

How sustainable is the strategy of the Indian Premier League - IPL? A critical review of 10 key issues that impact the IPL Strategy

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Abstract- The Indian Premier League - IPL launched in 2008 has achieved a very high level of popularity with more than 140 million TV audiences and a brand valuation of more than 4 billion USD. The high publicity and glamour filled, franchisee owned cricketing event has also seen unprecedented money paid as franchisee fees, players fees and through advertisement revenue along with scandals of match fixing. The business model needs appreciation for integrating a number of complex processes such as entertainment, glamour, marketing, pricing and hard-hitting cricket. However, the recent couple of seasons indicate a decreasing trend in TV Ratings, reduced audience, fall in advertising rates and a withdrawal of franchises. This paper conducts a detailed analysis of the IPL case and examines 10 key issues that threaten the viability of the IPL strategy, the revenue model and if the event can sustain itself. The results indicate that the very high cost burden for franchisee owners means that they undergo losses making their ventures unprofitable. Thus, there is a danger that the event would be forced to shut down or forced to radically alter its avatar. The paper provides some strategic recommendations to overcome these issues and ensure that rational cost structures and expenditures are implemented to make the event viable.

Index Terms- IPL strategy, model, workflow, revenue model, viability, sustainability, franchisee

I. PAST INTRODUCTION

The IPL T20-20 event has become very successful in cricket crazy India. It represents a fast paced, growing and emergent India that seeks glamour, entertainment and good cricket. The game has seen unprecedented amount of player fees, high franchisee fees, glamour and entertainment and its success is widely accepted. However, the sheen seems to be wearing off as seen in reduced viewership and TV ratings. This case study examines the event from the business lens. The paper raises and answers ten key issues about the game, its viability and the future. Also covered in this case study is an analysis of its unique features, the business and revenue model and entertainment aspects.

The case study has four parts and part one and two presents ten issues. Part one provides a background and literature review, part two gives the business analysis of IPL, part three gives answers to the 10 issues that have emerged from the discussions and part four gives the conclusions and recommendations.

Overview

Cricket is a religion in India and people of all faiths, caste creed and language remain glued to the TV or the radio to watch international level matches. It is also the richest sport in India and top players have star status and earn millions of rupees through game appearance fees and endorsements. The Indian Premier League - IPL is a '20-20' version of Cricket where professional club teams from different cities play about 80 games with a final game deciding the champion. The traditional format is the 'Test' match format with the match of 5 days and two innings. The relatively recent format of one-day '50-50' series has 50 overs bowled by each team. In the 'Twenty20' game each team plays 20 over's. Millions of people around the world watch the games and after the Olympics, FIFA World Cup and Euro Cup, cricket is one of the most watched games. Started in 2008, IPL series and brand was valued at 4.13 billion USD in 2009 [1].

About Cricket

The game of Cricket in India is a passion that binds people from different religions, political affiliations, languages and economic background. Introduced by the British when they ruled India, the game is played by across the globe by a handful of common-wealth nations such as India, Pakistan, Sri Lanka, Australia, New Zealand, South Africa, West Indies, Zimbabwe, Bangladesh, Britain and other new entrants. The number of people who watch and follow cricket in these cricket-playing nations is collectively more than a billion. Millions of people watch matches between rivals such as India and Pakistan and between England and Australia [2].

About IPL

Based on Major Base Ball League matches of USA and the English Premier League football cup of UK, the business model plans to create a win-win situation. Mr. Lalit Modi, the former Chairman of IPL designed and introduced the IPL format for in 2008. Team members from national and state level cricket associations of India and top players from other cricket playing nations play in the event. A Franchise owns a team and the players are 'purchased' for a season at an auction. Each player commands a price based on his playing record and current form. The bidding follows specific rules with a cap on the total amount that each team can spend [3]. 'Round Robin Play' system is used in the initial stages along with knock out stages in the semi finals and finals. The objective for the game is to score as many runs as possible in an over and big hits increase viewer's interest. The game is a version of the new format of Twenty 20 cricket [4].

With the 2013 season completed, six seasons are over. All matches were staged in India except for the 2009 season that saw the games shifted to South Africa. While the success of the games is well known, the game has unfortunately seen a number of scandals that included match fixing allegations and intense power struggles. The 2009 matches played in South Africa, since the national elections in India clashed with the schedule of the IPL matches, created a lot of backlash among dissenting members of BCCI. With threat perception high, the government of India could not promise adequate security for the matches. Hence, South Africa served as the venue for all 2009 matches, in itself a great achievement with the logistics of moving more than 10,000 players, staff, grounds men and other people, arranging for the infrastructure in SA at a short notice, organizing the TV rights and other endorsement deals. Many people in India did not like the idea of shifting the games to SA and after a lot of political allegations and machinations, Mr. Modi faced ouster from his position and legal charges framed against him and subsequently banned for life from BCCI [5]. This point highlights the intense politics behind IPL matches.

The IPL brand valuation in 2009 was 2 billion USD; in 2010, it was 4.13 billion USD. This trend was very encouraging and it showed how excellent marketing and packaging could bring in crowds and money. However, in 2011 the brand valuation fell to 3.67 billion USD and in 2012, it further reduced to 2.92 billion USD. The TRP ratings of television also have a similar story to tell. The TV ratings for 2008 season were 4.81 with a cumulative reach of 102.2 million viewers. Over the seasons, the TVR fell to 3.27. However, the game has a huge popularity in a number of cricket playing nations such as UK, Australia whose national team players are a part of some IPL teams [6].

Issue 1: *What are the causes for the perceived brand attrition and devaluation and can the viewership be revived?*

About BCCI

The Board of Control for Cricket in India – BCCI is a private governing body for all forms of cricket in India. It is the sole authority to organize and conduct cricket at the state levels, at the national levels and at the International level. At the state level, state level associations manage cricketing activities and board members from these bodies. Members of the board are usually ex cricket players of repute or public figures and even Indian government ministers and industrialists interested in cricket. BCCI represents the national body and various state association representatives elect its board members. There are 27 state associations and 3 non-playing members arranged in five zones. These zones are north, south, east, west and central [7].

BCCI organizes a number of international and domestic cricket tournaments. The domestic tournaments are BCCI Corporate Trophy, Syed Mushtaq Ali Trophy, Irani Trophy, NKP Salve Challenger Trophy, Ranji Trophy, Duleep Trophy, Vijay Hazare Trophy, Deodhar Trophy and the Indian Premier League. Among all these events, the IPL is the most profitable. Other tournaments see minimal attendance even though many top-level players participate. It also interacts with the International Cricket Council - ICC and organizes international matches such as test

matches, 50-50 and 20-20 formats between other cricket playing nations. Other than the test matches, the viewership, sponsorships and revenues generated is substantial for the other two formats [8]. Among all the other sports bodies and associations in India, BCCI is the most profitable. It does not take any funding from the Ministry of Sports but uses its own sources to fund all the matches, pay for salaries of board members and staff.

Rationale for the case study

The rationale for this case study is that IPL has acquired a social dimension and it can act as an instrument of change for other Indian sports. A thorough understanding of the event with a discussion of the franchises, players, high earnings, business models and other commercial and financial factors will indicate the manner in which such mega events are organized. The case study also examines issues such as sponsors and funding. IPL has generated tremendous participation among relatively unknown players from small towns of India. Indian states such as Maharashtra have started league level games at the state district level and several junior players play in the junior league matches. Therefore, IPL can become a social change agent and a transformation management event. The government of India and the sports department can make use of these opportunities to unearth more players at the junior levels [9]. A thorough study of this event from the direction of sustainability thus becomes very important in understanding and planning for such social events in the future.

The Sports Authority of India under Ministry of Youth Affairs & Sports, Government of India [10], [11] wants to develop other sports also. However, sponsors are few, funding is nonexistent, participation is less and most of the youths want to play cricket. While professional premier league matches are common in USA, UK, Europe, Australia, South America and some nations of Asia, the phenomenon was unknown in India until IPL came.

The 50-50 format made cricket very popular, and brought funding and brought revenue generation ability. In the previous decades, Test cricket of 5 days format prevailed and while this format was also popular; opportunities for more players to enter the game were less. Only 11 players with some players kept in reserve as 'extras' had the chance to play and the national team continued with the same line up for many years before the players retired. The IPL format has allowed more players to enter the game and gain experience at the national level. With eight franchises, at least 99 players plus a large number of extra players now has a chance to play at the national level and gain valuable experience. This also increases their chance of selection by national team selectors and they have better chance of entering the national team [12].

Literature Review

Literature linking premier league matches and general sports growth in developing nations such as India is scant. This case study will attempt to fill this vital gap. Borooah and Mangan [13] have written about IPL franchising, investment and other commercial terms. Sufficient literature exists to link sports, premier leagues and social development in developed nations.

This section presents a brief literature review of important subjects.

Sports development and involvement of youth is a vehicle for social development and helps to improve socially deprived youth, to reduce juvenile crime and promote health and well-being. The United Nations has recognized the impact of sports as a means for people to reach their true potential and to reach personal and community objectives [14]. Professional league sports such as football help to develop the overall sports involvement of children and school students in nations such as UK, Germany, France and Japan. In these nations, professional league clubs often take up social development as a part of the corporate social responsibility [15].

In the developing world, women look at sports as a method to converge their interest for growth, in creating safe places and building social assets for young women. Sports are a tool in community regeneration, social inclusion and reconstruction efforts in conflict situations. Poor regions of Kenya, Egypt and Nairobi have shown this progress. The involvement of international agencies and NGO activities tend to help girls from conservative backgrounds to take up sports since sports now acquire a legitimacy and social acceptance that was not present before [16]. Ratten and Ratten [17] have discussed how international marketing principles can be used to market sports events. Sports at the local levels are linked to CSR, tourism, entrepreneurship and this is an optimum area that needs to be further examined when the success of IPL has to be replicated in other sports. McDonald [18] presents details of a research in Australia on a study of 3700 season ticket holders of football games. The research shows that interest in overseas football league games had an important role in the successful development of local Australian soccer league.

Madichie [19] has researched the manner in which Premier English Soccer sees globalization with a number of foreign players and even foreign owners of clubs accepted by English fans. Obviously, good and skilled football players and huge investments, made fans ignore the foreign origins of the players. Even IPL games of India show this pattern where foreign players of a franchise are cheered when they score against star Indian players of another franchise. Obviously, club allegiance for the fans becomes more important than national patriotism [20].

Coates and Humphreys [21] however do not agree that professional league games help a community or a city to increase revenue. Their argument is that the huge expenditure incurred in construction of stadiums and other infrastructure offset any gains made by the community in renting out the stadium and other facilities to other event managers.

Issue 2: *How can the IPL success be used to make other sports grow in India and other developing nations?*

Issue 3: *Is funding the only problem and solution or do other factors such as motivation and recognition encourage people to take up sports other than popular games?*

Research Question and Objectives

The research question proposed is "How sustainable is the strategy of the Indian Premier League - IPL? What the 10 key

issues that impact the IPL Strategy"? Objectives of the case study are

- To evaluate the IPL sports success and assess viability of the event
- To analyze the financial, commercial and the business models used for IPL
- To study various controversies and problems that have beset the event and to inspect the sustainability of the event

Proposed Methodology

This section explains the methodology proposed for the case study. The case study approach with secondary data gathering is used [22]. Descriptive research tries to describe the situation, issues and problems and attempts to identify the main issues by analyzing the data. Exploratory research is used when not much is known about the subject. The proposed research on IPL would be the first of its kind. Case study approach finds use when the research is restricted to a specific organization or event. As seen from the previous sections, the research involves describing and analyzing the research data [23]. While IPL is a success, previous attempts to research the event from the perspective of the public sector are not available. The case study approach is used since the study is restricted to the specific sporting event of IPL and not BCCI activities in general or the sports sector in India. Secondary data gathering methods find use since the author of this paper cannot contact IPL organizers and BCCI mainly because these are government sector bodies and the clearances, permissions needed would take a lot of time. Some of the information sources such as franchisee owners and top players are not approachable. The following data gathering methods will be used [24].

- Media reports of reputed publication houses will be accessed, reviewed and the contents analyzed and interpreted for the case study
- Reliable websites of public sector bodies such as IPL, BCCI and the Ministry of Sports will be accessed
- Peer reviewed journals such as ProQuest and Emerald will be accessed to obtain articles related to premier league sports events and other such events

II. ANALYSIS OF IPL STRATEGY

This chapter raises some important issues related to IPL. The event runs for about a month and half and the logistics of running the operations are complex. The event attracts huge advertisement money, the players given a star status and the game has its share of beautiful cheerleaders, celebrities, movie stars and controversies. This section discusses these topics.

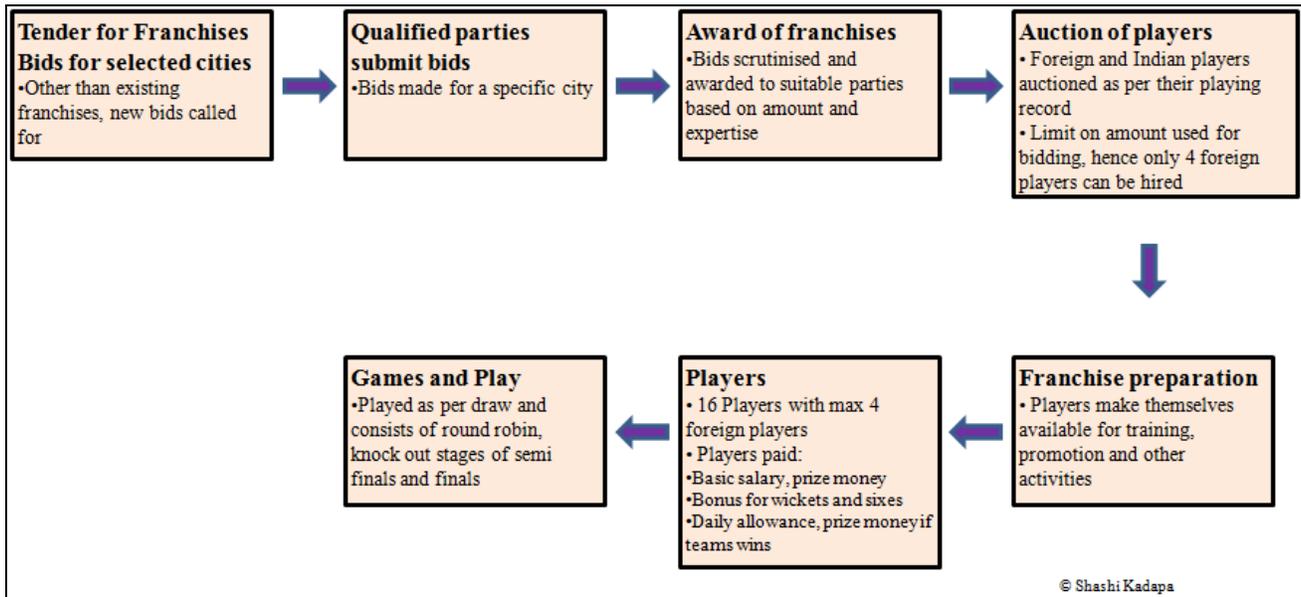
Work flow and Event

Franchises and players form the core components of the IPL matches. While franchises buy teams and manage them, players play in the matches. Rest of the entities and stakeholders such as IPL management BCCI, crowds, and advertisers are supporters. For 2013, there were eight franchises as three from previous seasons faced termination. Franchises are selected as per certain norms and appointed after they pay franchisee fees to IPL. Each

franchise can bid for 33 players for a season including a maximum four foreign players [25].

An auction allows franchises to bid for individual players screened and selected by the BCCI and listed for the auction. Each team plays on a round robin basis with each team playing 8-10 matches. The winning team from each match accumulates points and after the round robin matches are over, four teams with the highest score play for the knock out semi finals and finals matches. The first three teams have guaranteed prize

money while others do not get any prize money. Individual players are purchased at high price in the auction and players earn up to 8 Million INR or more per season of about one and half months, depending on their ranking. The business model and the revenue generation depend mainly on advertisements and sponsors. Advertisement revenue depends on TVR ratings, viewership and the global interest in the game [26], [27], [28]. Please refer to the following figure that indicates the workflow.

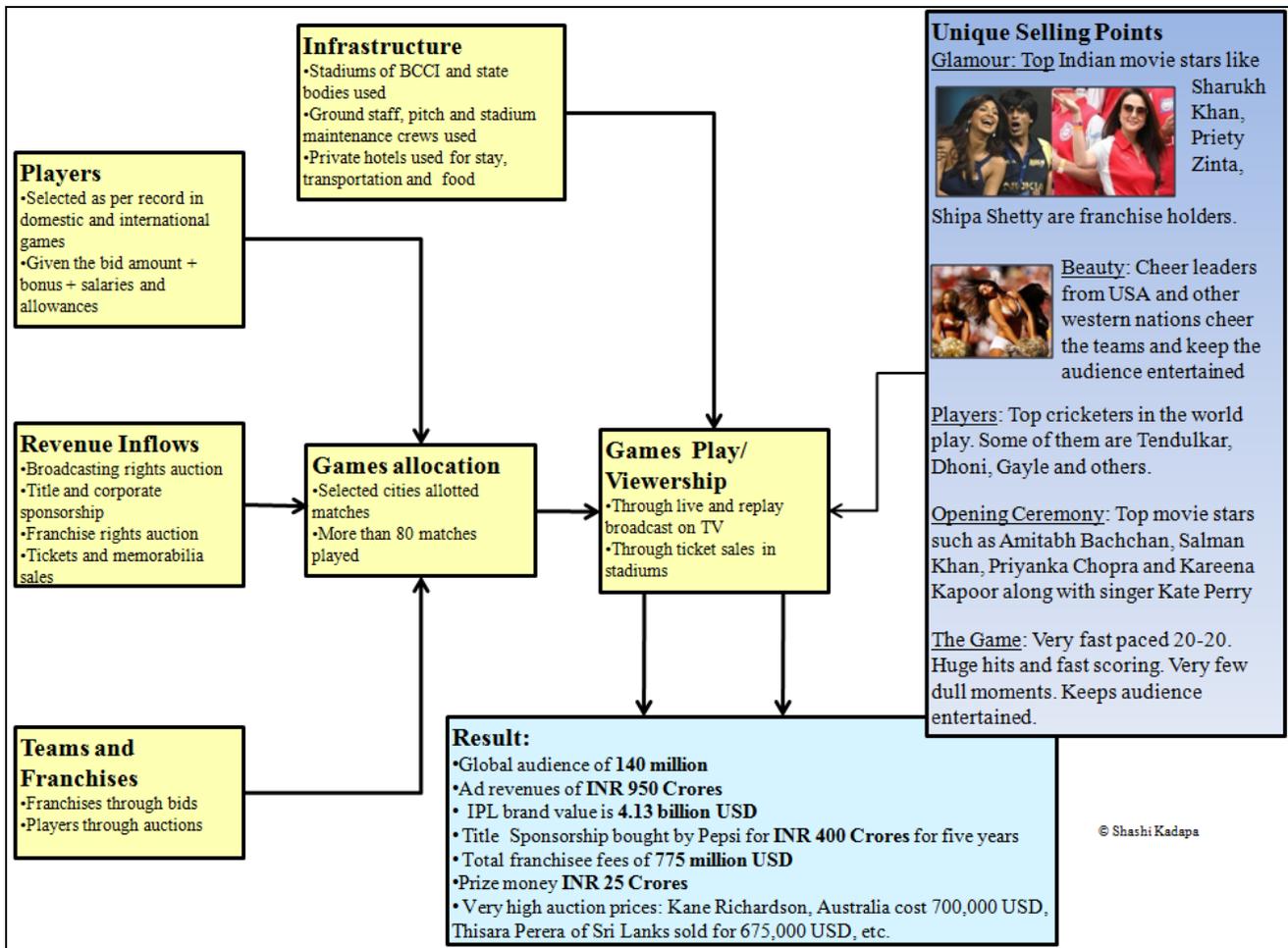


Workflow of IPL

The IPL Business Model

The model is both profit and entertainment driven. Profit comes from the audience who watch the matches on TV and in stadiums. A number of entities and process are involved in the business model. These include players, teams and franchises, infrastructure, the actual game play, models and cheer leaders, revenue flows and games allocation. Unique selling points - USP indicate the main points that have made the game popular. As seen in section 1.4, a number of cricket tournaments are played

in India, however, IPL games have consistently gained very high response and tickets are 'sold out' in a few minutes of the counters opening. There is also the element of glamour with top Indian movie actors and business leaders being franchisee holders. The presence of cheerleaders from West also adds to the glamour. The game is very fast and keeps the audience entertained. Hence, the business model is a combination of glamour + beautiful girls + fast game [29]. Following figure illustrates the business model.



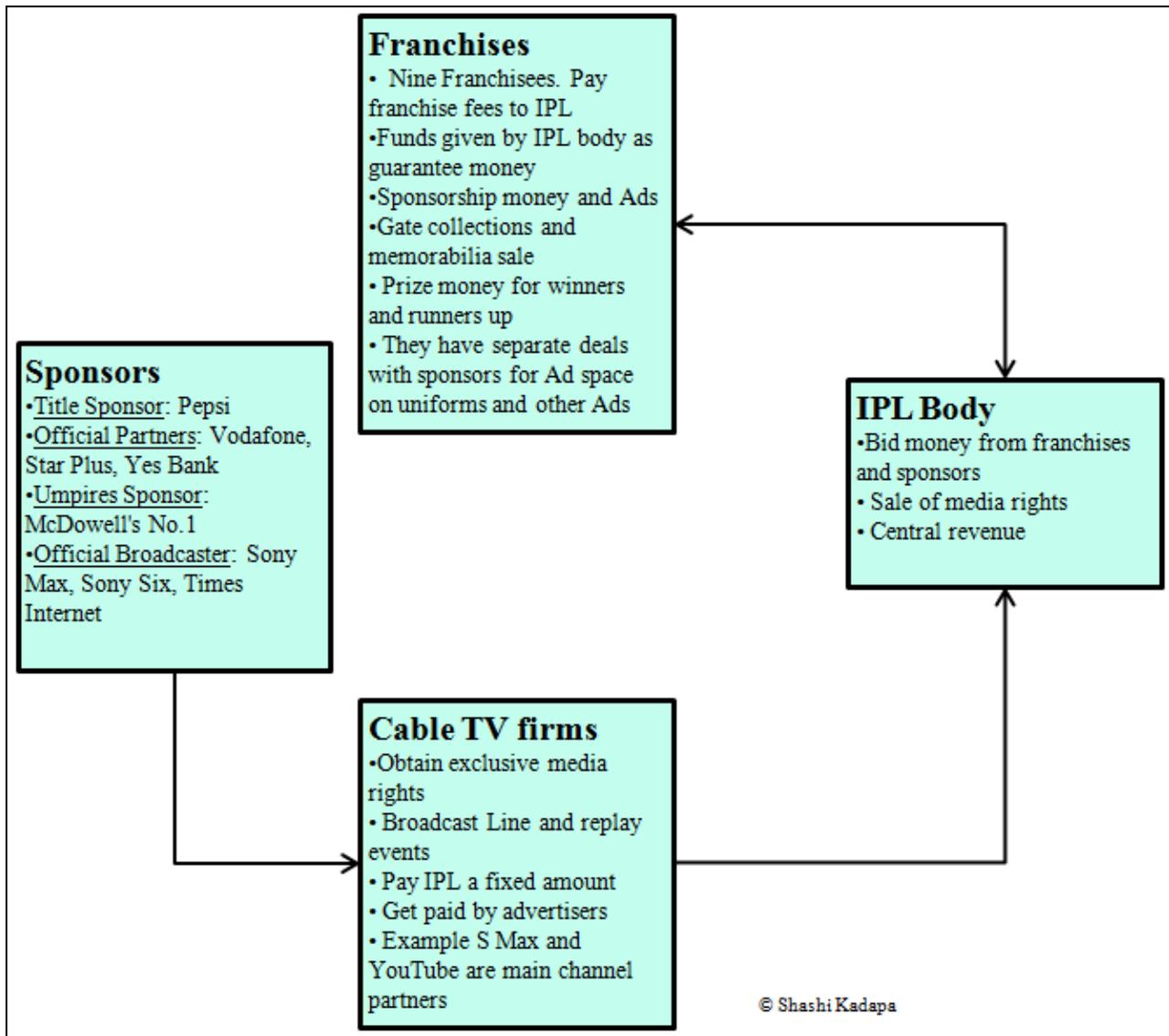
IPL Business Model

Issue 4: How sustainable is the model of IPL and what happens when TVR ratings come down?

Revenue Model

IPL has two revenue streams and these are central and de-central streams. In the central systems, sponsorships, franchises and broadcasting arrangements provide revenue. For 2012, the IPL title was bought by Pepsi for 400 Crores INR while other sponsors such as Vodafone, Yes bank, Star Plus became the sponsors. McDowell's became the Umpire Sponsor while Sony Max, Sony Six and Times Internet purchased the broadcasting rights. The exact amount paid is not clear and while the estimated

amount paid is large, some key sponsors such as DLF, the title sponsors for earlier games and Hero MotoCorp have withdrawn. In any case, until 2017, the IPL body would keep 40% of the central revenue stream. The balance 54% is shared among franchises while 5% is given as prize money. In the de-central stream, franchisee owners sell ad space on team uniforms and other ad material, TV displays to other firms. In 2012, Aircel, one of the leading mobile phone service provider paid 85 Crores INR to Chennai Super Kings for a three years deal. Delhi Dare Devils has Muthoot Group as the main sponsor while Mumbai Indians had Hero Honda for three years. Please refer to the following figure that illustrates the revenue model.



IPL Revenue Model

Viability of the revenue model

The revenue model is robust enough but in the end, franchises must make profits since they have invested a lot of money. Sunrisers Hyderabad, that made a debut in IPL in 2013 has forecast a loss of 30 Crore INR. The franchise is owned by Sun TV Network and it paid 425 Crore INR for five seasons at 85 Crore INR/ season to BCCI. In addition, players wages added 40 Crores INR/ season giving a total cost of 125 Crore INR/ season. The breakeven cost per season of about 40 days and achieving profits with such a challenging schedule is therefore very challenging. Other franchises such as Royal Challengers Bangalore, Delhi Daredevils, Kings XI Punjab and Mumbai Indians have faced losses right from the first IPL matches. Problem is that with the small window of about 40 days playing makes it difficult to spread costs over a longer time [30].

Some owners such as GMR, Sun TV, Ambani, India Cements Ltd. and others are big business houses with a very large turnover and an expense of about 125 Crores can be absorbed. However, the fact remains that franchises are not making profits. Kolkata Knight Riders showed a profit of 10.42

Crores INR for the 2011-2012 seasons. Rajasthan Royals also reported a profit of 5.72 Crores INT for 2011-2012 [31]. These franchises do not publish their financial statements and hence it is difficult to assess these claims of loss or profit.

Issue 5: *How much profits have the franchises and sponsors made? Can the revenue model be applied by the sports Ministry to develop other sports?*

Franchises and their operation

The IPL franchise is entertainment, revenue and profit driven. The 2012 season had 10 franchises and owned by some of the leading Indian industries, movie stars, politicians and other celebrities. As an example, Reliance Industries owns the 'Mumbai Indian' franchise. Shah Rukh Khan, the movie star of Indian Hindi films and owner of Kolkata Knight Riders Franchise participated from season 1 and he paid 75.09 million USD for 10 years. Rajasthan Royals paid 67 million USD for 10 years or 6.7 million USD/ annum while Sahara India paid 370 million USD for 10 years or 37 million USD per annum. These

amounts need to be paid to the Board of Cricket Council India on an annual basis as the franchise fees [32], [33].

The branding, glamour and advertisement along with publicity are integral components of the game. However, at the end of the season, the franchises have to show profits. Profits and revenues were supposed to come from TRP ratings, from advertiser's fees and in small amounts from the gate collections. Franchise owners are industrialists, film stars, politicians and business houses who have their own glamour quotient. BCCI subsidizes the franchises and the IPL. Until the end of season 2, revenues from broadcast were paying the franchises. In Season 3, the then president of IPL Mr. Lalit Modi brought in a lot of advertisers and therefore, each of the eight franchises was paid

67.5 Crores INR. By bringing in new advertisers, such as YouTube, MRF, vRock, Colors, Karbonn and others, revenue was increased to 130 Crore INR per team. Obviously, owners that participated in the initial stages stand to make profit. Other deals done through merchandizing but these have not really produced any sizeable profits. The earlier team size was 8 and in 2011 it increased to 10 and in 2012 it was reduced to 9. This means the advertising revenue and earnings are shared with more franchises. For 2013, the number of franchises ad teams playing remains uncertain with Pune Warriors dropping out [34]. Following figure gives the team logos of IPL 2013 participants.



IPL 2013 Franchise names and logo

Issue 6: *Is the franchisee model sustainable and do the teams make sufficient profits or give the franchise owners sufficient publicity?*

Issue 7: *The franchisee owners are business people who expect a return, either in the form of publicity or revenues. Can their interest in the franchise be sustained?*

Players Wages and performance

The sums offered in the auction for players for a season's play is high. When a ratio of player cost to the runs scored or the wicket he takes, we get some comparable ratios. The strike rate is the ratio of the runs a players scores to the ball faced. The Most Valuable Player Index helps to judge a player. As an example, Gautam Gambhir, captain of the franchise Kolkata Knight Riders was bought for 24,00,000 USD and he scored 590 runs with a strike rate of 143.6 and his MVPI was 688 and his PVI as the \$

per run was 3488. On the other hand, Robin Uthappa was purchased for 21, 00,000 USD. He scored 405 runs with a strike rate of 118.1 and his MVPI rating was 453. These are Indian players and their performance needs to be compared with foreign players such as Steven Smith of Australia who scored 362 runs with a strike rate of 135.6, giving a MVPI of 454. The statistics for all the players show skewed results and it appears that players who purchased for a higher price performed badly while players who paid less performed much better [35]. The models and methods of assessing players need to be reconsidered and an examination of Sabermetrics, used in pro Baseball player assessment should be examined [36], [37].

Issue 8: *Is the player rating method flawed or should Sabermetrics be used for player rating? Or is cricket a game of chance?*

Advertisers and sponsors

TV transmission rights and advertisements form the main revenue stream for the matches. Sony TV and the World Sports Group will pay the BCCI, 1 billion USD for a 10-year deal [38]. The Times Internet Limited, a part of the Times Group Publication has successfully won the global rights for Internet, radio, mobile rights, and TV rights in some territories at a cost of 261.6 Crore INR for four years [39].

Issue 9: *Is the high spending by TV and media firms justified and are they getting sufficient exposure through their media spend?*

Controversies and Image of IPL

The image of IPL was until recently considered as very competitive and where the best players could show their worth. However, a number of serious controversies erupted. The 2013 season saw spot match fixing scandals in which players Sreesanth, Ajit Chandila and Ankeet Chavan faced arrest and subsequently banned from cricket for life. A number of bookies, a part time movie actor Mr. Vindoo Dara Singh were arrested, and the total number of arrests went to 39. Worst of all, Mr. Meiyappan Gurunath, owner of Chennai Super Kings franchisee who is also the son-in-law of N. Srinivasan, the BCCI president was also arrested in betting and match fixing scandals [40].

In the 2011 season, a number of controversies erupted. Some of these are the spot fixing allegations where a few Indian cricketers' were caught in a TV sting saying they were ready to accept bribes and throw the match [41]. A new franchise from Kochi in India called the Kochi Tuskers was terminated for nonpayment of franchisee fees [42]. In an embarrassing case, an Australian player, Luke Pomersbach was arrested when a US female national alleged that the player had tried to molest her in her hotel room. Adding more fuel to the controversy was the involvement of the son of Mr. Mallaya, owner of Royal Challengers franchise, Bangalore who sent a few unflattering tweets about the lady. The cases and issues were settled in an out of court settlement [43], [44].

Issue 10: *What impact will these scandals and controversies have on viewer's perceptions?*

Summary

The above sections have highlighted 10 key issues that affect the viability of the game. Answers will help to determine the sustainability and viability of the series. The moot question that needs to be answered is if glamour, entertainment, big money, beautiful girls and other such noncore 'accessories' are needed to build a strong sports culture and sports development in India.

III. DISCUSSIONS AND ANSWERING THE ISSUES

In the previous chapters, 10 issues were raised in the discussions. This chapter discusses and answers the questions.

1. Issue 1: *What are the causes for the perceived brand attrition and devaluation of IPL and can the viewership be revived?*

Response: As seen in section 1.3, IPL has seen a reduction in the brand valuation from a high of 4.13 billion USD in 2010 to

2.92 billion USD in 2012. A number of reasons are attributed for this decrease. Since 2011, a number of scandals have hit the game and with charges of spot fixing coming up, the game seems to have lost some legitimacy and authenticity. If a batsman hits a six, then viewers feel that the bowler has taken money to give away runs. Intense infighting among the board members leading to the ouster of Mr. Modi and subsequent charging of Mr. Meyappan, owner of Chennai Super Kings' in betting scandal, the involvement of a huge betting syndicate has further eroded the games authenticity. Another factor is that there is too much cricket with almost 80 IPL matches, then international tours and this has caused viewers fatigue.

2. Issue 2: *How can the IPL success be used to make other sports grow in India and other developing nations?*

Response: The IPL has sufficient viewers interest. Other sports such as badminton, tennis, wrestling, volleyball, basketball, football must be developed with sufficient publicity on similar lines. Presence of international players, sufficient publicity and development of the sports at the grassroots level are important. All the other sports have limited followers and other than a small percentage, rest of Indians does not even know the names of leading players in the games. Badminton saw IPL style games but the events did not achieve much success due to lack of publicity.

3. Issue 3: *Is funding the only problem and solution or do other factors such as motivation and recognition encourage people to take up sports other than popular games?*

Response - Funding, support by local sports bodies, frequent tournaments supported by publicity help to bring viewers. Many sportsmen of other sports survive only on meager jobs in obscure government departments. Once their playing career is over, these players face a bleak future. If sufficient sports facilities were developed where the sportsmen can practice, given proper diet and assured of employment in the corporate world, in the police departments and the army, then other field games will have more takers.

4. Issue 4: *How sustainable is the model of IPL and what happens when TVR ratings come down?*

Response: The viewership and brand valuation has gone down and a few franchise owners have given up their franchises since they do not even recover costs. Interest in the game has reduced and the spate of scandals has further reduced the brand value. The very high value paid to the players is one cost factor and the high franchise fees are another factor that reduces the viability. When TV ratings come down, sponsors and advertisers withdraw and that removes a great funding source. All these factors raise uncertainty and the viability of the game and its sustainability is in doubt. It is up to franchisee owners to decide if it helps their corporate and personal brand to support a franchise.

5. Issue 5: *How much profit has the franchises and sponsors made? Can the revenue model be applied by the sports Ministry to develop other sports?*

Response: As seen in section 2.2.2, only a couple of franchises claim to have made some profits. Others are under

loss and the glamour, presence of movie stars, cheer girls and entertainers have not added to the revenues. The revenue model can certainly be applied for other sports provided a rationale amount of spending, costing and returns analysis is done.

6. Issue 6: *Is the franchisee model sustainable and do the teams make sufficient profits or give the franchise owners sufficient publicity?*

Response: The franchisee model is such that the early owners who participated from 2008 onwards pay fewer fees. Newcomers have to pay a high amount and this makes the franchisee model unsustainable. Owners hope to get sufficient publicity but findings, analysis of increase in sales due to the games is not possible since financial returns, and audit reports are not available.

7. Issue 7: *The franchisee owners are business people who expect a return, either in the form of publicity or revenues. Can their interest in the franchise be sustained?*

Response: Franchisee owners such as Sahar Parivar that owned Pune Warriors have given up their franchisee. While the reasons for abandoning the franchise are not clear, the fact that they are losing money and not getting sufficient returns indicates their frustration. While some of them would continue to support the game, the future remains uncertain.

8. Issue 8: *Is the player rating method flawed or should Sabermetrics be used for player rating? Or is cricket a game of chance?*

Response: Players are rated as per the runs scores, wickets taken, number of runs given and so on. However, these are superficial metrics and for dropped catches, the bowler does not gain any points. Sabermetrics needs to be refined and applied for the game so that players are rated effectively and accurately. A proper and professional understanding of this practice is needed.

9. Issue 9: *Is the high spending by TV and media firms justified and are they getting sufficient exposure through their media spend?*

Response: This is a difficult question to answer since Advertisers have not presented analysis of return on advertisements of IPL. While more sponsors come in, existing ones are dropping off. One of the reasons could be the less than anticipated returns. The constant churn of advertisers and reduction in ad fees indicates that advertisers are not gaining.

10. Issue 10: *What impact will these controversies have on viewer's perceptions?*

Response: Charges of match fixing, corruption and sleaze, presence of betting syndicates and the mafia undermine the spirit of the game. Unless these are curbed strongly, the event will lose its sheen and eventually close down.

IV. CONCLUSIONS AND RECOMMENDATIONS

This chapter presents important conclusions that can be drawn from the case study analysis. Recommendations to improve the game are also given.

Conclusions

The IPL has achieved a very huge amount of success in just six seasons. However, as statistics indicate, the game is losing its popularity. Over exposure of cricket, decreasing TV audience, decrease in TV sponsorship fees and reduced ads point to the waning interest. A number of reasons are attributed to this decrease and some of them are scandals such as spot match fixing where a number of leading players and franchisee owners were caught, the presence of bookies who try to fix the matches, other scandals involving molestation, infighting among the BCCI management and other scandals. Such incidents are few but they have managed to erode on the credibility of the IPL tournament.

The revenue model indicates that a large amount of money is involved in player's wages, fees that franchises pay to BCCI and other expenses. Revenue generation is mainly from advertisements and sponsors and these people are interested as long as there is an assured audience for TV so that they get sufficient exposure. With TV viewership reducing and audience interest waning, the revenue model is under pressure. Franchises have not made any profits and operate under loss since they pay franchise fees to the BCCI, pay for players wages and take care of other expenses. The prize money for winning teams is still inadequate to compensate for the losses.

With this analysis, IPL event is not sustainable. Important stakeholders such as franchises and advertisers/ sponsors are making losses. With very high costs, the IPL model seems to be non-sustainable. There is a great danger that after a few more seasons, the game will lose its viability and attraction and the event may have to close down or it will have to change its present format of high cost structures.

Recommendations

Considering the above challenges and issues, the following recommendations are made to make the IPL event viable, .

- BCCI should institute an expert body of finance experts and accountants to analyze various cost structures make predictions about revenue generation and then place a cap on the franchisee fees and wages paid to players.
- The intention of this analysis is not to take away the glamour but to keep the game viable and ensure that it continues
- It is possible that wages will be reduced drastically and foreign players who are attracted by the high fees may choose to drop out
- Once a rational and acceptable fees structure is created then one can design the game formats, number of matches to be played and so on.
- Another recommendation is to play the game every two years, as this will revive flagging interest.

Regarding developing of other sports, some recommendations follow. Please refer to the below suggestions.

- Field athletics and sports in non-cricket areas need development from the primary school level. This requires sufficient funds, dedicated government interest and a will to abstain from corruption and infighting.

- Resources such as food, exercise, sufficient grace marks in exams if a promising athlete fails in his academic exams need focus.
- More important, there should be assurance that athletes qualifying for certain district level games would be given jobs in the police, government or the army and absorbed in the corporate world
- IPL style of playing can be introduced with sufficient publicity and advertisement

Research Limitations

The paper used the secondary research method with a review of documents and reliable websites available in the public domain. Company financial documents of franchises and advertising agencies were not available for research.

Suggestions for further studies

It is suggested that another study using primary research with interviews and surveys should be used. Survey of franchisee owners and BCCI officials and key IPL players must be carried out along with a survey of TV and stadium audience of the games.

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