

Commercialization of Sports in India – A Study of IPL

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Abstract: This paper presents a study on the commercialization of sports in India with focus on IPL.

Keywords: IPL, Commercialization.

1. Background of the Study

A. Definition of commercialization of sports

Commercialization is the process of introduction of a new product or service in the market. Now-a-days, commercialization is evident in Education, industry, social circuit as well as in sports.

Commercialization of sports is defined as that aspect of the sports that involves the purchase, sale, display or use of sport in such a way that it generates revenue and profit, for making the sports better internationally, with world-class infrastructure.

When India won the Cricket world cup in 1983, the prize money was approximately ₹61,37,000 but the prize money in 2011 world cup was approximately ₹71.66 crores because the sponsors from all around the world contributed to this huge amount. This hefty sum of money indicates that cricket has progressed rapidly in the field of commercialization.

Media, sponsors and technology were automatically attracted to the games after the advent of commercialization. Most of the professional players now, receive their maximum share of income from various sponsorship deals.

With the advent of global Twenty 20 leagues like IPL, Mzansi Super League and KFC Big Bash, media attention, corporate participation and investments have increased manifold.

B. Indian Premier League (IPL) - An introduction

The Indian Premier League is a global Twenty 20 cricket championship league in India. It was initiated by Lalit Modi and the Board of Control for Cricket in India (BCCI). It comprises of teams, consisting of players from all cricketing nations of the world. The IPL was inaugurated in a high-profile ceremony in New Delhi in April 2008.

In 2010, the IPL became the first sporting event in the world to be broadcasted live on You Tube. Duff and Phelps, a multinational consultancy firm estimated the brand value of the IPL in 2020 to be ₹458 billion. According to BCCI, the 2015 season of IPL contributed to nearly ₹11.5 billion (equivalent to US\$160million) to the GDP of the Indian economy. It is played in the months of April and May and it is the richest tournament in world cricket surpassing the Big Bash League (BBL) of Australia. The IPL is recognized by the ICC (International Cricket Council) in their Future Tours Programme (FTP). Currently, it has become the most-watched cricket league in the world. IPL is run by seven-men governing council comprising of former Indian players and BCCI officials namely Rajeev Shukla, Ajay Shirke, Sourav Ganguly, Anurag Thakur and Anirudh Chaudhary. Lalit Modi introduced the format, prize money, revenue system and squad composition rules of the IPL.

The Indian Premier League (IPL) has enriched the BCCI and elevated it to the world's richest cricket board. The IPL has also paved the way for introducing the contract system of the Indian cricketers. Players are given contracts of A, B and C and are given minimum retainship fees, thus securing their career to some extent. IPL provides immense employment opportunities such as the job of cricket columnist, umpires, costume designers for all teams, police guards to protect the players, etc. The

Table 1
Literature review

Year	Serial No.	Author	Name of the Project	Findings
2017	1.	Ravi Bhushan	Adding to economic growth in India through commercialization of cricket	To examine the impact of IPL in Indian cricket-governance, revenue generation and job security of the cricketers to some extent.
2017	2.	Subhadeep Dutta	Commercialization of sports in India-Pre and post globalization era	To establish sports as a sector in India
2016	3.	Dr. Raj Yadav	Commercialization of sports and competitive law	Growth point of economy by commercialization of sport.
2015	4.	Amay Yeravdekar	Study of the factors impacting the commercialization of professional sport	Sports facilities given at schools or colleges leads to effective commercialization of sports.
2012	5.	Amber A. Smith, David P. Synowka and John S. Clark	Exploring the degree of commercialization associated with sports marketing activities.	To provide practitioners of management and interested scholars insights to commercialization of sports through corporate sponsorship

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money received by selling the tickets is a large sum.

2. Objectives of the Study

The objectives of the project on “Commercialization of Sports in India” are as follows:

- To know about the economies of the IPL and the processes of making profits by the teams.
- To know about the methods of associations of the teams with the gains.
- To know about the investors and investments behind the teams.
- To have an overview of commercialization of cricket in India through IPL.
- To find out the socio-economic impact of sports in our society.
- To find out whether commercialization of sports in India is a blessing or a curse through proper analysis of data.
- To know the methods of revenue generation of the teams of IPL.

3. Research Methodology

Research methodology is defined as the systematic and scientific procedure of data collection, compilation, analysis, interpretation and implication which is relevant to any business problem. Secondary data is the data which is collected in second hand from journals, books, websites, annual records of companies, etc. In our article, we have used secondary data.

4. Organization of IPL

The IPL is played by ten teams namely Mumbai Indians, Chennai Super Kings, Kolkata Knight Riders, Royal Challengers Bengaluru, Delhi Capitals, Sunrisers Hyderabad, Rajasthan Royals, Punjab Kings, Gujarat Titans and Lucknow Super Giants

The ways of acquiring a player are:

In the auction, signing Indian players, signing uncapped players (those who have not played international match), through trading between two franchises and signing replacements for unavailable or injured players. In the trading window, a player can only be traded with his consent. The franchise will pay the difference of the old contract price and the new contract price. If the new contract price is more than the old contract price, the difference is shared equally between the player and the franchise selling the player.

From 2008 to 2012, DLF was the title sponsor of IPL who won the bid for ₹200 crore in five seasons. After that, PepsiCo. became the title sponsor from 2013 to 2015 by buying the sponsorship rights for ₹79.2 crores per year. PepsiCo signed the contract for five years but terminated it after the suspension of Chennai Super Kings and Rajasthan Royals from the IPL. VIVO became the title sponsor of IPL for ₹200 crores for 2016 and 2017. In June 2017, VIVO extended their sponsorship rights for the next five seasons upto 2022 by signing a deal of ₹2,199 crores which surpassed the Barclays Premier League title sponsorship contract from 2013 to 2016. VIVO terminated its

contract in 2021. Dream 11 was the title sponsor in 2021. TATA group replaced Dream 11 as the title sponsor in 2022.

5. Viewership of IPL

The inaugural week of the 2019 edition of the Vivo Indian Premier League (Vivo IPL) recorded a reach of 283 million viewers, which is 15 per cent higher than last year. Television viewership touched 33.1 million average impressions, registering a growth of 28 per cent over 2018. This includes viewership at home and at out-of-home locations like restaurants, sports cafés, pubs, etc. “Reach” refers to the number of people who viewed the inaugural week in television for at least a minute. Viewership refers to the number of people watching the IPL at any given time during the live telecast. The tournament is broadcasted in eight languages, namely, English, Hindi, Tamil, Telugu, Kannada, Bengali, Marathi and Malayalam and 24 channels including movie channels on Sundays. The tournament also saw a significant increase in female viewership in the first week at 27 per cent, while the core sports audience of males registered a growth of 24 per cent. The IPL has attracted more female viewers than the average televised sporting event in the country, with female audiences accounting for more than 40 per cent share in viewership of the tournament in recent years. Kids viewership has also increased by 41% in 2019 than it was in 2018. On digital media, Star India’s video streaming service Hotstar recorded a reach of over 300 million viewers, with a peak concurrency of 18.6 million viewers for the final match between Mumbai Indians and Chennai Super Kings. Matches are also streamed live on Jio TV and Airtel TV apps.

The prize money of 2019 IPL was ₹20 crores for the champions, ₹12.5 crores for the runners-up and ₹6.25 crores for the third and fourth-placed teams. It is mandatory as per the IPL rules that half of the prize money must be distributed among the players.

A franchise earns revenue from the following three sources:-

Ticket sales, sponsorships of that franchise and a portion of the broadcasting rights sold by the Board of Control for Cricket in India (BCCI).

6. Tournament Results of IPL

Table 2
List of champions and runners-up by year

Year	Winners	Runners-Up
2008	Rajasthan Royals	Chennai Super Kings
2009	Deccan Chargers	Royal Challengers Bengaluru
2010	Chennai Super Kings	Mumbai Indians
2011	Chennai Super Kings	Royal Challengers Bengaluru
2012	Kolkata Knight Riders	Chennai Super Kings
2013	Mumbai Indians	Chennai Super Kings
2014	Kolkata Knight Riders	Kings XI Punjab
2015	Mumbai Indians	Chennai Super Kings
2016	Sunrisers Hyderabad	Royal Challengers Bengaluru
2017	Mumbai Indians	Rising Pune Supergiants
2018	Chennai Super Kings	Sunrisers Hyderabad
2019	Mumbai Indians	Chennai Super Kings
2020	Mumbai Indians	Delhi Capitals
2021	Chennai Super Kings	Kolkata Knight Riders
2022	Gujarat Titans	Rajasthan Royals

The table 2 shows the list of champions and runners-up by year.

From the table, it is clear that Mumbai Indians is the most successful franchise, having won 5 titles. Chennai Super Kings is the next best team in IPL with 4 title wins, followed by Kolkata Knight Riders (2 title wins) and Deccan Chargers, Rajasthan Royals and Sunrisers Hyderabad (1 title win each). Out of the teams mentioned in the table, Deccan Chargers and Rising Pune Supergiants do not exist.

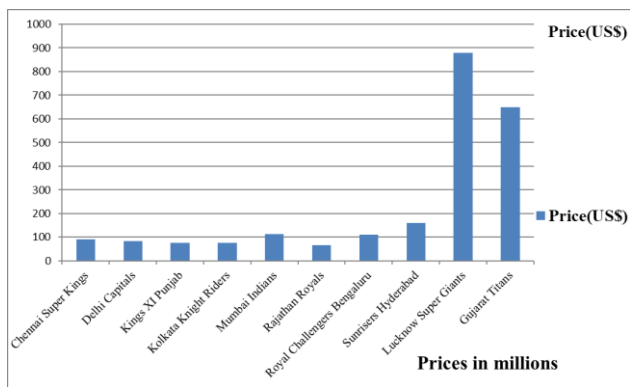


Fig. 1.

Analysis: From the above table and chart, we can see that Sunrisers Hyderabad, owned by the Sun TV Network has the highest initial investment with US\$159 million. It is followed by Mumbai Indians owned by Reliance group and Teesta retail (US\$111.9 million) and UB Group’s Royal Challengers

Bengaluru (US\$111.6 million). Rajasthan Royals owned by Emerging Media and UK Tradecorp Ltd. has the lowest initial investment with US\$67 million.

Gujarat Titans and Lucknow Super Giants started participating in 2022. So there is a huge difference between the original cost of these two franchises and the earlier ones which were formed during the year of its inception-2008.

From the table and chart, it is clear that Chennai Super Kings, inspite of not having the highest initial investment have won the IPL 3 times because they have bought many good cricketers in the auctions in limited budget.

The teams in table 4, have played in IPL in earlier seasons but now they ceased to exist due to financial constraints.

Brand value of Indian Premier League:

Table 5
Brand value of Indian Premier League

Year	Brand Value	Change
2018	US\$5.3 billion	
2019	US\$5.7 billion	7.55%
2020	US\$4.4 billion	-22.81%
2021	US\$4.7 billion	6.82%
2022	US\$4.5 billion	-4.26%

From the table 5 and chart, it is clear that the brand value of IPL has fluctuated in the last five years. It has decreased by 22.81% from 2019 to 2020 mainly due to the ill-effect of COVID-19 pandemic.

Table 3
Indian Premier League-Original cost of franchises

Team Name	City	Owners	Price
Chennai Super Kings	Chennai	India Cements	US\$91 million
Delhi Capitals	Delhi	GMR Group, JSW Group	US\$84 million
Kings XI Punjab	Mohali	Preity Zinta, Ness Wadia (Bombay Dyeing), Mohit Barman (Dabur), Karan Paul (Apeejay Surendera group), The Oberoi Group	US\$76 million
Kolkata Knight Riders	Kolkata	Shah Rukh Khan (Red Chillies Entertainment), Juhi Chawla, Jay Mehta (Mehta Group)	US\$75.09 million
Mumbai Indians	Mumbai	Reliance Group, Teesta Retail	US\$111.9 million
Rajasthan Royals	Jaipur	Lachlan Murdoch (Emerging Media), Shilpa Shetty, Raj Kundra (UK Tradecorp Ltd.)	US\$67 million
Royal Challengers Bengaluru	Bengaluru	UB Group	US\$111.6 million
Sunrisers Hyderabad	Hyderabad	Sun TV Network	US\$159million
Lucknow Super Giants	Lucknow	RPSG Group	US\$880 million
Gujarat Titans	Ahmedabad	CVC Capital	US\$650 million

Table 4

Team Name	City	Owners	Price
Kochi Tuskers Kerala	Kochi	Kochi Cricket Private Limited	US\$333 million
Deccan Chargers	Hyderabad	Deccan Chronicles Holding Ltd.	US\$107 million
Pune Warriors India	Pune	Sahara India Parivar	US\$370 million

Table 6
Brand values of all the franchises in the last five years

TEAMS	2021	2020	2019	2018	2017
Mumbai Indians	₹2500 crore	₹761 crore	₹809 crore	₹746 crore	₹694 crore
Chennai Super Kings	₹2700 crore	₹611 crore	₹732 crore	₹647 crore	N.A.
Kolkata Knight Riders	₹543 crore	₹543 crore	₹629 crore	₹686 crore	₹652 crore
Royal Challengers Bangalore	₹536 crore	₹536 crore	₹595 crore	₹647 crore	₹576 crore
Sunrisers Hyderabad	₹442 crore	₹442 crore	₹483 crore	₹462 crore	₹347 crore
Delhi Capitals	₹370 crore	₹370 crore	₹374 crore	₹343 crore	₹281 crore
Kings XI Punjab	₹318 crore	₹318 crore	₹358 crore	₹343 crore	₹250 crore
Rajasthan Royals	₹249 crore	₹249 crore	₹271 crore	₹284 crore	N.A.

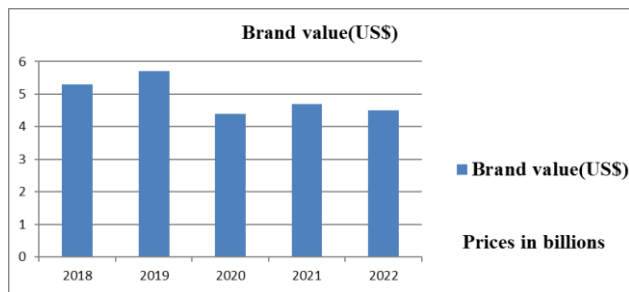


Fig. 2.

Brand value of franchises of IPL:

The brand values of all the franchises in the last five years are given in table 6.

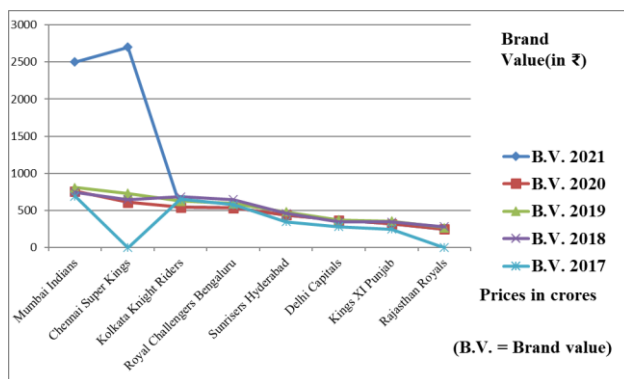


Fig. 3.

From the table 6 and the chart, it can be easily said Mumbai Indians have shown robust growth in their brand value from 2017 to 2019. Though Chennai Super Kings did not participate in 2017 IPL, their brand values increased in 2018 and 2019 than that in 2015 due to their impressive performances in both the seasons. On the other hand, teams like Kolkata Knight Riders, and Royal Challengers Bangalore have seen a dip in brand value, despite having big names in their teams. This may be due to the drastic fall in their on-field performances. Kings XI Punjab showed an increase in brand value from the years 2017 to 2019. Sunrisers Hyderabad and Delhi Capitals showed a consistent appreciation of their respective brand values from the years 2017 to 2019. Another reason of the failures of KKR and RCB were they failed to buy good players in their auctions which caused their downfall in their performance and brand values. It is to be noted that due to the overall reduction in brand value of IPL in 2020 from 2019, the brand values of all the individual franchises have also reduced. Gujarat Titans and Lucknow Super Giants' brand value could not be determined as they are new teams.

7. Conclusion

The IPL has fulfilled its objective of selecting talented players from all over the country to a great extent. Many great players currently playing for India in international matches

originally blossomed from the IPL. Thus the IPL has not only focused on money but also concentrated in promoting Domestic and International cricketing talents. Gradually, IPL has become the medium of team selection in Twenty 20 international matches.

The fans associated with the IPL were a little subdued after a recent incident involving bribery of players by the gamblers to influence their performance. Since then, BCCI have been extra cautious in this regard. Arrests of bookies and gamblers were done by the police in all the states to maintain the ethics and integrity of the sports. Law is made stricter with punishments like life ban from cricket and heavy fines. For instance, S. Sreesanth was banned for 7 years as he was found guilty of match-fixing. The players should learn to respect their sports and not take it for granted to be their own autonomy. The IPL has succeeded in enhancing the glamour of the game. Cricket, courtesy commercialization, has reached astounding heights. One of the ways to attract more advertisers is to waive the premium that the BCCI charges from them. Lower ticket prices and increase in stadium capacities are necessary to attract more viewers. Lastly, the BCCI should be more transparent and accurate in its dealings with the team owners.

8. Recommendations to Improve IPL

The primary suggestion should be to ensure that the IPL matches are exposed to stricter norms. BCCI should ensure that cases like the abrupt exit of the Pune team should be avoided in future. The time is right to make cricket regain its lost glory, but that requires the self-introspection of the players and the stakeholders in combination with certain measures which are as follows:

- The players need to divulge their incomes and assets in details.
- The political class and lobbyism in cricket should be minimized to the maximum extent.
- The BCCI should compose an IPL Governing Committee which will comprise of impartial persons.
- The players should be monitored constantly to demotivate them from taking bribes and match fixing.
- Use of mobile phones and any other electronic devices of the cricketers and the support staffs should be restricted during the matches as far as practicable.

However, in any case, IPL was, and will continue to be the most extravagant cricket league in the world. IPL is sure to maintain its strata and entertain its audiences year after year with its money and grand affair.

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