argued that United States sport

broadcasting market has developed a harmony between stakeholders, where all benefit from the existing free-to-air model (Evens et al., 2013).

2.1.2. Pay-TV Model

At the beginning of 1990's sport broadcast developed into a new model of pay-TV, specifically after BSkyB acquisition of the TV rights of the newly formed English Premier League for £304 million (Hammervold & Solberg, 2006). This model developed as a strategy to differentiate from free-to-air broadcasters by having exclusivity of the sport rights and financially benefiting from the scarcity created by charging viewers to access this content (Evens et al., 2013). If viewers are willing to pay, broadcasters capitalize from getting back the consumer surplus that viewers were getting from free-to-air sport broadcast (Gratton & Solberg, 2007).

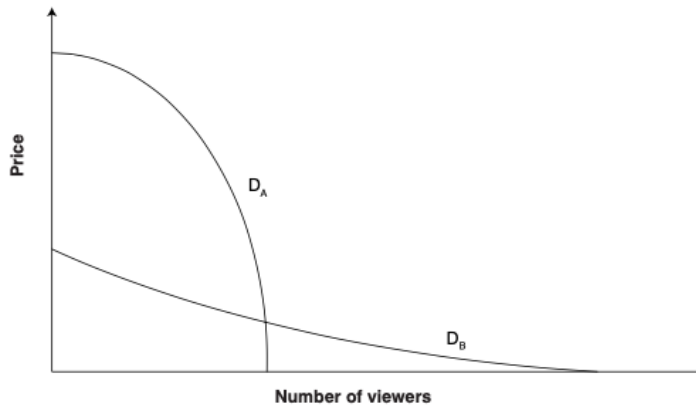


Figure 2. Advertiser versus pay-TV (Gratton and Solberg p.73, 2007)

Because pay-TV charges consumers, it is estimated that the penetration is only around 20-30% of free-to-air, as it is shown in the number of viewers for D_A , however, they take advantage of consumers that are highly interested in the product which is correlated to the willingness to pay, illustrated in a higher starting point at y-axis. As a consequence of the reduced penetration advertising revenue will fall, meaning that for pay-TV to be profitable, revenue from subscription needs to be greater than the decline in advertising (Noll, 2007). The enthusiasm for the broadcast is also highly important for the success of this model, because unenthusiastic viewers will prefer substitutes available on free-to-air (Gratton & Solberg, 2007). In economic terms, for this model to succeed, demand has to be sufficiently inelastic, meaning that viewers are less sensible to price, as it is shown in

figure 1.1. Sport fans have loyalty to their brand like no other industry, they are emotionally attached to their team and this has a direct impact on the elasticity of the broadcasting demand, benefiting pay-TV model (New & Le Grand, 1999).

Although consumers under this model have to pay for content that was available for free before, they have benefited from the total of broadcasted games, fans can now watch almost every single game, specially from domestic leagues (Butler & Massey, 2019; Noll, 2007). However, football clubs and leagues are the ones that have benefited the most from this subscription model. Since the introduction of pay-TV in the 90's, the values of TV rights have sky rocketed, allowing commercial broadcasters to pay huge amounts of money specially for football rights in the main European countries (Evens et al., 2013). As explained by Scelles et al. (p. 505, 2020) pay-TV creates a virtuous cycle “independence and competition between TV channels \leq more money \leq better clubs \leq more potential live games \leq more competition between TV channels \leq more money”, in other words, football clubs and leagues have profited at expense of the fans. A good example of this is the English Premier League or former English First division which its first TV rights deal was for £44 million for four years in 1988 (New & Le

Grand, 1999) and for the 2016 - 2019 period cashed a total of £2.8 billion per season including national and foreign TV rights (Scelles et al., 2020).

Nonetheless, pay-TV broadcast deals have not always been successful, exclusivity creates inefficiencies and negative externalities that can affect stakeholders in the long term (Evens et al., 2013). Broadcasters rely too much on their exclusivity of sport, for English Premier League 60% of the subscribers indicated that they would stop paying Sky Sports if they stop broadcasting the Premier League (OFCOM, 2014). This is why in a competitive market, broadcasters pay astronomical sums of money to acquire TV rights (Evens et al., 2013) which ends up inflating the value of the rights and paying more than what it was really worth, then they are not able to recover the initial investment through subscriptions. This is known as the winner's curse (Pindyck & Rubinfeld, 2005) and there are plenty of examples. In 2007 the Irish company Setanta acquired for £1.7 billion some packages for the Premier League for three years, however the number of subscribers was not the expected and in 2009 they declared bankrupt and their deal was sold for a cheaper price to ESPN, causing huge financial losses for football clubs (Scelles et al., 2020). This is the risk that pay-TV broadcasters take when bidding too much for rights and fail to calculate accurately the potential number of subscribers.

Inefficiencies in the sport broadcasting markets has caused in some countries intervention of authorities to implement regulations against monopolistic practices (Evens et al., 2013). In 2007 the European Commission regulated that football leagues TV rights should be sold in six packages with no single broadcaster allowed to have more than five. Butler and Massey (2019) analyzed the impact that this regulation had on the consumers of the English Premier League, they reached the conclusion that the European Commission decision to regulate, has not created a price competition but instead, the market developed two monopolies ultimately affecting consumers. Regulation has also been created to guarantee access to sport broadcast to the entire population and not only people who can afford it through pay-TV. As explained in the free-to-air broadcast section, sport broadcast is very important to develop cultural citizenship, which is challenged by the develop of pay-TV (Evens et al., 2013). This regulations state that some events of national significance cannot be sold exclusively to one broadcaster. One example is the ‘crown jewels’ regulation in the UK (New & Le Grand, 1999).

2.2. Determinants of Sport TV Demand

Table 1. Summary of Determinants

Personal preferences	Sport interest
	Team Interest
Sport related	Uncertainty of outcome
	Quality of the game
Behavioral	Entertainment
	Eustress
Economics	Price
	Availability of substitutes
Consumer's Background	Gender
	Age
	Income
	Stadium experience
	Illegal streams experience

2.2.1. Personal Preferences

When it comes about the decision to consume sport broadcasts, the first relationship that needs to be done is about willingness to pay and sport

interest, they are positively correlated (Hammervold & Solberg, 2006). Sport fans are motivated by a wide range of aspects such as eustress, self-esteem, escape, entertainment, aesthetic and group affiliation (D. Wann et al., 1999). For this research purpose, a distinction will be made between sport fans and team fans, which most of the times are inclusive rather than exclusive.

As shown by Gantz et al. (2006) in his comparison about the behavior of sport fans vs other TV genres, sport fans are unique, they do not only engage during the program but also before, looking for information about the game, and sometimes even after it. The reason to that level of engagement is to acquire more knowledge and feel part of a social group with common interests, where they can talk and develop social relationships. Learning about a sport was identified by Gantz (1981) and Raney (2009) as one of the most common cognitive motivations to consume sports on the media, sport fans take pride of being known as '*walking encyclopedias*' (Raney, p.346, 2009) which allows them engage better with some social groups.

Consumers of sport broadcast usually are emotionally attached to an specific team which is positively correlated to willingness to pay, this is one of the reasons why pay-TV sport broadcast have been viable and successful since its appearance in the 90's (Hammervold & Solberg, 2006). Wann (p.359, 2009) defined team identification as "*the extent to which a fan feels a*

psychological connection to a team and the team's performances are viewed as self-relevant” and it fulfills the psychological needs of affiliation, socialization and desire to be part of distinctive groups (Gantz, 1981). Team identification is a key determinant of willingness to pay because identified fans are more likely to watch and consume sport broadcasts (Fisher, 2008).

Motivation to watch sport broadcasts is influenced by the disposition theory of sports spectatorship, this theory states that when the winning team is the fan's favorite, enjoyment will be greater, and maximum enjoyment comes when an intensely liked team wins against an intensely disliked team. This is important because willingness to pay will increase when the enjoyment is bigger (Raney, 2009). Team identification or interest can be also associated to the need to experience positive emotions like thrill of victory and eustress, that fans feel when their favorite team wins (Gantz, 1981). This behavioral motivation will be explained in detail further into this chapter.

Some authors have identified the positive relationship between fan identification and sport broadcast demand or audience in football. Caruso et al., (2019) analyzed the determinants of demand for the Italian football Serie A and found that Italian fans are strongly committed and prefer to watch their favorite team regardless of the rival and the uncertainty of outcome. Pérez et al. (2017) discovered similar results for the Spanish Football La Liga

audience, committed fans enjoy more watching their team win than uncertainty of outcome. Also, Hu and Tang (2010) who analyzed Major League Baseball audience in Taiwan, concluded that fan identification increases viewership.

2.2.2. Sport Related

Competitive balance or uncertainty of outcome has been one of the most important topics within the sport management literature, especially regarding its effect on demand, however, a consensus has not been reached. Tainsky and McEvoy (2012) who analyzed television demand on Major League Soccer in United States concluded that the uncertainty of the outcome has a significant impact, which aligns with Artero and Bandrés (2018) findings for the Spanish National football team. Buraimo and Simmons (2009) also studied the Spanish Football, but in this case, the audience for La Liga games between 2003 and 2007 which drew similar results, audiences prefer games where the outcome is not predictable. In 2017, Pérez et al. developed a similar model but with more recent data from La Liga from 2008 to 2012, the effect of uncertainty of outcome on broadcast demand did not change, however they found that games featuring Real Madrid or Barcelona had a reverse effect on audience and uncertainty of outcome, this could be

explained by the popularity and quality of the teams which will be discussed next.

On the other hand, plenty of authors have reached different results. Sung et al. (2019) also analyzed Major League Soccer audiences but did not find evidence that uncertainty of outcome increase viewing interest as Tainsky and McEvoy (2012) did. Buraimo and Simmons (2015) proposed a that sport broadcasting market is having a transition out of valuing uncertainty of outcome after studying audience data in the English Premier League from 2000 to 2008, where they concluded that its influence is not different from 0. Similarly, Caruso et al. (2019) who studied Italian Serie A demand for televised football from 2008 to 2015, discovered that Italian fans do not care as much for the competitive balance of the games. Last but not least, one of the most recent and comprehensive studies on TV audience demand determinants was conducted by Wills et al. (2020), they analyzed audience for the Champions League in six European countries (France, Germany, Italy, Netherlands, Spain and the United Kingdom) and found that the size of TV audiences are not determined by the uncertainty of outcome in five of the six countries analyzed.

The quality of the game has been measured as many different independent variables in the existing literature to reflect the effect that it has

in sport broadcast demand, for this research purpose it will be divided into two main aspects, the importance of the game and the overall the quality of the teams which can be associated to the talent of the players involved.

Caruso et al. (2019) research suggested that Italian football fans are significantly influenced by the overall level of talent and usually prefer games involving teams at the top of the table which are usually the most talented. Likewise, Buraimo and Simmons (2009); Pérez et al. (2017) evidenced the impact on audience Spanish La Liga games where Barcelona or Real Madrid were playing. It is well known that these two teams usually have the most talented squads in world football. Similar findings have been reached by Sung et al. (2019), Buraimo and Simmons (2015) and Wills et al. (2020) in Major League Soccer, English Premier League and Champions League respectively, all support the hypothesis that fan interest and therefore demand, is positively and significantly influenced by the team quality which is associated to the aggregate wage bill of the teams or presence of superstars. Also, in the national team's football demand, Artero and Bandrés (2018) for Spain and Feddersen and Rott (2011) for Germany, concluded that the quality of the opponent will make the audience for the game go up.

Quality of the game can also be determined by its relevance. For example, Feddersen and Rott (2011) suggested that the importance of the

competition is key for audience, it is not the same a game played in the World Cup than an international friendly. Artero and Bandrés (2018) highlighted relevance in the sense of a game where qualification for the next round of the competition is at stake. In the club competition context, only Buraimo and Simmons (2015) suggested games featuring teams fighting to get into the European competition spots, strongly influenced broadcaster selection of games.

2.2.3. Behavioral

The Sport Fan Motivation Scale (SFMS) (D. L. Wann, 1995) suggests 8 different motives: Eustress, self-esteem, escape, entertainment, economic, aesthetic, group affiliation and family. Wann et al. (1999) conducting a questionnaire to sport fans, identified that the main motivation among the SFMS is entertainment. Similarly, Gantz (1981) using also a questionnaire between 203 students asking what was their motivation to watch sports, concluded that some did it to entertain themselves when not having something else to do and also to relax or let loose from the activities of daily life. Another aspect associated with entertainment is the beauty of sports, some sport fans have declared to enjoy the aesthetics of sports. This is not exclusive to sports where beauty is the main goal like gymnastics or figure skating, team sports

like football or basketball can also attract viewership when talented players perform unexpected and complex moves or skills (Raney, 2009).

Eustress is the opposite of stress, it is the positive feelings experienced when doing something pleasurable, in this case watching sports (Raney, 2009). As explained in the team interest section, these positive feelings are maximized when the sport consumer has a preference or an affiliation with a specific team (D. Wann et al., 1999). Gantz, (1981) defined it as the “*thrill in victory*” (p. 268), this are emotional rewards gotten when your favorite team wins. This rewards are unique to sport and are not experienced by fans of other TV genres (Gantz et al., 2006). Another emotional reward is self-esteem, some fans tune in because watching their favorite sport or team makes them feel better about themselves and therefore it increases their confidence (Raney, 2009). Hu and Tang (2010) validated the importance of eustress and entertainment as the main motivation analyzing Major League Baseball viewership in Taiwan.

2.2.4. Economics

It is not easy to estimate the specific impact that price has on sport broadcast willingness to pay, however it could be assumed that it has an effect on demand based on evidence (Buraimo, 2006). By law of demand,

willingness to pay is expected to be negatively correlated to price (Mankiw, 2011). On the other hand, for the pay-TV model to be viable, demand curve needs to be sufficiently inelastic in order to compensate with subscription revenue the decline on advertising revenue (Noll, 2007), as explained in section 2.1.2.

Football has been the sport that broadcasters have used on pay-TV channels to attract subscribers because it has fewer substitutes (Hammervold & Solberg, 2006). One reason for the lack of substitutes is the high cultural discount, meaning that the product loses value when it's sold outside of its primary market (Gratton & Solberg, 2007). The impact of the availability of substitutes on broadcast demand is expected to be negatively correlated to the level of fan identification with a team, because as suggested by some authors, fans are more driven by watching their own team rather than the quality of the game (Caruso et al., 2019; Hu & Tang, 2010; Pérez et al., 2017).

2.2.5. Consumer Background

Hammervold and Solberg (2006) are the only authors who have included gender as an independent variable to study willingness to pay for sport broadcast, they found some differences, males willing to pay were twice the number of females willing to pay. On the other hand, Gantz and Wenner

(1995) suggested no difference between genders in the viewing experience while watching sports for sports fans, however, for non-sport fans, females were disinterested in watching sports on TV. Wann et al. (1999) did three different studies to complement the two done by Wann in 1995 regarding sport fans motivation. The general findings suggest that females have higher family motivations, while males have higher eustress and self-esteem motivations, also, no difference was found between escape, entertainment, economic and group affiliation.

Wann et al. (1999) concluded that age is not relevant to fan motivation, nonetheless, on two of the five studies, age had a significant negative correlation with the group affiliation motivation scale, meaning that younger people will be more likely to be motivated to consume sports in order to be part of a social group. This aligns with Hammervold and Solberg, (2006) finding of significant influence of age in willingness to pay, older people is less willing to pay than younger people. As explained previously, fans who feel emotionally affiliated and identified with a team are more likely to consume sport TV (Fisher, 2008).

No research was found regarding the effect of income on the willingness to pay for sport broadcast. However, pay-TV is expected to be a

normal good, meaning that higher income is expected to create a higher willingness to pay, with other variables being equal (Mankiw, 2011).

Another aspect that needs to be considered in the consumer background is the familiarity they have with going to the stadium to watch Colombian professional football. This has to be included because it could work as a substitute to subscribe to the pay-TV. However, in the Colombian specific context, this is not expected to have a big influence because average attendances are relatively low compared to the size of the market. The average attendance for the 1st division of Colombian football in 2019 was 11.172 spectators (TransferMarket, n.d.) and the TV market is approximately 5.000.000 households (El Tiempo, 2020).

Lastly, one other factor affecting pay-TV willingness to pay that has not been studied by academics enough, is illegal streaming or piracy. A report presented by SynaMedia in 2020, analyzed motivation of consumption of sport broadcast illegal streams among 6.000 sport fans in ten markets around the world. They found that 84% of them consume sport TV piracy and their main motivation is to watch content that is not included in their legitimate TV license (Carp, 2020).

2.3. Colombia's Specific Context

In the football industry, TV rights have become one of the most important revenues for clubs, Colombia is no exception. Every year the 'Superintendencia de Sociedades', the entity in charge of watching and control commercial companies in Colombia, presents a report on the financial behavior of the professional football clubs in Colombia. In 2020 report, about 2019 fiscal year, is said that TV rights account for 26.4% of the income of first division football clubs with a total of approximately 41 million US dollars, with an increase of approximately 67% from the previous year. For second division clubs' TV rights income is even more important, it represents 38,7% of their total revenue for approximately 8.3 million US dollars, an increase of 13% from 2018. But how did Colombian football get there?

Before 2006, Colombian football was shown on free to air public broadcasters. In 2006 Colombian Football Association, signed its first deal until 2011 with a commercial broadcaster, games were still shown for free, however, for watching it consumers have to pay a cable license, which basic package included professional football. In 2012 a new deal was signed for nine years, this time with a newly created channel called Win Sports. Colombian league remained free to watch, nonetheless, Win Sports was exclusively shown in Direct TV which is a satellite broadcaster and the most

expensive TV package in the market (La Silla Vacía, 2019). Years later it became available for the other cable providers and the total penetration was estimated to be around 6 million households (República, 2020). In 2015, the deal with Win Sports was extended to 2026. The value of this deal is not known, because the contract is secret and has confidentiality clauses (La Silla Vacía, 2019).

At the end of 2019 a major change in Colombian football broadcasting market was announced. From 2020, football games were going to be exclusively broadcasted on premium version of the former broadcaster called Win Sports +, mimicking the models of major European countries like England, Spain or France. As explained in section 2.1.2., in a pay-TV broadcasting model consumers have to pay a monthly fee on top of the basic license to be able to watch the specific channel (Gratton & Solberg, 2007). In this case, the fee is approximately \$8 US dollars monthly showing around sixty games a month including the professional league, the cup and the women's league (Goal, 2021). The new premium channel promised to improve from its predecessor by increasing the broadcasting quality adding more cameras to the production and without having advertising during games (Pacheco, 2020).

Despite TV rights being the biggest source of revenue for football clubs in Colombia (SuperSociedades, 2020) some clubs, specially the biggest clubs, were not happy with the amount of money they received. This is because of the way that TV rights money is distributed from the Colombian Football Association to the football clubs. There are 36 professional clubs in Colombia which are divided into two categories A level, the ones that have played more than 3 years in first division, and B level who haven't. In total there are 25 A level and 11 B level clubs and money is distributed equally within each level A taking 90% of the total and B taking 10% (El País, 2020). Unofficially is estimated that A level clubs receive approximately 1\$ million US dollars, for smaller clubs is a significant amount of money, but for big clubs with higher payrolls, this amount is insufficient (El País, 2020). For example, Colombia's top five teams with the most income had on average 16.8 million US dollars (SuperSociedades, 2020), from which TV revenue will only represent approximately 6%. This is why the pay-TV model was introduced with the objective of increasing the revenue for football clubs. With a market penetration of 33% the total amount of revenue from TV rights is expected to almost double from the 41 millions of 2019 to 80 million US dollars (República, 2020). However, as long as a distribution model where

sporting performance is not rewarded exists, mediocre teams will always benefit at expense of the big clubs who invest more.

Since the introduction of Win Sports +, there has been a lot of protest against it. Specially in social media, fans have protested and created hashtags that have become national trends, arguing that the price is too high for the quality of product and for the Colombian socio cultural context and that they refuse to pay for it (Pulzo, 2020). It is important to note that football fans in Colombia still get the top European football leagues without paying an extra fee on the basic cable license. On the other hand, Win Sports + executives are happy with the subscription numbers. For the first year they had a 10% penetration goal which represents a total of 500.000 households, on the first month they already had 200.000 subscribers and a year after the launching, six months of real operation because of the global pandemic, they are close to 400.000 users (El Tiempo, 2020).

Chapter 3. Method

3.1. Data Collection

For this research, a random sample of adults in Colombia was taken. This is a broad sample because the purpose of this study was to understand the influence of the different factors previously discussed, on the decision to pay or not for the Colombian professional football broadcast, therefore, any adult in Colombia is a potential customer for this product. The number of respondents for the questionnaire was 313.

An online questionnaire was provided to the sample, in which the independent variables were measured as explained in the next section. This was the most appropriate approach for this research because it helped to understand better what factors influence the final decision to subscribe or not to watch Colombian football. Hammervold and Solberg (2006) who studied willingness to pay, but for Norwegian sport, also used a questionnaire where willingness to pay was measured with a yes/no questions and the reasons for the yes respondents were measured in a 1 to 10 scale, this study is the only that has analyzed willingness to pay for sport broadcast and is a referent for my research. Also, other sport broadcast demand motivation and experience researchers have used questionnaires as their data collecting method in their studies (Gantz, 1981; Gantz et al., 2006; Gantz & Wenner, 1995; Hu & Tang,

2010; D. Wann et al., 1999; D. L. Wann, 1995). Other researchers who have studied sport broadcast demand determinants, have mainly conducted mathematical models to analyze audience (Artero & Bandrés, 2018; Buraimo & Simmons, 2009, 2015; Caruso et al., 2019; Feddersen & Rott, 2011; Pérez et al., 2017; Sung et al., 2019; Tainsky & McEvoy, 2012; Wills et al., 2020) which relies on secondary data.

3.2. Data Measurement

The survey gathered quantitative data to measure willingness to pay. The first question was whether or not the respondent is subscribed for the pay-TV channel to watch Colombian professional football, following this question, respondents that are not currently subscribed were asked how likely are they to subscribe in the future. Then each of the independent variables, was analyzed using three statements answered in a 5-point Likert scale, from strongly disagree to strongly agree, apart from the age and gender variables which are nominal variables.

Table 2. Questionnaire

Variable type	Factor	Questions
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Dependent	Willingness to pay	<ol style="list-style-type: none"> 1) Are you subscribed to watch Colombian professional football league? 2) If you are not currently subscribed, how likely are you to subscribe in the future?
Independent	Sport interest	<ol style="list-style-type: none"> 1) I like football 2) I watch football games regularly on tv 3) I watch football related tv programs regularly
	Personal preferences Team Interest	<ol style="list-style-type: none"> 1) I consider myself a fan of a specific Colombian football team 2) I watch the games of that team when available 3) Watching my favorite Colombian football team is more important than watching other games regardless of the quality
Independent	Sport related	<ol style="list-style-type: none"> 1) I prefer to watch football games of the Colombian professional league when the uncertainty of outcome is greater 2) When watching Colombian professional football league competitive balance is more important than quality of the teams 3) When watching Colombian professional football league, I prefer to watch games where the winner is not easily predicted
	Quality of the game	<ol style="list-style-type: none"> 1) The quality of the teams is important in my decision to watch Colombian professional football league 2) When watching Colombian professional football league, I prefer to watch games where star players are involved 3) When watching Colombian professional football league, I watch the big teams games regardless of their opponent 4) The importance of the game influences my decision to watch

		Colombian professional football league	
Independent	Behavioral	Entertainment	<ol style="list-style-type: none"> 1) I watch Colombian professional football to be entertained 2) I watch Colombian professional football to escape from daily life problems or stress 3) I watch Colombian professional football to enjoy of the beauty of the sport
		Eustress	<ol style="list-style-type: none"> 1) I watch Colombian professional football to feel good when my favorite team wins 2) I watch Colombian professional football to feel pumped emotionally 3) I watch Colombian professional football enjoy the feelings experienced
Independent	Economics	Price	<ol style="list-style-type: none"> 1) I think the current price for Win Sports + to watch Colombian professional football is fair 2) I would subscribe to watch Colombian professional football regardless of the price 3) If subscription fees to watch Colombian professional football league were cheaper, I will consider paying for it
		Substitutes	<ol style="list-style-type: none"> 1) If I can watch other football leagues, I don't need to watch Colombian football league 2) If I can watch European football leagues, I don't need to watch Colombian football league 3) If I can watch other South American football leagues, I don't need to watch Colombian football league
Control	Consumer Background	Gender	1) What is your gender?
		Age	1) How old are you?
		Income	1) What is your approximate monthly income?

	Stadium	1) How often do you go to the stadium to watch Colombian professional football?
	Illegal streams	1) I use illegal online streams to watch Colombian professional football.

3.3. Data Analysis

This research used two different statistical methods to answer each research question. The first question, where willingness to pay is measured in a binary way, being subscribed or not, the most appropriate statistical tool to analyze data in this research was logistic regression. This allowed me to understand and classify the effect that each of the independent variables analyzed have on the decision to pay, and the likelihood to subscribe expected for any value given for the independent variable from the 1 to 5 Likert scale gotten in the questionnaire.

The second question, where willingness to pay was measured in a scale, to understand how likely are respondents to subscribe in the future, linear regressions were used to understand better the influence of each independent variable on willingness to pay.

Chapter 4. Results

Table 3. Dataset Summary

Variable	n	%	M	SD	Skewness	Kurtosis	
Subscribed	No	229	73.20	-	-	-	-
	Yes	84	26.80	-	-	-	-
	Total	313	100.00	-	-	-	-
Willingness to pay	229	100.00	1.55	0.96	1.87	2.95	
Sport interest	313	100.00	3.90	1.14	-1.01	0.07	
Team interest	313	100.00	3.96	1.33	-1.18	0.02	
Uncertainty of outcome	313	100.00	3.17	1.08	-0.23	-0.59	
Quality of the game	313	100.00	3.78	1.03	-1.00	0.43	
Entertainment	313	100.00	2.77	1.18	0.19	-0.94	
Eustress	313	100.00	3.49	1.31	-0.56	-0.82	
Price perception	313	100.00	2.18	0.91	0.51	-0.07	
Availability of substitutes	313	100.00	2.50	1.31	0.42	-1.04	
Gender	Male	254	81.20	-	-	-	-
	Female	59	18.80	-	-	-	-
	Total	313	100.00	-	-	-	-
Age	313	100.00	32.38	10.10	1.31	1.71	
Income	313	100.00	2.68	1.21	0.41	-0.81	
Stadium experience	313	100.00	2.78	1.44	0.18	-1.29	
Illegal streams experience	313	100.00	2.68	1.71	0.30	-1.64	

The questionnaire was conducted for five days starting on the 27th of September and finishing on the 1st of November of 2021. It was distributed randomly to get sample of adults in Colombia of 313 respondents (n). The data was collected using Google Forms and analyzed using SPSS. From the 313 respondents, 229 (73.20%) are not currently subscribed to the pay-TV

channel Win Sports +, while 84 (26.80%) are currently subscribed to watch Colombian professional football league.

In order to measure my dependent variable, willingness to pay, the second question was how likely are they to subscribe in the future to the channel in a 5-point scale only to the respondents that are not currently subscribed (229). The willingness to pay was remarkably low, on average 1.55 with an SD of 0.96 with a strong positive skewness of 1.87 and high kurtosis of 2.95. This means that on average the consumers that are not subscribed are not interested in doing so in the near future, meaning that the willingness to pay is low.

Football is the most popular sport in Colombia, and this was evidenced in the personal preferences variables. The mean sport interest was 3.90 with an SD of 1.14 and a negative distribution. As expected, the team interest variable behaved similarly with an average on 3.96, however, there were some differences in the distribution, the SD for the team interest was 1.33 and had a kurtosis closer to 0 than sport interest, meaning although the average was very similar more people didn't feel identified with a specific team.

The sport related variables behaved slightly differently. Uncertainty of outcome had an average of 3.17 with an almost normal distribution, a

skewness of -0.23. This means that from the data sample the effect of uncertainty of outcome on Colombian football broadcast demand is neutral. On the other hand, the quality of the game mean was 3.78 with a strong negative skewness of -1.00 and a kurtosis of 0.43. Overall, Colombian football consumers think that the quality of the game is more important than the uncertainty of the outcome which is consistent with the existing literature, Caruso et al., (2019) in Italy, Pérez et al., (2017) and Buraimo and Simmons (2009) in Spain, Sung et al. (2019) in United States, Buraimo and Simmons (2015) in United Kingdom.

The entertainment variable had an average of 2.77 with a slightly positive skewness of 0.19 and negative kurtosis of -0.94. While the Eustress' mean was 3.49 and a skewness of -0.56 with a kurtosis of -0.82 but a relatively big SD of 1.31. This is expected considering the association of eustress with being a fan of a specific team (Gantz, 1981), and as seen previously most of the respondents felt identified with a specific team.

Regarding the economic variables, price perception was considerably low with a mean of 2.18. Because of the way the questions were structured, this means that respondents consider that it is not a fair price and that they would not subscribe regardless of the price. This idea is reinforced with the low SD of 0.91 and a positive skewness of 0.51. As expected, availability of

substitutes was also low with an average of 2.50 and a skewness of 0.42; nonetheless, the SD was 1.31 and a kurtosis of -1.04 which indicates that many of the respondents did not care about having access to other football leagues but some others did care, leading to a flatter distribution than price perception.

The final group of variables analyzed was the consumer background. From the 313 respondents only 59 were female, which is an 18.80% while 254 were males, accounting for the other 81.20%. For a random sample, the percentage of female is low, however, this could be explained as males are more interested in consuming sport media than females (Gantz, 1981; Hammervold & Solberg, 2006). The average age of the respondents was 32.38 years with a SD of 10.10, this is also reflected in the income. This was measured in five intervals, the first one being up to the minimum wage, the second was from the one minimum wage to three times the minimum wage, the third one was from three times to five times, the fourth one from five times to ten times and the fifth one more than ten times the minimum wage. By the time of this research, the minimum wage in Colombia is approximately \$1.000.000 COP or \$265 USD to the current exchange rate. The mean for the income was 2.68 with an SD of 1.21 and a skewness of 0.41.

It was also important to know if the respondents were recurrent stadium goers and if they use or not illegal streams to watch Colombian football. The average for the stadium experience was 2.68, with one being never going and five always going, the skewness was slightly positive, 0.18, but the SD was a big 1.44 and a kurtosis of -1.29 which evidences a slightly flat distribution. Similarly, the average for the illegal streams experience was 2.68 but an even higher SD of 1.71 and kurtosis of -1.64.

Table 4. Subscribed Logistic Regression

Variable	B	SE	Sig
Sport interest	0.85	0.29	0.004
Team interest	0.56	0.28	0.046
Uncertainty of outcome	-0.14	0.21	0.492
Quality of the game	0.28	0.23	0.216
Entertainment	-0.37	0.22	0.093
Eustress	-0.29	0.22	0.191
Price perception	1.47	0.27	0.000
Availability of substitutes	-0.63	0.18	0.000
Gender	-0.04	0.53	0.937
Age	-0.03	0.02	0.130
Income	-0.07	0.17	0.679
Stadium experience	0.29	0.17	0.085
Illegal streams experience	-0.78	0.14	0.000

Table 5. Logistic Regression Model Summary

Cox & Snell R Square	0.43
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Nagelkerke R Square	0.62
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Both personal preference independent variables were found to be statistically significant in the model, with a positive correlation. However, sport interest has a stronger influence, 0.004, in the subscribed dependent variable than team interest, 0.046.

Regarding the sport related variables, neither of uncertainty of outcome or quality of the game were found to be predictors of the decision of Colombian football fans to subscribe to the pay-TV channel. Although, plenty of authors previously have found evidence of both variables to influence football broadcast demand, as explained previously in the literature review. This indicates that pay-TV channel demand does not necessarily behaves like free to air sport broadcast demand.

Economic factors were the most relevant group of independent variables in the model. Price perception and availability of substitutes were found to be very strong predictors of subscription both with a significance of 0.000. Nonetheless, price had a B of 1.47 while availability of substitutes a B of -0.63, because the same scale was used, we can argue that although both are very significant, price is an even stronger predictor than availability of substitutes.

Price perception has a positive correlation to the dependent variable, which may appear counterintuitive, but it is not. The questions used to determine the price variable measured price fairness, elasticity and sensibility; meaning that a lower number is a consumer that believes that the price is not fair and that will not subscribe regardless of the price, which will lead to be less likely to subscribe as the model suggests. Therefore, price perception in this model, can be linked to value. The higher the value the consumer finds in the product, the more likely he will be to demand it.

On the other hand, availability of substitutes is negatively correlated to subscriptions. Meaning that for a consumer who is subscribed, having other football leagues broadcast available does not satisfy his needs, therefore they are not considered substitutes. The less substitutes, the more likely to subscribe.

Lastly, only one consumer background variable was found to be significant. Opposite to some research (Hammervold & Solberg, 2006), gender was not relevant in this model. Age also did not affect subscribed variable, which aligns with Wann et al. (1999) findings on sport broadcast demand motivation. According to the model, Colombian football pay-TV demand does not behave as a normal good, because income does not have an effect on it. Stadium experience also was not a predictor of subscription. The

only variable which subscription was sensible to, was illegal streams experience, which was found to be a very significant predictor, 0.000. Despite illegal streams effect on sport broadcast demand has not been studied enough by academics, some reports have evidences their prevalence in different markets (Carp, 2020). Colombian market is not an exception. The relationship between illegal streams experience and subscription is a negative one, the more a consumer uses illegal streams to broadcast Colombian football, the less likely he is to subscribe. It can be argued that it works as a substitute.

Table 6. Not Subscribed Willingness to Pay Linear Regression

Variable	B	SE	Sig
Sport interest	0.09	0.07	0.225
Team interest	0.11	0.08	0.180
Uncertainty of outcome	-0.01	0.07	0.898
Quality of the game	0.02	0.06	0.802
Entertainment	0.04	0.07	0.573
Eustress	-0.09	0.07	0.214
Price perception	0.60	0.08	0.000
Availability of substitutes	-0.07	0.05	0.138
Gender	0.15	0.15	0.292
Age	0.00	0.01	0.474
Income	-0.05	0.05	0.333
Stadium experience	0.03	0.06	0.609
Illegal streams experience	-0.11	0.04	0.011

Table 7. Linear Regression Model Summary

R Square	0.31
Adjusted R Square	0.27

From the linear regression results, only two independent variables were found to be statistically significant to determine willingness to pay, price perception and illegal streams experience. This was measured only for those respondents who were not subscribed to the pay-TV channel, meaning that their willingness to pay is lower than the actual price of Win Sports +.

Contrary to most of the available literature, sport interest and team interest, did not affect willingness to pay for the pay. This is a very interesting result, considering the high levels of both variables overall shown in table 3. Colombian football consumers are interested in the sport and in the teams, however this did not predict their willingness to pay for those who are not subscribed.

Sport related factors, uncertainty of outcome and quality of the game also had no influence on the willingness to pay. As neither both behavioral variables, entertainment and eustress. This is an interesting result that evidences that willingness to pay and demand for pay-TV broadcast behave slightly different from traditional free to air broadcast.

The most significant variable in the model was price perception. It was found to have a very strong influence over willingness to pay. For each unit change in price perception, willingness to pay changes 0.60. This is also a positive correlation as explained previously. A higher value in price perception variable means that consumers think that the price is fair and this makes them more willing to pay. The other economic variable included, availability of substitutes, was not statistically significant in this model.

Lastly, from the five consumer background variables included, only illegal streams experience was found to influence willingness to pay. This was a negative correlation, meaning that the more the consumer uses illegal streams to watch Colombian football, the less willing he is to pay. This result, again, highlights the importance of illegal streams on sport broadcasts demand. Gender, age, income and stadium experience were not significant in the model.

Chapter 5. Discussion

Football clubs around the world are usually private companies which main objective is profit maximization. As a consequence, through the history they have come up with new ways to increase their revenue streams. In the 80's when sport and media relationship matured (Rowe, 1996), TV rights became one of the main revenue streams for football clubs, and the value of the rights has skyrocketed ever since. The introduction of the pay-TV model at the beginning of the 90's in the English Premier League has been successful for football clubs as they have increased their TV rights revenue drastically, hitting the billions pounds figure in the last couple of deals (Scelles et al., 2020). As a consequence, other football leagues around the world have copied this model in seeking higher revenue. This was the case of the Colombian professional football league, which from 2020 started being broadcasted exclusively in a newly formed TV channel in which consumers have to pay a monthly subscription of approximately \$8 US dollars (Goal, 2021).

This change created a lot of controversy withing football fans in Colombia, as they were going to be charged additionally for a product that they have been receiving as part of the basic tv package (Pulzo, 2020). However, football executives argue that this change is beneficial for

Colombian football as it will double the amount clubs receive from TV rights deals with a 33% market penetration (República, 2020). This situation led me to study what factors influence demand and willingness to pay for the Colombian professional football league pay-TV channel.

Based on the literature, I came up with five group of factors that influence sport broadcast demand, these are: personal preferences, sport, behavioral, economic and consumer background. These factors affect differently to those consumers which willingness to pay is higher than the subscription price and are therefore subscribed, and those whose willingness to pay is lower than the subscription price and are therefore not subscribed. This is why there are two research questions to study those two types of consumers independently.

The results suggest that for subscribed customers, both personal preference factors, sport interest and team interest are significant; also, both economic factors, price perception and availability of substitutes. On the other hand, sport related and behavioral factors were not statistically significant in this model. Regarding the consumer background factors, only the use of illegal streams was found to be strongly correlated with subscription.

The willingness to pay of consumers that are not subscribed, it was measured by asking the likelihood of subscription in the near future in a 5-point Likert scale. The results suggest that only two variables influence willingness to pay in this case, these are price perception from the economic factors and illegal stream experience from the consumer background factors.

The first research question, how do personal preference factors, sport related factors, behavioral factors, economic factors and background factors influence consumer's decision to subscribe to the Colombian professional football league pay-TV?

Personal preference factors included sport interest and team interest, there may be some overlap between both as fans of a specific team are expected to be interested in the sport as a whole, however, there may be some football fans that do not identify with a specific team. Regarding the sport interest, the results aligned with most of the literature in the field. Hammervold and Solberg (2006) in their research about willingness to pay in Norwegian sport pay-TV, also found a positive correlation. Consumers who like football the most are more likely to subscribe to watch Colombian football, as demonstrated in the results with a strong significance of 0.004. The reason behind this consuming pattern was explained by Gantz (1981) and

Raney (2009), sport fans consume sport broadcast to make part of a social group and create social relationships through sport.

Expectedly, team interest was also found to be significant, however, it had a lower influence on subscription than the sport interest variable. Team identification is the psychological connection of the fan with a team (Wann, 2009) and it fulfills the need to be part of a distinctive group (Gantz, 1981), therefore subscription is positively affected by the extent by which consumers identified themselves with a football team in Colombian football. Other authors have also found a positive correlation between sport broadcast demand and team identification within football; Caruso et al., (2019) in Italian Serie A and Pérez et al. (2017) in Spanish La Liga.

The reason why the sport interest variable was found to have a stronger influence in subscription than team interest might be that Colombian fans sometimes identify themselves as fans of a specific team but do not necessarily watch or demand this team's games actively.

Contrarily to the personal preference factors, no correlation was identified between sport related variables and subscription. In this research the two main sport related variables studied were uncertainty of outcome and quality of the game. These have taken a lot of attention from sport

management academics, with plenty of articles studying their effect on sport broadcast demand.

Within the football industry it is still confusing the effect that uncertainty of outcome has on sport broadcast demand, some authors have found a strong correlation (Artero & Bandrés, 2018; Buraimo & Simmons 2009; Pérez et al., 2017; Tainsky & McEvoy, 2012) and other no correlation at all (Buraimo & Simmons, 2015; Caruso et al., 2019; Wills et al., 2020). In the case of Colombian football pay-TV channel, the results are more consistent with the second group, as the uncertainty of the outcome was found to not be a predictor of subscription.

Plenty of authors have found that quality of the game is a strong influencer of sport broadcast demand, they have mainly measured the quality of the teams / players and the importance of the game. There is evidence from Italian football (Carusso et al., 2019), Spanish football (Buraimo & Simmons, 2009; Pérez et al., 2017), United States football (Buraimo & Simmons, 2015; Sung et al., 2019; Wills et al., 2020), English football and Champions League football (Wills et al., 2020) and also in national teams competitions in Spain (Artero & Bandrés, 2018) and Germany (Feddersen & Rott, 2011).

In contrast with all these earlier findings, subscription decision for Colombian football pay-TV is not influenced by the quality of the game. The reason of this contradiction is that all of the studies listed above, used audience as their dependent variable and associated it to demand. They studied fans decision to watch a specific game when this was already available in their tv package, however, the decision to subscribe comes before the decision of what games to watch, therefore demand might behave differently when analyzed as audience or analyzed as the decision to subscribe to a pay-TV channel.

Behavioral factors are linked to the motivation of sport fans to consume sport media. One of the main motives to watch sports is to be entertained, as was found by Wann et al. (1999) who corroborated Gantz findings in 1981 that entertainment and relax from daily life stress are the main motives to consume sport media. In the case of Colombian football pay-TV entertainment motivation was not found to have a significant influence over subscription. Fans are being charged for a product that they used to receive as part of the basic TV package, if their main motivation is to be entertained there still have plenty of sport and non-sport option in that package.

Also, the other behavioral variable, eustress, did not affect subscription decision. This result is in contrast with some of the literature as eustress are the positive feelings when doing something pleasurable (Raney, 2009) and is expected that feeling of thrill in victory (Gantz, 1981) leads to a higher likelihood of demanding a specific product. From the results of the behavior factors, we can suggest that in the case of Colombian football pay-TV, they are not enough to trigger the decision to pay extra money to subscribe.

Price perception and availability of substitutes, which are the economic factors included in this model, were both found to be very strong determinants of subscription.

As explained in the results section, the scale of the price variable is inverse because of the way the questions were structured in the survey. A low score tells us that the price of product is perceived as expensive and a high score means that the price is fair. It can also be associated of replaced with value, the higher the value that consumers see on the product the more likely they will be to subscribe, it is a positive correlation. This complexity to measure the impact of price on willingness to pay was already anticipated by Buraimo in 2006. In the context of Colombian football pay-TV, value

perceived is a strong determinant of subscription. The fans that are subscribed consider that the value is greater than the product price and the fans that are not subscribed consider that the value is lower than the product price.

Despite the price being a significant variable to determine subscription, in order for pay-TV to be successful demand needs to be sufficiently inelastic (Gratton & Solberg, 2007). Is not perfectly inelastic as a decline in in the number of viewers is expected, but neither perfectly elastic because the viewership will not drop to 0 as a consequence of charging the customers a subscription fee. According to Gratton & Solberg (2007) it is estimated that pay-TV penetration is around 20-30% of the free-to-air market, and this was exactly the case in this case. From the random sample of adults in Colombia, 26.8% are subscribed to watch Colombian football on pay-TV.

Most of pay-TV successful cases in sport have come from football as it is the sport that attracts more subscribers because it has fewer substitutes (Hammervold & Solberg, 2006). In this study, Colombian consumers were found to be negatively affected by the availability of substitutes when deciding to subscribe or not. Meaning that fans who consider other football leagues as substitutes are less likely to be subscribed to watch Colombian football, while fans that do not see these other leagues as substitutes are more

likely to subscribe. These finding is in line with previous studies who have found that football fans are more interested in watching their own team rather than the quality of the game (Caruso et al., 2019; Hu & Tang, 2010; Pérez et al., 2017).

For the consumer background factors, five independent variables were identified, where only illegal stream experiences were found to be significant. The other factors, age, gender, income and stadium experience did not appear to influence consumer's decision to subscribe.

Hammervold and Solberg (2006) found some differences between males and females' willingness to pay for pay-TV sport, males having higher willingness to pay. Wann et al. (1999) also found differences in the motivation to consume sport broadcast, with male being more driven by eustress and self-stem motivations. The results of this research suggest no difference between males and females when deciding to subscribe or not, however, it is very important to note that the sample of the study was heavily skewed towards male respondents, as females were only 18.8% of the sample. Further studies to understand better gender difference in pay-TV subscription are suggested.

Colombian football pay-TV did not behave as a normal good, because income did not affect subscription based on the results. This is a very important finding because even though price perception was found to be significant, income did not, which means that having more money does not necessarily correlate to the price perception of the Colombian football pay-TV broadcast. Also, Colombian fans have protested against the price of Win Sports+ (Pulzo, 2020), the pay-TV channel, and having more income would be expected to increase the likelihood of subscription, but this was not the case as the results suggest.

Stadium experience could be seen in two different ways, as a proxy of fan loyalty and as a substitute of sport broadcast. Nonetheless, in this study stadium experience was not statistically significant in changing subscription decision.

On the other hand, subscription was found to be very sensitive to illegal streams experience with a negative correlation. This tells us that fans that are more familiar using internet to stream Colombian football illegal are less likely to subscribe to Win Sports +. In this case, illegal streams behave as a substitute for the pay-TV channel. This highlights the importance of this variable which has not gotten enough attention from sport management

academics, but which prevalence was shown by the Synamedia report in 2020 where 84% of the respondents reported to consume sport TV piracy.

The second research question, how do personal preference factors, sport related factors, behavioral factors, economic factors and background factors influence willingness to pay of consumers who are not currently subscribed to the Colombian professional football league pay-TV?

Surprisingly, from all factors only two independent variables came up as significant to influence consumer's willingness to pay of those who are not currently subscribed. These two were price perception from the economic factors and illegal streams experience from the background factors. It is important to highlight that the average willingness to pay in a 5-point scale was 1.55. This result tell us that consumers who are not subscribed to watch Colombian football, are not interested in doing so in the near future.

Contrarily to subscription, personal preference factors were not relevant to predict willingness to pay of not subscribed consumers. This finding is different from existing literature. The sport interest is positively correlated to willingness to pay according to Hammervold and Solberg (2006), but in the case not subscribed fans in Colombia it is not a predictor. This can be observed from the high average answer in the sport interest

questions from the survey, a 3.9 in a 5-point scale, which does not translate to willingness to pay. This means that consumers can be very interested in football but still show no difference in willingness to pay.

This is also the case of team interest variable. Because of the emotional attachment of being fan of a football and the fulfilment of psychological needs (Gantz, 1981), team interest was expected to be strongly correlated to willingness to pay, but that was not observed in the results. A reason for this finding could be that culturally Colombians always feel identified with a specific team but do not demand their services or products actively, for example, Colombia's biggest club Atletico Nacional is reported to have approximately 13 million fans, but in 2019 they only had 17.500 season ticket holders (Goal, 2021).

Regarding the sport related factors, neither quality of the game or uncertainty of outcome were significant to influence willingness to pay. There is plenty of evidence that quality of the game is positively correlated to audience in football (Artero & Bandrés, 2018; Buraimo & Simmons, 2009; Buraimo & Simmons, 2015; Carusso et al., 2019; Feddersen & Rott, 2011; Pérez et al., 2017; Sung et al., 2019; Wills et al., 2020) and some authors have found also correlation of uncertainty of outcome (Artero & Bandrés, 2018;

Buraimo & Simmons 2009; Pérez et al., 2017; Tainsky & McEvoy, 2012), as explained above. But, similarly to the first research question, willingness to pay for subscription-based sport broadcast behaves differently to audience. The decision to consume is different to the decision to pay.

Behavioral factors, entertainment and eustress, are known within the literature as two of the main motivations to consume sport media (Gantz, 1981; Wann et al., 1999). However, when it comes to willingness to pay, neither were found to be significant. Despite pay-TV has been around for more than 30 years, the transition from commercial broadcasters to subscription broadcasters has not fully happened, and behavioral factors are still important motivational factors in the free to air model but in pay-TV, according to this research, is not enough to trigger willingness to pay. The consumer has to have a deeper connection with the product in order to be more willing to pay because is their motivation is to get entertained or to experience positive feelings, there are many competitors in the market that could fulfill those needs for a lower price.

From the economic factors, price perception was found to have a strong relation with willingness to pay and availability of substitutes no significant relationship. Based on microeconomics theory, willingness to pay

was expected to be sensitive to price perception. Colombian football consumers that think that the current price is fair, have therefore higher price acceptance, meaning that the difference between the value they find in the product and their willingness to pay is lower, nonetheless, that difference still exists because they are not currently subscribed.

Three demographic variables were included in this model as part of the consumer background factors, age, gender and income. All three variables did not affect willingness to pay. These findings somehow align with existing literature, as there has not been enough evidence of how these variables affect sport media demand.

The other two variables included in the consumer background factors were related to the consuming habits, stadium experience and illegal streams experience. The latest one was found to be strongly related to willingness to pay in a negative way, this is a very important finding that highlights once again how illegal streams are the main competitor of pay-TV broadcasts in sport. Colombian football consumer's willingness to pay is less when the consumer uses frequently illegal streams to watch it, which makes perfect sense, as they are consuming the product without having to pay for it, maximizing consumer surplus. Some fans might not use illegal streams

because of ethical concerns, but as evidenced, many will and this will affect hugely subscription-based broadcasters.

5.1. Practical Implications

Pay-tv model in football has been adopted mainly in European domestic markets, and has been very productive for them as it has hugely inflated their TV rights revenue (Evens et al., 2013). However, in the last couple of years, emerging markets like Latin American countries, have started adopting this model to maximize their revenue. Sport managers need to be very cautious in the way their transition their model from commercial broadcasters to subscription broadcasters, because fans do not want to be seen as cash cows and they will be reluctant to pay for something that they were getting before without paying extra. This research gives insights to sport managers on what are the most important factors when implementing a pay-TV model to broadcast football.

First of all, football executives from the leagues need to know who is their potential customer, they need to have a strategy in place to segment consumers and identify those who are interested in football and in a specific team, and more importantly to identify those who have no interest at all.

Resources are always scarce and is important to focus them in those customers who are likely to subscribe to watch football on TV. As evidenced in the results, not everyone who has interest in football or a specific team will automatically subscribe, but some will and the others in this group is where the marketing efforts need to be done.

Price setting is one of the biggest challenges when it comes to implementing a subscription-based channel in sport. A decline in the number of viewers is always expected and as a consequence advertising revenue will also decrease, therefore subscription revenue needs to make up for advertising revenue (Gratton and Solberg, 2007). The price is expected to be correlated to the number of subscriptions, the lower the price the higher number of subscribers they will have, but not necessarily the highest possible revenue. By modelling, football executives could find the optimal price where they can maximize revenue. On the other hand, if they decide to have a suboptimal price and maximize number of viewers this could help them to mitigate the potential reputational risk, which is what happened in the Colombian context where customers were protesting against Win Sport + and its price (Pulzo, 2020).

Lastly, illegal streams need to be seen as a real competitor. Football leagues need to protect the value of their rights by blocking all ways to watch the product without paying for it, they should invest as much as possible in their rights protection and use all the possible legal means to do so. This is a real challenge for the sport industry and it is a forever ‘cat and mouse chase’, and it is a difficult one. Not even the most prestigious sport leagues in the world such as the NBA or English Premier League, have successfully managed to block illegal streams, but this does not mean that they stop fighting against it.

5.2. Limitations and Recommendations for Future Research

As with most of academic research, sampling is one of the biggest challenges, especially when using a random sample. In this research I distributed the survey among a random sample of adults in Colombia through the people I know and social media, despite having more than 300 responses, a truly random sample needs to look like the population. From the respondents, only 18.8% percent were females. Although males are more likely to answer surveys about sport media consumption, this is significantly different from the population and might have affected the results. Future

research should find a method to improve the similarity between the sample and the population.

As explained by Buraimo (2006), it is not easy to know the specific impact that price has on willingness to pay for sport broadcast. In this research I approached price as price perception and acceptance, which is at the same time related to value. Future research could approach the price variable asking respondents to specify the amount that they would be willing to pay to subscribe to watch football on TV.

Sport illegal streams has not gotten enough attention from sport management academics and is a very important issue for the sport industry. Future research should study deeper the impact that use of illegal streams has on sport broadcast demand.

This research is important in the sport management field because it can be replicated in other markets that also have pay-TV models. It will be particularly interesting to compare European markets that have already used this model in the last couple of decades and emerging markets like Colombia, Argentina and Brazil who are just beginning to broadcast their football leagues in subscription-based TV channels.

5.3. Conclusion

From the five factors considered based on the existent literature, personal preferences factors and economic factors were found to be the most influential to the decision to subscribe or not to Win Sports +, the pay-TV channel for Colombian professional football. For both factors, the two independent variables included were statistically significant to determine subscription, however, there were some differences among them. Regarding the personal preference, sport interest had a strong influence with a significance of 0.004 and team interest a moderate influence with a significance of 0.046. On the other hand, availability of substitutes and price perception, the economic factors, had both a very strong influence on subscription with a significance of 0.000. This leads to the argument that economic factors are the most important variables affecting subscription.

In the case of willingness to pay for consumers who are not currently subscribed, not a single factor stood out as the most relevant determinant. Neither of the five had all variables come up as significant, as only two variables in the entire model were important predictors of willingness to pay. These two variables were price perception with a very strong influence and illegal streams experience with a strong influence.

In conclusion, price perception and illegal streams experience were the only variables that were statistically significant in both research questions, for the subscription and for the willingness to pay of non-subscribed customers. These two variables are the most important determinants when it comes to demand and willingness to pay.

This research was an attempt to use sport broadcast demand literature to study demand and willingness to pay for subscription-based TV channels in sport, specifically in football. Most of the literature has used audience as a proxy of demand for sport broadcast using models to examine the influence of different variables. Some authors, like Wann et al. (1999) and Gantz (1981) used questionnaires to understand motivation to consume sport media, but only Hammervold and Solberg (2006) used questionnaires to study willingness to pay for pay-TV channels in sport. From the random sample of adults in Colombia, 26.8% were subscribed to Win Sports +, this is in line with Gratton and Solberg (2007) estimates for the penetration of pay-TV.

According to Win Sports + executives, with a market penetration of 33% they expect to double the amount of TV rights revenue (La República, 2020). The Colombian market is about 5.000.000 households and after one year of operation they had about 400.000 users or approximately 8% percent

penetration which is in line with their goals (El Tiempo, 2020). Despite all the protests and complain in social media, this research suggests that pay-TV is a successful model in Colombia.

Pay-TV was originally introduced within the local markets of the leagues because of the high cultural discount that football has (Gratton & Solberg, 2007), however, the top leagues in the world have gained a level of interest and demand that are already having a pay-TV model in markets different to their own country. However, this decision is made by broadcasters in the downstream market, where the product is demanded by the audience (Evens et al., 2013), to maximize revenue, but this will eventually lead to higher TV rights deals in the future for the football leagues who are the rights holders. For example, in Latin America, in 2021 a new over the top platform was launched called Star +, this platform is owned by the Disney group but their unique selling point is that they will be broadcasting all sport content that they hold the rights for, this includes all major European football leagues (Valencia, 2021). However, although European football is still included in the basic TV package on commercial broadcasters like ESPN and Fox Sports, it is predictable that in few years they will be broadcasted exclusively in the over-the-top platform.

As long as subscription-based sport broadcast continue to increase the revenue for all stakeholders in the sport broadcasting market, this model will stay and become more prevalent within the following years. This is why it is of vital importance for the sport industry and for the sport management academics, to study pay-TV on its own, because as shown in this research, it behaves differently to demand in terms of audience.

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국문초록

콜롬비아 프로축구 유료화에 대한 수요 결정요인과 구독의사에 관한 연구

José Manuel Ramírez

글로벌스포츠매니지먼트 전공

체육교육과

서울대학교 대학원

2020년부터 콜롬비아 프로 축구는 신생 유료 TV 채널인 Win Sports+에서 독점적으로 방송되기 시작했다. 이에 따라 소비자들은 콜롬비아 프로 축구를 시청하기 위해 매달 구독료를 지불하게 되었다. 이와 같은 변화의 주된 배경은 프로축구 구단들의 TV 중계권 수익 극대화 전략이 있었다. 유료 TV 수익 모델은 1990년대 초에 도입된 이후 세계 최고의 축구 클럽들의 수익을 극대화 시켜왔다. 특히 이와 같은 성공 사례는 전 세계의 다른 개발

도상국 축구 리그들이 구독 기반 모델을 모방하는데 큰 영향을 주었다. 다수의 선행연구들은 스포츠 미디어를 소비하려는 동기를 시청자 관점에서 연구 시행 했지만, 유료 TV 수요와 축구 중계에 대한 지불 의지와 관련된 연구는 선행연구마다 다양한 관점을 제시하고 있기도 하다. 선행 연구들을 종합하여 살펴보면, 스포츠 중계 수요는 개인 선호 요인, 스포츠 관련 요인, 행동 요인, 경제적 요인, 소비자의 배경 요인 등과 같은 소비 결정요인에 영향을 받는다. 본 연구는 이러한 관점을 수용하여 두 가지 연구문제를 설정하였다. 첫 번째는 선행연구들이 제시한 소비 결정 요인들이 콜롬비아 프로축구 유료방송 가입 결정에 어떤 영향을 미치는지 이해하는 것이고, 두 번째는 콜롬비아 프로축구 유료방송에 가입하지 않은 소비자들의 유료방송 가입 의지에 소비 결정 요인들이 어떤 영향을 미치는지 이해하는 것이다. 구체적으로 개인적 선호요인의 경우 스포츠에 대한 관심과 팀에 대한 관심으로 설정되었고, 스포츠 관련 요인은 경기결과와 경기의 품질 그리고 결과의 불확실성으로 설정되었다. 행동 요인의 경우 엔터테인먼트와 스트레스 해소로 설정되었으며, 경제적 요인으로는 인지된 가격과 대체품 소비 가능성 그리고 소비자의 관심도로 설정되었다. 마지막으로 통제변수로는

성별, 나이 소득, 경기장 경험, 불법 스트리밍 경험 등이 설정되었다. 본 연구는 이와 같은 연구문제를 해결하기 위해 콜롬비아 성인 313 명을 대상으로 온라인 설문지 조사를 실시하였다. 설문 문항은 명목척도로 측정되어야 하는 변수를 제외한 나머지 변수들은 리커트 5 점 척도로 측정되었다. 첫 번째 연구문제의 분석은 로지스틱 다중 회귀분석을 사용하였으며, 두 번째 연구문제의 경우 선형 다중 회귀분석을 사용하였다. 분석 결과 응답자 중 84 명(26,8%)이 현재 윈스포츠플러스에 가입해 있는 것으로 나타났다. 구독의사에는 5 개의 독립변수들이 통계적으로 유의미하게 나타났는데 불법 스트리밍 경험, 가격인식 및 대체품 가용성, 스포츠에 대한 관심과 팀에 대한 관심 그리고 개인적 선호요인과 경제적 요인 순으로 유의미한 영향을 미치고 있었다. 지불 의사에 영향을 미치는 요인은 가격인식과 불법 스트리밍 경험만 영향의 순으로 영향을 미치고 있었다. 특히 구독하지 않은 소비자들의 지불 의사는 다른 특정 그룹에 비해 특별히 민감하지는 않은 것으로 분석되었다. 이러한 본 연구의 결과는 일반적인 소비 결정요인이 유료 TV 를 대상으로 적용하였을 때 상이하어, 유료 TV 환경에서의 소비 결정요인이 독립적으로 연구되어야 할 필요성을 알려준다. 또한 구독료의

지불의사 또한 기존의 소비 결정요인이 경우에 따라 다르게 영향을 미치는 것을 확인하였고, 이를 통해 구독료 지불의사 또한 선행연구들과는 다른 배경에서 연구 되어져야 한다는 것을 알 수 있었다. 추가로 가격 인식과 불법 스트림 경험은 두 연구 질문 모두에서 유의한 유일한 변수였는데, 이를 통해 이것은 유료 TV 모델을 도입할 때 가격 설정의 중요성과 불법 스트리밍에 대한 규제가 스포츠 방송 시장에서 유료 서비스가 성공하는데 중요한 역할을 한다는 것을 알 수 있었다.

주요어: 스포츠 방송, 유료 TV, 구독, 지불 의향, 수요, 축구.

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