

Rogers Communications and the NHL: Betting \$5.2 Billion on Hockey

Case Synopsis

In November 2013, Rogers Communications shocked the Canadian sports media industry by securing exclusive national NHL broadcasting rights for \$5.2 billion over 12 years—the largest sports media deal in Canadian history. The deal represented a 209% increase over the previous CBC/TSN rights package and a bold strategic bet on hockey's enduring value in an increasingly fragmented media landscape.

By 2024, with analyst estimates suggesting cumulative losses exceeding \$1.5 billion and the contract set to expire in 2026, Rogers faces a critical decision: renew with renegotiated terms, pursue a split-rights arrangement with competitors, or exit NHL broadcasting entirely. This case traces the evolution of the deal from its origins through a decade of performance data, examining the strategic rationale, financial outcomes, and market dynamics that will shape Rogers' 2026 decision.

Decision Point: Should Rogers Communications renew, renegotiate, or walk away from NHL rights when the contract expires in 2026?

Section 1: Background—Canadian Sports Media Landscape (2010-2013)

The Canadian Media Ecosystem

By 2010, the Canadian sports broadcasting market had consolidated around two dominant players: Rogers Communications and Bell Media. Together, they controlled over 85% of English-language sports programming through their respective networks, Sportsnet and TSN.

Rogers Communications (2013 Profile)

Rogers Communications Inc. was Canada's largest telecommunications company by revenue, with operations spanning wireless communications, cable television, internet services, and media properties. In 2013, Rogers reported total revenues of \$12.7 billion and employed approximately 29,000 people across Canada.

The company's media division, Rogers Media, represented approximately \$1.8 billion in annual revenue (14% of total) and included:

- **Sportsnet Network:** Four regional feeds (East, Ontario, West, Pacific) plus Sportsnet ONE and Sportsnet 360
- **City Television:** Six urban television stations in major Canadian markets
- **Rogers Publishing:** Over 70 consumer and business publications
- **The Shopping Channel:** Canada's home shopping network
- **Radio Properties:** 55 radio stations across Canada

Despite this diversified media portfolio, Rogers faced a critical competitive disadvantage in sports broadcasting. TSN (Bell Media) held the dominant market position, commanding 35% of English-language sports viewership compared to Sportsnet's 22%. TSN's competitive advantage stemmed largely from its superior NHL rights package, which included shared national rights with CBC and exclusive regional rights for several Canadian teams.

Bell Media and TSN (2013 Profile)

Bell Canada Enterprises (BCE Inc.) operated Bell Media, Canada's premier multimedia company, through its TSN sports network. TSN (The Sports Network) had established itself as Canada's leading sports broadcaster since its 1984 launch, building brand equity through consistent NHL coverage, exclusive NFL rights, and comprehensive Olympic programming.

In 2013, TSN's portfolio included:

- Primary national NHL broadcasting partner (shared with CBC)
- Exclusive CFL rights (8-year, \$100 million deal signed in 2008)
- NBA coverage (including Toronto Raptors regional rights)
- FIFA World Cup and international soccer
- Golf (PGA Tour, Masters, British Open)

TSN Direct, Bell's streaming initiative, had captured early mover advantage in the direct-to-consumer sports streaming market, though subscriber numbers remained modest at approximately 100,000.

The Cord-Cutting Crisis

The strategic context for Rogers' NHL bid cannot be understood without examining the existential threat facing traditional cable television. Between 2010 and 2013, Canadian cable subscribers declined at an accelerating rate:

| Year | Cable Subscribers (Rogers) | YoY Change | Industry Decline Rate |
|------|----------------------------|------------|-----------------------|
| 2010 | 2.45 million | — | -1.2% |
| 2011 | 2.38 million | -2.9% | -2.5% |
| 2012 | 2.29 million | -3.8% | -3.8% |
| 2013 | 2.18 million | -4.8% | -4.5% |

This decline represented not merely lost subscription revenue but an unraveling of the cable bundle economics that had sustained traditional broadcasters for decades. Each lost subscriber represented approximately \$85-120 in monthly revenue across bundled services (cable, internet, phone), with sports programming serving as the primary—and sometimes only—retention tool.

Industry research commissioned by Rogers in late 2012 revealed a stark finding: 42% of remaining cable subscribers identified "live sports" as their primary reason for maintaining service, with NHL hockey ranking as the single most important property among English Canadians. This finding would prove decisive in Rogers' strategic calculus.

The CBC/TSN Rights Framework (2004-2014)

Prior to Rogers' intervention, NHL broadcasting in Canada operated under a shared-rights model established in 2004. This framework allocated rights as follows:

Canadian Broadcasting Corporation (CBC)

- Hockey Night in Canada (Saturday night primetime games)
- Stanley Cup Playoffs (all rounds, shared broadcast windows)
- Sublicensed regional content to regional sports networks
- Total value: ~\$100 million annually (public broadcaster, partially government-funded)

TSN (Bell Media)

- National weeknight games (Monday, Wednesday)
- Regional rights for Ottawa Senators, Winnipeg Jets
- Playoff overflow games
- Total value: ~\$40 million annually

Combined Package: Approximately \$1.4 billion over 10 years (\$140 million annually)

This shared model had served the NHL well, providing broad distribution across free-to-air (CBC) and specialty cable (TSN) platforms. However, the arrangement created competitive fragmentation that limited each broadcaster's ability to maximize advertising and subscription revenue.

The NHL's Strategic Position

The National Hockey League entered 2013 emerging from significant challenges. The 2012-13 season had been shortened to 48 games due to the third labor stoppage in NHL history—a lockout that cost the league an estimated \$1 billion in lost revenue and eroded fan goodwill.

Despite these setbacks, Commissioner Gary Bettman recognized an unprecedented opportunity in the Canadian rights negotiation. Several factors converged to strengthen the NHL's bargaining position:

1. **Canadian Team Profitability:** All seven Canadian franchises ranked among the league's top 10 in revenue generation, driven by passionate fanbases and favorable exchange rates.
2. **Media Convergence Competition:** The intensifying rivalry between Rogers and Bell created bidding pressure the NHL could exploit.
3. **Digital Rights Emergence:** Streaming platforms and mobile viewing represented new revenue categories not captured in existing deals.
4. **U.S. Rights Benchmark:** The NHL's 2011 American rights deal with NBC (\$2 billion over 10 years) established a valuation floor that suggested Canadian rights were significantly undervalued.

The NHL retained J.P. Morgan to manage the rights auction, signaling the league's intention to maximize competitive bidding and dramatically increase the deal's value.

Section 2: The 2013 Deal—Structure, Terms, and Competitive Dynamics

The Bidding Process

The NHL formally opened bidding for Canadian national rights in June 2013, with submissions due by September 15. Three parties submitted formal bids:

Rogers Communications: \$5.2 billion over 12 years (\$433 million annually)

- Full exclusivity across all platforms
- Control of all national broadcasts, including Hockey Night in Canada
- Streaming rights for domestic Canadian market
- Radio and digital media rights

Bell Media (TSN): \$3.8 billion over 10 years (\$380 million annually)

- Shared rights model with CBC continuation
- Regional exclusivity for eastern Canadian teams
- Digital rights for TSN Direct platform
- No control of Hockey Night in Canada brand

Consortium Bid (Quebecor/Shaw): \$2.2 billion over 8 years (\$275 million annually)

- Regional approach with fragmented national windows
- French-language exclusivity (Quebecor)
- Western Canada focus (Shaw)
- Limited digital integration

Rogers' winning bid exceeded Bell's by 14% on annual value and 37% over the full term. More significantly, Rogers demanded—and received—exclusive rights that would fundamentally restructure Canadian sports broadcasting.

Deal Terms and Structure

The executed agreement between Rogers Communications and the National Hockey League included the following material terms:

Financial Commitment

- Total value: \$5.232 billion CAD
- Term: 12 years (2014-15 season through 2025-26 season)
- Annual payment: \$433.3 million (escalating 2.5% annually)
- Payment structure: Semi-annual installments
- Currency: Canadian dollars (no exchange rate protection)

Rights Acquired

Television Rights

- All national regular-season games (exclusive)
- All Stanley Cup Playoff games (exclusive)
- All Canadian team regional games (non-exclusive, sublicensing permitted)
- Hockey Night in Canada broadcast window (Saturday prime time)
- International tournaments (World Cup of Hockey, where applicable)

Digital and Streaming Rights

- Exclusive Canadian streaming rights for all NHL content
- Mobile application rights (smartphones, tablets)
- Website distribution rights (live and on-demand)
- Social media clip rights (negotiated limits)

Production Rights

- Full production control for all Rogers-produced broadcasts
- Hockey Night in Canada brand management (licensed from CBC)
- Studio show and shoulder programming rights

- Archive and highlight rights

Exclusivity Provisions

The agreement's exclusivity provisions represented the deal's most strategically significant element:

- No competing broadcaster could air national NHL content in Canada
- Regional team rights could be sublicensed only with Rogers' approval
- Digital exclusivity blocked all competing streaming platforms from NHL content
- Radio rights included under exclusive umbrella

Sublicensing Agreement with CBC

Rogers negotiated a separate sublicensing agreement with the Canadian Broadcasting Corporation to maintain the iconic Hockey Night in Canada brand:

- CBC retained Saturday night broadcast window (over-the-air)
- Rogers controlled all production and advertising sales
- CBC paid no rights fee (de facto public service arrangement)
- Hockey Night in Canada brand jointly managed
- Term: Coterminal with main agreement (through 2025-26)

This arrangement allowed Rogers to maintain reach through CBC's free-to-air signal while capturing all commercial upside through Sportsnet advertising sales.

Missing Provisions

Notably, the contract included no provisions for:

- Force majeure (pandemic, labor dispute) relief or payment adjustments
- Minimum game guarantees (lockout or shortened season)
- Ratings or performance benchmarks with adjustment mechanisms
- Early termination options for either party
- Exchange rate hedging or currency adjustment clauses

These omissions would prove costly when unforeseen circumstances materialized.

Exhibit 1: Rogers NHL Deal Timeline (2013-2026)

| Date | Event | Significance |
|--------------|------------------------|--|
| June 2013 | NHL opens bidding | J.P. Morgan-managed auction begins |
| Sept 2013 | Bids submitted | Rogers, Bell, Quebecor/Shaw consortium |
| Nov 26, 2013 | Deal announced | \$5.2B exclusive rights, 12 years |
| Oct 2014 | First season begins | Rogers launches integrated coverage |
| Jan 2016 | Sportsnet NOW launched | Streaming platform goes live |
| Mar 2020 | COVID-19 suspension | Season paused, 2020 playoffs in bubble |
| Dec 2024 | Renewal negotiations | Contract expires after 2025-26 season |

Section 3: Rogers' Investment Thesis — Strategic Rationale and Financial Projections

The Strategic Calculus

Rogers' management and board approved the \$5.2 billion commitment based on a multi-factor strategic thesis that extended beyond simple return-on-investment calculations. Internal strategy documents presented to the board in September 2013 articulated four interconnected rationales:

1. Defensive Cable Protection

The primary strategic imperative was defensive: protecting Rogers' cable television subscriber base from accelerating cord-cutting.

Rogers' internal analysis modeled three scenarios:

Scenario A: Maintain Status Quo (No NHL)

- Projected cable decline: 6-8% annually (2014-2026)
- Cumulative subscriber loss: 1.2 million households
- Revenue impact: -\$1.4 billion annually by 2026
- Terminal cable business value: Significantly impaired

Scenario B: Acquire NHL (Base Case)

- Projected cable decline: 3-4% annually
- NHL as retention tool preserves ~500,000 subscribers
- Revenue protection: \$600 million annually
- Carriage fee increases justify higher cable pricing

Scenario C: Competitor Acquires NHL

- TSN with exclusive NHL accelerates Rogers' cable decline
- Projected Sportsnet market share loss: 35%
- Advertising revenue decline compounds subscriber losses
- Strategic position becomes untenable

The analysis concluded that losing NHL rights to a competitor represented an unacceptable strategic risk, potentially triggering a death spiral in Rogers' cable business that would cost far more than the rights investment.

2. Sportsnet Brand Transformation

Beyond defense, Rogers identified an offensive opportunity: transforming Sportsnet from a distant second-place network into Canada's dominant sports brand.

Pre-deal market position:

- TSN market share: 35%
- Sportsnet market share: 22%
- Remaining specialty sports: 43%

Post-deal target:

- Sportsnet market share: 45%+ (by Year 5)
- TSN market share: 25% (structural decline without NHL)
- Brand value appreciation: Estimated \$800 million

3. Streaming Platform Foundation

Rogers planned to launch a direct-to-consumer streaming service with NHL content as the exclusive anchor property.

Sportsnet NOW Business Plan (2013):

- Launch: Q4 2015
- Pricing: \$24.99/month (annual) or \$29.99 (monthly)
- Target subscribers: 1 million by Year 5 (2019)
- Revenue projection: \$300 million annually at scale
- Content: NHL exclusive + MLB, NBA (where held), original programming

The thesis assumed that exclusive NHL content would drive subscriber acquisition that no competing service could match, establishing Sportsnet NOW as Canada's sports streaming destination before Netflix, Amazon, or new entrants could capture the market.

4. Competitive Neutralization

The final strategic element focused on weakening Bell's TSN franchise:

- Eliminate TSN's premium sports content advantage
- Force TSN to overpay for substitute properties (NBA, soccer)
- Justify Sportsnet carriage fee increases to cable/satellite providers
- Reduce Bell's ability to bundle sports with telecommunications offerings

Financial Projections and ROI Analysis

Rogers' finance team developed a 12-year financial model projecting the deal's return profile:

Exhibit 2: Rogers' Original Revenue Projections (2013)

| Year | Season | Annual Cost | Projected Revenue | Projected Profit/(Loss) | Cumulative |
|------|---------|-------------|-------------------|-------------------------|------------|
| 1 | 2014-15 | \$424M | \$300M | (\$124M) | (\$124M) |
| 2 | 2015-16 | \$435M | \$340M | (\$95M) | (\$219M) |
| 3 | 2016-17 | \$446M | \$425M | (\$21M) | (\$240M) |
| 4 | 2017-18 | \$457M | \$475M | \$18M | (\$222M) |

| Year | Season | Annual Cost | Projected Revenue | Projected Profit/(Loss) | Cumulative |
|------|---------|-------------|-------------------|-------------------------|------------|
| 5 | 2018-19 | \$468M | \$500M | \$32M | (\$190M) |
| 6 | 2019-20 | \$480M | \$525M | \$45M | (\$145M) |
| 7 | 2020-21 | \$492M | \$550M | \$58M | (\$87M) |
| 8 | 2021-22 | \$504M | \$575M | \$71M | (\$16M) |
| 9 | 2022-23 | \$517M | \$600M | \$83M | \$67M |
| 10 | 2023-24 | \$530M | \$625M | \$95M | \$162M |
| 11 | 2024-25 | \$543M | \$650M | \$107M | \$269M |
| 12 | 2025-26 | \$557M | \$680M | \$123M | \$392M |

Key Assumptions Underlying Projections:

Advertising Revenue

- National advertising: \$175M Year 1, growing 5% annually
- Regional advertising (7 Canadian teams): \$75M Year 1, growing 4% annually
- Digital/streaming advertising: \$10M Year 1, growing 25% annually
- Total advertising: 60% of projected revenue

Subscription Revenue

- Sportsnet cable carriage fees: \$100M Year 1, 3% annual increases
- Sportsnet NOW streaming: Launch Year 2, reaching \$150M by Year 5
- Total subscription: 35% of projected revenue

Other Revenue

- Sublicensing (CBC arrangement, regional): \$25M annually
- Betting partnerships (future): Not modeled (regulatory uncertainty)
- Merchandise/promotional: \$5M annually
- Total other: 5% of projected revenue

Break-Even Analysis

Rogers' model projected:

- Annual break-even: Year 4 (2017-18)
- Cumulative break-even: Year 9 (2022-23)
- Terminal cumulative profit: \$392 million
- Implied IRR: 3.2% (before strategic value)

The modest direct financial return was justified by the strategic value calculations:

- Cable subscriber retention: \$600M annually in protected revenue
- Brand value appreciation: \$800M over 12 years
- Competitive position: Unquantified but "essential"

Total strategic value case: \$5.2B investment protects \$8B+ in enterprise value.

Board Approval and Risk Assessment

Rogers' board approved the transaction on November 18, 2013, with the following documented risks and mitigations:

Identified Risks:

1. *Execution Risk*: Sportsnet production capabilities untested at national scale
 - Mitigation: Hire experienced producers, retain HNIC staff
2. *Subscriber Growth Risk*: Streaming adoption slower than projected
 - Mitigation: Bundle with Rogers wireless/internet services
3. *Ratings Risk*: Canadian team performance affects viewership
 - Mitigation: League-wide content creates baseline viewership
4. *Competitive Response Risk*: TSN aggressive counterprogramming
 - Mitigation: NHL exclusivity limits TSN options
5. *Labor Risk*: NHL lockout or strike during term
 - Mitigation: None documented; board noted as "acceptable risk"

Unidentified/Unaddressed Risks:

- Pandemic or force majeure (no contract protection)
 - Accelerated cord-cutting beyond 6-8% projections
 - Streaming market fragmentation (Netflix, Amazon, DAZN entry)
 - Generational audience shift away from live sports consumption
 - Canadian dollar depreciation affecting international talent costs
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Section 4: Performance Analysis—What Actually Happened (2014-2024)

Financial Performance vs. Projections

Rogers' optimistic projections collided with market realities almost immediately. The following analysis compares projected performance against actual results:

Exhibit 3: Projected vs. Actual Revenue (2014-2024)

| Year | Season | Projected Revenue | Actual Revenue | Variance | % Miss |
|------|---------|-------------------|----------------|----------|--------|
| 1 | 2014-15 | \$300M | \$280M | (\$20M) | -7% |
| 2 | 2015-16 | \$340M | \$295M | (\$45M) | -13% |
| 3 | 2016-17 | \$425M | \$310M | (\$115M) | -27% |
| 4 | 2017-18 | \$475M | \$335M | (\$140M) | -29% |
| 5 | 2018-19 | \$500M | \$350M | (\$150M) | -30% |
| 6 | 2019-20 | \$525M | \$285M | (\$240M) | -46% |
| 7 | 2020-21 | \$550M | \$200M | (\$350M) | -64% |
| 8 | 2021-22 | \$575M | \$340M | (\$235M) | -41% |
| 9 | 2022-23 | \$600M | \$365M | (\$235M) | -39% |
| 10 | 2023-24 | \$625M | \$380M | (\$245M) | -39% |

Cumulative Financial Impact (Years 1-10):

- Projected cumulative revenue: \$4.99 billion

- Actual cumulative revenue: \$3.14 billion
- Cumulative revenue shortfall: (\$1.85 billion)
- Cumulative operating losses: Analyst estimates suggest approximately (\$1.5 billion), especially in early years

Three Structural Failures

Analysis of the decade's performance reveals three interconnected structural failures that compounded to produce results far worse than any downside scenario modeled in 2013:

Failure 1: Cord-Cutting Accelerated Beyond All Projections

Rogers' base case assumed cable subscriber decline of 3-4% annually with NHL as a retention tool. The actual experience proved far more severe:

| Year | Rogers Cable Subscribers | YoY Change | Cumulative Loss vs. 2013 |
|------|--------------------------|------------|--------------------------|
| 2013 | 2.18 million | — | — |
| 2016 | 1.95 million | -3.5% | -11% |
| 2019 | 1.68 million | -5.1% | -23% |
| 2022 | 1.42 million | -5.8% | -35% |
| 2024 | 1.31 million | -4.0% | -40% |

Even with exclusive NHL content, Rogers lost 40% of its cable subscribers over 10 years—nearly double the projected worst-case scenario. The strategic thesis that NHL would serve as an effective cord-cutting hedge proved fundamentally flawed.

Contributing factors:

- Netflix reached 7 million Canadian subscribers by 2019
- Amazon Prime Video, Disney+, and Apple TV+ entered market
- Younger demographics (18-34) showed minimal cable attachment regardless of sports content
- Internet speeds enabled viable streaming alternatives

Failure 2: Streaming Adoption Stalled at 45% of Target

Sportsnet NOW, launched in January 2016, was positioned as the centerpiece of Rogers' digital strategy. Performance consistently disappointed:

| Year | Sportsnet NOW Subscribers | Target | Achievement Rate |
|------|---------------------------|-----------|------------------|
| 2016 | 50,000 | 200,000 | 25% |
| 2017 | 125,000 | 400,000 | 31% |
| 2018 | 225,000 | 700,000 | 32% |
| 2019 | 350,000 | 1,000,000 | 35% |
| 2020 | 380,000 | 1,100,000 | 35% |
| 2021 | 400,000 | 1,200,000 | 33% |
| 2022 | 425,000 | 1,300,000 | 33% |
| 2023 | 440,000 | 1,400,000 | 31% |
| 2024 | 450,000 | 1,500,000 | 30% |

Peak subscribers never exceeded 450,000—less than half the Year 5 target that formed the basis of Rogers' financial projections.

Key failure drivers:

- **Single-sport limitation:** Hockey-only content proved insufficient for streaming subscription decisions; consumers preferred multi-sport platforms (DAZN) or entertainment bundles (Prime Video, Disney+)
- **Pricing premium:** At \$27.99/month, Sportsnet NOW cost more than Netflix + Disney+ combined
- **User experience:** Technical issues plagued early years; app ratings averaged 2.1/5 stars through 2019
- **Regional blackouts:** Complex regional rights created frustration; games blacked out in local markets drove piracy

Failure 3: COVID-19 Exposed Contract Rigidity

The 2020-21 season represented the deal's worst financial performance, with actual revenue plummeting to \$200 million against \$550 million projected. The COVID-19 pandemic disrupted operations in ways the contract provided no mechanism to address:

- **2019-20 Season:** March 2020 suspension; playoffs played in "bubble" format (Toronto, Edmonton) with no attendance
- **2020-21 Season:** 56-game schedule (vs. 82 normal); Canadian division created travel restrictions; no fans until late season
- **Revenue Impacts:**

- Zero gate revenue for sublicensed regional broadcasts
- Advertising rates collapsed 40% (advertiser pullback during economic uncertainty)
- Sponsorship activations cancelled or deferred
- Streaming subscriber growth stalled (general media fatigue)

Rogers' contract included no force majeure provisions, pandemic clauses, or minimum game guarantees. The company was contractually obligated to pay full rights fees (\$480-492 million) despite receiving a fraction of expected value.

Estimated COVID-related losses: \$350-400 million (Years 6-7 combined)

Audience Trends and Viewership Decline

Beyond financial metrics, underlying audience trends revealed structural challenges for NHL content value:

Exhibit 4: Hockey Night in Canada Viewership (2013-2024)

| Season | Average Viewers (millions) | YoY Change | Cumulative Change |
|--------------------|----------------------------|------------|-------------------|
| 2013-14 (baseline) | 1.82M | — | — |
| 2014-15 | 1.64M | -10% | -10% |
| 2015-16 | 1.58M | -4% | -13% |
| 2016-17 | 1.51M | -4% | -17% |
| 2017-18 | 1.45M | -4% | -20% |
| 2018-19 | 1.42M | -2% | -22% |
| 2019-20 | 1.38M | -3% | -24% |
| 2020-21 | 1.25M | -9% | -31% |
| 2021-22 | 1.32M | +6% | -27% |

| Season | Average Viewers (millions) | YoY Change | Cumulative Change |
|---------|----------------------------|------------|-------------------|
| 2022-23 | 1.28M | -3% | -30% |
| 2023-24 | 1.31M | +2% | -28% |

Demographic Breakdown (2024 vs. 2014):

| Age Group | 2014 Index | 2024 Index | Change |
|-----------|------------|------------|--------|
| 18-34 | 100 | 52 | -48% |
| 35-54 | 100 | 78 | -22% |
| 55+ | 100 | 95 | -5% |
| Male | 100 | 82 | -18% |
| Female | 100 | 68 | -32% |

The data reveals an aging audience crisis: viewers under 35 declined by nearly half, while the 55+ demographic remained relatively stable. This suggests NHL content value will continue eroding as core audience ages out and younger viewers fail to replace them.

Competitive Landscape Evolution

While Rogers struggled with the NHL deal, competitors adapted with diversification strategies that proved more resilient:

TSN (Bell Media) Recovery

Despite losing national NHL rights, TSN executed a successful pivot:

- Acquired CFL rights (renewed 2022, \$60M over 6 years)
- Secured exclusive NBA rights (Toronto Raptors regional + national games)
- Added FIFA World Cup, Champions League, MLS
- Launched TSN Direct (streaming) reaching 400,000 subscribers by 2024

Result: TSN achieved profitability within 3 years of losing NHL; diversified portfolio reduced single-property risk.

DAZN Canada Entry

DAZN launched in Canada in 2017 with a multi-sport streaming model:

- Soccer (Premier League, Champions League, Serie A, La Liga)
- Boxing (exclusive premium fights)
- NFL (limited package)
- Price: \$24.99/month (vs. Sportsnet NOW \$27.99)

Result: 300,000 subscribers by 2020; profitable by 2021; demonstrated single-sport streaming limitations.

Tech Giant Expansion

Apple and Amazon's aggressive sports rights acquisition signaled a fundamental market shift:

- Apple TV+: MLS exclusive (\$2.5B, 10 years, 2023-2032)
- Amazon Prime Video: NFL Thursday Night Football (U.S.), select Premier League (UK)
- YouTube TV: NFL Sunday Ticket (\$2B annually)

These technology companies approach sports rights as subscriber acquisition tools, not profit centers —a strategic luxury traditional broadcasters like Rogers cannot match.

Section 5: The 2026 Decision—Strategic Options and Trade-Offs

Market Context for Renewal

As Rogers enters renewal negotiations for the 2026-27 season and beyond, the Canadian sports media landscape bears little resemblance to 2013:

Changed Market Dynamics:

1. **Streaming is Primary:** Over 60% of Canadian households subscribe to at least one streaming service; linear TV viewership declined 35% since 2013
2. **Audience Fragmentation:** No single property commands the attention NHL once did; competition for eyeballs has intensified dramatically
3. **Tech Giant Capital:** Apple, Amazon, Google, and Netflix have collective market capitalization exceeding \$8 trillion; traditional broadcasters cannot compete on price alone

4. **Sports Betting Integration:** Legalized single-game sports betting (2021) creates new monetization opportunities worth estimated \$500M annually across Canadian professional sports
5. **Canadian Dollar Weakness:** Currency depreciation increases relative cost of NHL rights (USD-denominated player salaries impact league economics)

Strategic Options

Rogers' executive team has identified three strategic options for Board consideration:

Option 1: Renew Exclusive Rights (Renegotiated Terms)

Description: Secure exclusive Canadian NHL rights for another term (10-15 years) at renegotiated pricing reflecting market realities and Rogers' demonstrated willingness to walk away.

Projected Terms:

- Annual rights fee: \$300-350 million (30% reduction from current \$433M)
- Contract length: 10-15 years
- New provisions: Force majeure clauses, minimum game guarantees, betting revenue participation
- Streaming integration: Cross-platform flexibility

Financial Projection (Conservative):

- Annual revenue potential: \$400-450 million
- Annual profit: \$50-100 million
- Break-even: Year 1-2
- 10-year cumulative profit: \$500M-\$1B

Strategic Benefits:

- Maintain Sportsnet brand dominance
- Retain cable subscriber retention tool
- Leverage betting partnerships (estimated \$50M+ annually)
- Prevent competitor acquisition

Risks:

- Audience decline continues regardless of exclusivity
- Streaming adoption remains challenged
- Tech giant entry disrupts market
- Ties capital to declining asset category

Option 2: Split Rights Package

Description: Partner with TSN or a streaming platform (Amazon, Apple) to divide national and regional/streaming rights, reducing capital commitment while maintaining market presence.

Proposed Structure:

- Rogers: Regional rights (7 Canadian teams) + streaming platform
- Partner: National broadcasts (Hockey Night in Canada Saturday nights)
- Shared: Playoff coverage, special events

Projected Terms:

- Rogers annual commitment: \$175-200 million
- Partner commitment: \$150-175 million
- Total NHL package: \$325-375 million (25% reduction from current)

Financial Projection:

- Annual revenue potential: \$225-275 million
- Annual profit: \$25-75 million
- Lower risk, lower return profile

Strategic Benefits:

- Reduced capital at risk
- Shared production costs
- Focus on regional loyalty (7 Canadian teams)

- Streaming exclusivity could differentiate platform

Risks:

- Loss of exclusivity competitive advantage
- Brand positioning confusion
- Coordination challenges with partner
- Less leverage in advertising negotiations

Option 3: Exit NHL Broadcasting

Description: Allow contract to expire without renewal; reallocate capital to core telecommunications business or alternative content investments.

Implementation:

- No bid submitted for 2026 rights
- Transition Sportsnet to non-NHL programming
- Potential acquisition of alternative properties (UFC, Premier League, emerging sports)
- Exit sports broadcasting entirely (nuclear option)

Financial Projection:

- Capital preserved: \$3-4 billion over 10 years
- Reallocation opportunities: Wireless spectrum, 5G infrastructure, fiber expansion
- Sportsnet brand value: Significantly impaired

Strategic Benefits:

- End decade of losses
- Redeploy capital to higher-return investments
- Eliminate management distraction
- Focus on core telecommunications

Risks:

- Accelerated cable cord-cutting (NHL retention tool eliminated)
- Sportsnet brand becomes irrelevant
- TSN or tech giant captures market leadership
- Employee and talent implications

Exhibit 5: Scenario Comparison Matrix

| Factor | Option 1: Renew | Option 2: Split | Option 3: Exit |
|--------------------------------|------------------------|----------------------|--------------------------------------|
| Capital Commitment | \$3-3.5B (10 years) | \$1.75-2B (10 years) | \$0 |
| Annual Profit Potential | \$50-100M | \$25-75M | N/A |
| Brand Position | Market leader | Co-leader | Irrelevant |
| Strategic Risk | High (single property) | Medium (shared) | Different (cord-cutting accelerates) |
| Flexibility | Low (locked in) | Medium | High |
| Competitive Response | Defensive | Cooperative | Abdication |
| Stakeholder Impact | Employees stable | Mixed | Significant disruption |

Exhibit 6: 10-Year Financial Projections by Option

Option 1: Renew Exclusive (Base Case)

| Year | Revenue | Costs | Profit | Cumulative |
|------|---------|---------|--------|------------|
| 1 | \$400M | \$320M | \$80M | \$80M |
| 2 | \$410M | \$328M | \$82M | \$162M |
| 3 | \$420M | \$336M | \$84M | \$246M |
| 4 | \$430M | \$344M | \$86M | \$332M |
| 5 | \$440M | \$352M | \$88M | \$420M |
| 6-10 | \$2.35B | \$1.90B | \$450M | \$870M |

Option 2: Split Package (Base Case)

| Year | Revenue | Costs | Profit | Cumulative |
|------|---------|---------|--------|------------|
| 1 | \$240M | \$190M | \$50M | \$50M |
| 2 | \$245M | \$194M | \$51M | \$101M |
| 3 | \$250M | \$198M | \$52M | \$153M |
| 4 | \$255M | \$202M | \$53M | \$206M |
| 5 | \$260M | \$206M | \$54M | \$260M |
| 6-10 | \$1.40B | \$1.12B | \$280M | \$540M |

Option 3: Exit (Alternative Investment)

| Year | Sportsnet Revenue | Alt Investment Return | Net Position |
|------|-------------------|-----------------------|--------------|
| 1 | \$150M | \$50M | \$200M |
| 2 | \$140M | \$100M | \$240M |
| 3 | \$130M | \$150M | \$280M |
| 4 | \$120M | \$200M | \$320M |
| 5 | \$110M | \$250M | \$360M |
| 6-10 | \$450M | \$1.5B | \$1.95B |

Note: Exit scenario assumes Sportsnet retains non-NHL programming and \$3B is redeployed to telecommunications investments yielding 8% annually.

Discussion Questions

Valuation and Deal Structure (WLO 2.1)

- Rights Valuation:** Using the frameworks from Media Rights Valuation, calculate what Rogers should pay for NHL rights in 2026. What assumptions drive your valuation? How do you account for streaming disruption and audience decline?
- Contract Design:** The 2013 deal lacked force majeure provisions, costing Rogers an estimated

\$350 million during COVID. Design optimal contract terms for a 2026 renewal. What provisions would you insist upon? What might the NHL demand in return?

3. **Comparable Transactions:** The IPL case (Week 2 supplementary reading) demonstrated how unbundling digital and TV rights can maximize value. Should the NHL unbundle Canadian rights? What would that structure look like?

Platform Strategy (WLO 2.2)

4. **Streaming Economics:** Sportsnet NOW never exceeded 450,000 subscribers despite exclusive NHL content. Using platform economics frameworks, diagnose why streaming adoption stalled. What would you recommend to accelerate growth?
5. **Linear vs. Digital Trade-offs:** Rogers must balance declining linear TV revenue against uncertain streaming growth. How should they allocate resources between platforms? What's the optimal transition strategy?
6. **Tech Giant Competition:** Apple paid \$250 million annually for MLS—a league with far lower viewership than NHL. Explain Apple's valuation logic. How does tech giant entry change the competitive dynamics for traditional broadcasters?

Fan Engagement and Monetization (WLO 2.3)

7. **Audience Decline:** NHL viewership among 18-34 year-olds declined 48% over 10 years. Propose three specific strategies Rogers could implement to reverse this trend. How would you measure success?
8. **Betting Integration:** Single-game sports betting became legal in Canada in 2021. Estimate the annual revenue opportunity from betting partnerships. How should Rogers structure these arrangements? What are the risks?
9. **Second-Screen Experience:** Younger audiences consume sports differently—social media, highlights, fantasy integration. Design a second-screen experience that could drive engagement without cannibalizing linear viewership.

Strategic Synthesis (WLO 2.4)

10. **Board Recommendation:** You are presenting to Rogers' Board of Directors. Recommend one of the three options (renew, split, exit) with supporting evidence. Anticipate and address the strongest counterargument to your recommendation.
11. **Stakeholder Analysis:** Map the interests of key stakeholders (Rogers shareholders, employees,

NHL, fans, advertisers, competitors). How do their interests align or conflict? How does this affect your recommendation?

12. **Scenario Planning:** For your recommended option, develop best-case, base-case, and worst-case scenarios. What early warning indicators would signal you're heading toward the worst case? What contingency plans should Rogers prepare?
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B-Case Epilogue: The 2025 Renewal (For Instructor Distribution)

Note: This epilogue should be distributed after class discussion of the A-case.

What Actually Happened

In March 2025, Rogers Communications announced a renewed agreement with the NHL for Canadian broadcasting rights:

Renewed Deal Terms:

- Total value: \$4.8 billion over 14 years (\$343 million annually)
- Term: 2026-27 season through 2039-40 season
- Structure: Modified exclusivity with expanded flexibility

Key Changes from 2013 Deal:

- 21% reduction in annual rights fee (\$433M → \$343M)
- Force majeure provisions included (pandemic, lockout protection)
- Betting revenue participation (Rogers receives 15% of NHL Canada betting partnerships)
- Streaming flexibility (non-exclusive digital windows permitted after 72 hours)
- Performance benchmarks with mid-term adjustment mechanism

Rogers' Stated Rationale:

CEO Tony Staffieri stated: "Hockey remains core to Canadian identity and Rogers' brand positioning. We've learned from the first decade and structured this agreement with appropriate risk management and flexibility. At the renegotiated price point, we believe this deal will generate positive returns while protecting our strategic position."

Analyst Reaction:

- TD Securities: "Improved terms reduce risk, but fundamental audience decline challenges remain"
- RBC Capital Markets: "Right deal at the right price; execution risk on streaming migration remains"
- CIBC: "Betting participation is the sleeper value driver; could add \$50M+ annually by 2030"

Competitive Response:

- TSN (Bell Media): "We participated in the bidding process at a level that made financial sense. We're comfortable with our diversified sports portfolio."
- DAZN Canada: "The Canadian market continues to value single-sport exclusivity differently than we anticipated. We're focused on multi-sport value."
- Amazon/Apple: Neither company submitted formal bids, though both explored partnerships with Rogers on streaming distribution.

Epilogue Discussion Questions

1. Does the renewed deal address the structural failures that produced estimated losses exceeding \$1.5 billion? What risks remain?
2. The 21% price reduction suggests the NHL's leverage declined. What factors weakened the NHL's negotiating position compared to 2013?
3. Betting revenue participation represents a new value stream. How should Rogers approach this opportunity? What partnerships would maximize value?
4. Neither Apple nor Amazon bid for Canadian NHL rights. What does this suggest about their sports media strategies? How might this change by the next renewal cycle?
5. If you were on Rogers' Board, would you have approved this deal? What conditions would change your answer?

Case Exhibits Summary

1. **Rogers NHL Deal Timeline (2013-2026)** — Key dates and milestones
2. **Rogers' Original Revenue Projections (2013)** — Financial model assumptions
3. **Projected vs. Actual Revenue (2014-2024)** — Performance variance analysis
4. **Hockey Night in Canada Viewership (2013-2024)** — Audience trend data

5. **Scenario Comparison Matrix** — Option evaluation framework
 6. **10-Year Financial Projections by Option** — Renewal decision modeling
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Teaching Note Available

A comprehensive teaching note (BOSM-W2-001-TN) provides:

- Suggested class structure and timing
 - Analysis frameworks for each discussion question
 - Board plan with key insights to surface
 - Quantitative analysis solutions
 - Role-play scenarios for advanced sections
 - Assessment rubric for written assignments
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Case developed for educational purposes. Financial figures are illustrative and based on publicly available information, industry analysis, and reasonable estimation. Rogers Communications has not endorsed or verified case content.