ESPN Case Study

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ESPN Executives



* John Skipper: President of ESPN Inc.



* Christine Driessen: Executive Vice President and Chief Financial Officer



* John Wildhack: Executive Vice President of Production



* Ed Durso: Executive Vice President and Head of Administration



* John A. Walsh: Executive Vice President and Executive Editor



* Sean Bratches: Executive Vice President and Head of Sales and Marketing



* John Kosner: Executive Vice President of Digital and Print Media



* Charles Pagano: Executive Vice President and Chief Technology Officer



* Norby Williamson: Executive Vice President, Head of Programming



* Russell Wolff: Executive Vice President and Managing Director of ESPN International

*Photo Credit: ESPN.com*

Mission Statement

ESPN’s mission statement is as followed: “To serve sports fans wherever sports are watched, listened to, discussed, debated, read about or played.” This is where ESPN earned some of its nicknames like “Every Sports Particle Notated”. In our societies thirst for information has increased exponentially and it is essential more now than ever that people have the access to this information across multiple mediums. ESPN has tailored there organization to fit that specific need. Using a variety of media mediums, ESPN has accomplished more than the Rasmussen’s and Eagan thought possible back in 1978.

ESPN also has a set of core values that they define their culture with at the organization. Here is ESPN’s statement on their values: “People are our most valuable resource, and care and respect for employees and each other will always be at the heart of our operations. We embrace diversity to best serve all sports fans worldwide, and we are passionately committed to teamwork, quality, creativity, integrity, and the aggressive pursuit of new ideas, audience growth and building shareholder value,” (ESPN.com).

Background of ESPN Inc

"If you love sports...if you really love sports, you'll think you've died and gone to sports heaven."This quote by former ESPN anchor Lee Leonard was the opening statement to the first airing of ESPN onSeptember 7, 1979. A lot of people say that these words were what sparked the sports coverage revolution within our society.

Today in our society, sports have an influence in our civilization like no other, and a lot of that can be credited to the creation of the ESPN network which catapulted the need for sports information. ESPN Inc (Entertainment and Sports Programming Network) was developed by Bill Rasmussen starting in 1978 when Rasmussen decided that it would be a good idea to broadcast sporting events via satellite to cable customers. Rasmussen was originally the communications manager with the Hartford Whalers hockey team in 1978 where he was laid off from his position and then developed the interest to get involved in the television market. One of his original ideas was to create a station that provided local coverage for the Hartford Whalers in Connecticut.

Alongside Bill was his son Scott Rasmussen and Aetna insurance agent Ed Eagan. At the time, this was a revolutionary idea and a lot of individuals doubted the potential of success for the program. ESPN first aired in 1979 which was the beginning of a revolution that went beyond Rasmussen’s wildest dreams as an out of work hockey announcer. Bill’s first step in the creation of his empire was when he leased space on an RCA satellite for 24 hours and 7 days a week. But it was not until a couple of years after the creation of the organization that ESPN began airing 24 hours a day. ESPN became the first sports network to televise complete sports coverage. ESPN’s early financing came from Getty Oil who invested $10 million in the company to obtain a controlling investment (Fundinguniverse.com). Then the next step was to hire a president to run the organization. The Rasmussen’s and Eagan decided to hire the president of NBC Sports Chet Simmons. Simmons then went on to hire a major figure of the company in its early stages, Lead Consultant Roger Werner. Roger went on to forecast that ESPN would become profitable in five years with another $120 million investment (Fundinguniverse.com).

With a strong foundation, Rasmussen and ESPN began to take off as they continued to add new programs and deals with different institutions in the goal of covering sports world wide. It was not until 1983 that ESPN began to reach its international audience. It was then that ESPN began to spread like wildfire while every cable network provider wanted to make sure that they carried ESPN. Garnering recent attention at this time, ESPN was then bought by ABC in 1984 where they made a deal with Getty Oil to acquire ESPN. ABC retained an 80% share, and sold 20% to Nabisco which then turned around and sold it to Hearst Corporation. This was a big step in the right direction for ESPN now having the access to the necessary resources to take the network to levels before never thought possible.

In over the past couple of decades, ESPN has made the gap even bigger in between 1st place and 2nd place in sports network ranking, events like ESPN introducing 720 High Definition or ESPNHD, in 2003 and the release of ESPN 3D in 2010 show how ESPN is staying ahead of the curve. The main headquarters for ESPN resides in Bristol Connecticut where they film the majority of their programming. The network also has offices in Miami, New York City, Charlotte, Seattle, North Carolina, and also Los Angeles. In 2009, ESPN began airing episodes of SportsCenter out of the Los Angeles studios. Having studios on both the west and east coast allow ESPN to take advantage of bringing in personalities to the studios from all over the country to be featured on their programming. Events are constantly being held at ESPN headquarters for both their internal and external audiences.

SWOT Analysis

*Strengths: What makes the ESPN Network so strong is the fact that they have such a large target audience and have the ability to use multiple mediums to reach those audiences. ESPN holds rights for various professional and college sports programming including, NFL, NBA, the SEC, ACC and Pac 12 college football and basketball conferences, NASCAR and MLB. This means that they have a large market share of the sports broadcasting market. What makes this interesting is the fact that one of their main competitors, ABC, is also owned by the Walt Disney Company who owns the rights to ESPN. Another strength of ESPN is that they are beginning to incorporate more sports that are popular outside of the states. ESPN realizes the value that is in having a strong international market.*

*Weaknesses:* *The decrease at Cable Networks was driven by the closure of five ESPN Zone restaurants in June 2010 (Walt Disney Company Annual Report, 2011). This causes a drop in broadcasting revenues down to $94 million. Even though ESPN picked up a few new deals with Cricket along with other sports to make up for the slack on the revenue side of things, it is still a big hit. The closing of restaurants such as ESPN Zone can injure an organizations public reputation. When companies are forced to close departments within their organization, it shows a side of weakness within the company that may damage your corporate reputation.*

*Opportunities: ESPN has the opportunity to expand its market to the world of mixed martial arts. This has to be one of the fastest rising sports in our culture right now and ESPN has the opportunity to capitalize on attracting a new audience. Most recently, Anderson Silva of the Ultimate Fighting Championships (UFC) was fighting Chael Sonnen for the belt and I noticed that on ESPN’s SportsCenter, that they actually had high lights of the fight which is usually a rarity. This is a great example of how the ESPN network is expanding their horizons. ESPN now offers a show called MMA Live which features former fighters and fight analyzers to discuss the fight world and upcoming matches and events all over the world. This has attracted a new audience that was previously an untapped market. There are not a lot of networks that cover fights because of the direct violence that it promotes. I personally noticed when watching the shows that they do not show some of the more bloody, cruel fights since they do have to pay attention to their younger, more influential demographics.*

*Threats: It is 2012 which means that the Olympics are here, this can prove to be a great threat to ESPN. The Olympics Games have a deal with NBC to exclusively show the games on their network. Even though people are going to want to watch SportsCenter to catch the highlights of the games, NBC Sports garner a lot more attention as ESPN loses a large part of their audience who want to get the full experience of the games through NBC. ESPN usually has a harder time of keeping ratings up during the summer just because there are not too many sports going on. Basketball and hockey season is over, football has not started yet, and the only sport to cover is golf and baseball. A slow summer of sports combined with NBC exclusively covering the Olympic Games has the potential to take a large portion of their target audience.*

Timeline of ESPN Inc

1978: Bill Rasmussen forms Entertainment Sports Programming Network, Inc. (ESPN) to broadcast sporting events to cable television operators via satellite.

1979: ESPN begins broadcasting on a limited-time basis.

1980: ESPN begins broadcasting 24 hours a day, seven days a week.

1983: ESPN began to distribute its programming internationally.

1984: ABC, Inc. acquires ESPN.

1986: Capital Cities Communications, Inc. acquires ABC and becomes Capital Cities/ABC, Inc.

1987: ESPN begins broadcasting National Football League games.

1988: ESPN International is created.

1989: ESPN begins broadcasting Major League Baseball games.

1990: The Hearst Corporation acquires a 20 percent interest in ESPN from RJR Nabisco Inc.

1991: ESPN Radio Network is launched in conjunction with the ABC Radio Network.

1992: ESPN Radio broadcast in cities all over the country.

1993: ESPN2 begins transmission.

1995: Walt Disney Company acquires Capital Cities/ABC, Inc. and becomes ESPN's parent company.

1997: ESPN purchases the Classic Sports Network and launches ESPN Classic.

1998: ESPN: The Magazine is launched.

2003: ESPN HD, a high-definition television sports network, is introduced.

*2005 Events*: *The year 2005 was a very active year when it comes to building there brand name even stronger.*

* *January 6, 2005 - ESPN2 HD, a high-definition simulcast service of ESPN2, launches.*
* *March 4, 2005 - ESPNU, a 24-hour network devoted to college sports, launches*
* *April 18, 2005 - ESPN Acquires Monday Night Football for eight years, beginning in 2006*
* *November 2, 2005 - ESPN acquires rights for multiple Men's and Women's World Cups.*
* *December 7, 2005 - ESPN announces eight-year agreement with NASCAR, 2007 - 2014.*

2007- ESPN announces eight-year, multi-platform agreement with the Big 12.

2008 - ESPN televises Wichita Falls Rider at Sulphur Springs

ESPN Slogans Timeline

*1979-1985 - The Total Sports Network*

*1985-1991 - The Number One Sports Network*

*1991–1994 - All Sports, All the Time*

*1994–1998 - America's No.1 Sports Network*

*1998–Current - Worldwide Leader in Sports*

<http://www.myssnews.com/news/2008/September/nt090908-2.html>

<http://www.fundinguniverse.com/company-histories/espn-inc-history/>

Case Study Analysis

*ESPN.Com Changes Communication Strategies with Technology Advancement*

ESPN’s success could be credited to their strong persuasive marketing campaigns. All of the marketing campaigns that ESPN has produced have shared the same basic purpose, to educate avid sports fans that ESPN is the place if you want complete worldwide sports coverage 24/7 through multiple mediums. Claiming to be the worldwide leader in sports means that you have to back it up with flawless coverage, which ESPN attempts to do.

The first campaign that I analyzed was the development and constant improvements to ESPN’s webpage ESPN.Com. ESPN.Com launched on September 3, 1998 by the ESPN Internet Group, as the successor to ESPN SportsZone, which debuted April 1, 1995. At first, the webpage was pretty basic and only offered scores and reports of the games along with photos and later on videos. ESPN.com is a production of ESPN Internet Group; part of Walt Disney Internet Group which featured a team of designer’s whose single goal was to renovate the internet sports market.

ESPN.Com began seeing extreme traffic through its webpages when they started incorporating programming coverage on the webpage in combination with exclusive Insider coverage. ESPN went on to release ESPN 360 and ESPN 3 which allowed fans to see live programming and events online even if they do not have cable. This was considered a game changer in the sports coverage world, ESPN allowed the fans to get sports coverage literally where ever they were in the world. ESPN 360 showed coverage of live sporting events, replays of pervious events, and also special coverage of upcoming events by different anchors and broadcasters. They also developed an application that allows for the user to steam footage from his or hers cellular device.

ESPN 360 shows clips from a variety of programs on the network so that the public can get the full experience even though they are not watching the actual channel or are on the actual web page. Some of the programming that they offer includes Pardon the Interruption, SportsCenter, NFL Live, MMA Live, NBA Countdown, NBA Coast to Coast, Sports Nation, Mike and Mike in the Morning, First Take, and Baseball Tonight.

The ESPN Internet Group also developed specialty sites to compete with other networks that offered, at the time, more specialized coverage online. Off of ESPN.Com, here are additional webpages that they are responsible for developing:

*Other EIG productions:*

* *NFL.com (launched September 1, 1996)*
* *NBA.com (launched November 3, 1995)*
* *NASCAR Online [nascar.com] (launched February 14, 1996)*
* *WNBA.com (launched May 14, 1997)*
* *Soccernet [soccernet.com] (launched August 20, 1999)*
* *ABCSports.com (launched Aug. 26, 1998)*
* *Monday Night Football Online [espn.com] (launched Sept. 1, 1997)*
* *Bowl Championship Series Online [espn.com] (launched Aug. 26, 1998)*

<http://espn.go.com/pr/espnfact.html>

*ESPN Documentaries and Specials*

Looking past all of the success for the past century, ESPN saw a potential target audience that has not been tapped. ESPN went on to develop documentaries and specials about athletes, teams, and programs lives outside of the game. In 1990, ESPN went on to premier Outside the Lines with Bob Ley which was a program that featured reports discussions with journalist, anchors, and current and former players in a discussion format. OTL allows for coverage

outside of the game and allows for fans to see problems surrounding athletics outside of the court. Scandals such as the Sandusky and Penn State child abuse scandal, the impact of Hurricane Katrina on New Orleans and the Saints, Steroids impact on Little League Baseball players along with many other controversial and inspirational topics. OTL has had a particularly large impact on popular culture just because of the controversial topics that are being discussed daily. Bob Ley and his team seem to always be discussing controversial topics that stir up a lot of debate within popular culture which is a great way to attract a larger audience because our society feeds off of conflict.

The style of reporting that OTL practiced caused other ESPN programs such as SportsCenter and NFL Live. Journalist and anchors now look for stories that have a much deeper connection to the public, and controversial and inspirational stories are a great way to accomplish that.

*ESPN’s Jimmy V Foundation Campaign*

ESPN made a great move in the right direction when they took on the task of changing the image of the organization by becoming one that gives back to the community and is actively involved. Charity donations to foundations were typical but ESPN decided to take it to the next level after an inspirational moment at ESPN’s awards show on the ESPY Awards in 1993.

“Don’t Give Up…Don’t Ever Give Up!” was the famous line that struck the audiences hearts as Jim Valvano, former 1983 NCAA basketball National Champions North Carolina State Head Coach, Valvano was also an extremely popular college basketball commentator and analyst. After being diagnosed with bone cancer in 1992, Jimmy went on to make a speech at the ESPY awards in 1993 that would capture the heart of millions. He preached for everyone to enjoy the little things in life while you still can, and that emotions are the true way to connect to one’s self. Jimmy says it best at the end of his speech,

*“Cancer can take away all of my physical abilities. It cannot touch my mind, it cannot touch my heart, and it cannot touch my soul. And those three things are going to carry on forever. I thank you and God bless you all.”* – *Jimmy Valvano, Acceptance Speech at ESPY’s in 1993.*

Since 1993, $90 million has been raised for The V Foundation, and research grants are awarded nationwide for all types of cancer thanks to the efforts of the V Foundation and ESPN; 100% of the donations go directly to cancer research.

Audience

What makes ESPN the number one sports network in the world is because of how effectively they are able to target there large audiences. This can be credited to their ability to keep up with new technologies and find a way to incorporate sports coverage with them. A prime example of this can be seen with the development of ESPN 3D. ESPN 3D began in 2010 where on January 5th, they announced that it would launch a new 3D television channel. The channel launched on June 11th, 2010 with coverage of the 2010 FIFA World Cup.

ESPN 3D would go on to air 100 events in the first year of original events but to help the niche market that actually own 3D TV’s, they decided to switch to a 24 hour format. With the new 24 hour format, ESPN showed replays of previous events and also international events. ESPN offers diverse programing to target a growing international audience. Shows like Dan Le Batard Is Highly Questionable which features a Cuban sports journalist and his father discussing various topics with a Latin culture spin to it.

Demographics

ESPN has a wide range of demographics that capture even an international audience. The main demographic for ESPN are males between the ages of 18 and 34 who are educated, and also true sports fans. Here is ESPN’s demographic research statistics off of ESPN’s media kit off their website.

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| --- |
| “ESPN.com is the leading provider of sports on the Internet. The prime user of ESPN.com is the young, affluent, male avid sports fan.” (ESPN.Com) |
|  |
| * Median age: 29 (66% between 18 and 34) * Men: 94% | Single: 47% * College educated: 87% * Employed Full Time: 74% * Average (Mean) HHI: $72,100 * Attended sporting events within the last 12 months: 81% * Purchased products online in the last 12 months: 89%  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | |  |  |  |  | | --- | --- | --- | --- | |  |  |  |  | | **ESPN.com** | **Avid Fan** | **Passive Fan** | **Non Fan** | |  |  |  |  | | Used Internet (past 30 days) | **68%** | 54% | 51% | |  | | | | | Used Internet Daily | **39%** | 30% | 27% | |  | | | | |  |  |  |  | |  |  |  |  | | TO BE READ: 68% of Avid Sports Fans used the Internet in the past 30 days  <http://espn.go.com/mediakit/research/demographics.html> | | | | | |

ESPN (Walt Disney Company) Annual Report

“ESPN, the worldwide leader in sports programming, continues to maximize the use of new digital platforms, allowing fans to watch must-see sporting events including NFL games, Wimbledon, the Indy 500, college sports and cricket on multiple devices, including our groundbreaking real time viewing application, “WatchESPN.” In fact, 70 percent of users seeking sports content on mobile devices rely on ESPN for live sports, entertainment, expert commentary, news and stats. As its digital reach continues to expand, ESPN had its most-watched fiscal year with its array of sports programming while also reaching international markets with live events from the UK and Australia to India and Latin America,” (Walt Disney Company Annual Report, 2011).

ESPN had a very strong fiscal year in 2011 even though there were a few setbacks that occurred which included the closing of 10 of their ESPN Zone restaurants. Revenues decreased $94 million at Cable Networks and $90 million at Broadcasting. The decrease at Cable Networks was driven by the closure of five ESPN Zone restaurants in June (Walt Disney Company, 2011). But ESPN once again expanded its market again to pick up the slack of other departments. STAR Sports, a joint-venture in ESPN, has an agreement for global programming rights to International Cricket Council Events from 2007 through 2015. ESPN and the Walt Disney Company continue to expand their international reach to new sports that will help them recruit some new demographics. There corporate reputation was slightly damaged in my opinion from the closing of the ESPN Zone restaurants, but not to the point where they were affected in a major way.

<http://cdn.media.ir.thewaltdisneycompany.com/2011/annual/WDC-10kwrap-2011.pdf>

Environment

The environment of the sports network market is continuing to expand as more specialty channels begin to develop and also change with the times. Even though ESPN is the number one sports network in the world, there will still remain the threat of competition. Some of ESPN’s major network competitors include NBC Sports, Universal Sports, and also CBS Sports. There are also a few specialty networks that also prove a threat to ESPN. A few include NBA TV, NFL Network, NHL Network, Fox Soccer, the Golf Channel, and also the Speed Channel. The evolution of specialty channels has caused a more competitive market place. Specialty channels have allowed individuals who are looking specifically to watch a certain sport to be able to watch them 24/7.

To survive in such a competitive market, ESPN called upon its Internet Group to develop specialty cites to complement ESPN.Com and revolutionary ESPN 360 which offers coverage and live streaming from a cellular device.

Internal V. External Audiences

ESPN puts a large emphasis on keeping healthy lines of communication with its target audience through a variety of methods. ESPN subscribers have the ability to connect to ESPN through a plethora of devices. But ESPN also realizes the importance in keeping the core of the organization strong which is their associates. Internal communications within an organization has to be two way in-order to be successful, one way communication will not cut it. There are a lot of ways that ESPN keeps healthy lines of communications. ESPN’s executives make sure to constantly keep in communication with their department heads to make sure that everything is running smooth within the organization. Moral events are constantly held to help promote chemistry within the organization, events such as golf tournaments and resort getaways are a frequent occurrence for ESPN associates. I got some good information from discussing with Piper Hankey who is a marketing intern for ESPN.

“I absolutely love working for this company, I hope that they are able to give me a job when I am done. They treat us employees so well, they always seem concerned with how are we doing and the chemistry within our departments,” said Hankey. “There are weekly memos that explain what is going on during the week at ESPN that is sent to all associates through email.”

When it comes to ESPN’s external audiences, they have managed to keep communication with them almost flawlessly. ESPN capitalizes on social media to keep in contact with their audience. Facebook and Twitter are always trending online and if you actually look at some of the comments by fans, ESPN will try to get back to some of the users. Not a lot of companies actually keep in contact with their viewers, a lot of the times their walls and pages end up as a bash page with no input by the company.

Ethical and Legal Considerations

There has been some criticism towards ESPN about some of their ethical issues through the past couple of decades. ESPN has been accused by many for being extremely bias towards a few teams and conferences. Most recently, there have been critics that have pointed out that ESPN covers conferences that they have deals with, like the ACC, more closely compared to other teams from conferences like the Big Ten who have deals with CBS Sports. A great example of this can be seen with ACC teams North Carolina University and Duke University. There is plenty of evidence on ESPN anchors being bias in their coverage of the two schools.

Another issue with ESPN also has to do with the organizations bias coverage of certain teams. Red Sox and Yankees games are common on Sunday, Wednesday, and Friday night baseball broadcasts on ESPN, this along with taking up the majority of the baseball coverage on SportsCenter and Baseball Tonight.

The recent Sandusky child abuse scandal at Penn State University stirred up a lot of moral and ethical issues within our society about the protection of our youth. During this scandal, sexual child abuse accusations came out about Syracuse University’s Assistant Basketball Coach Bernie Fine. ESPN was criticized for not telling the whole story when it came to a taped recording of Bernie Fine’s wife stating that she knew that her husband may have molested children. No reports were written on the ESPN Network about this video mainly because they were running numerous articles criticizing Joe Paterno for not taking action to the Sandusky Report; these reports would have been a conflict of interest.

ESPN also has to deal with anchors and broadcasters getting into trouble outside of the studios which causes public reputation issues. An example of this can be seen with ESPN NBA Commentator and former NBA All Star Jalen Rose. Rose was recently in the news for being arrested for driving under the influence. This was not Jalen’s first encounter with the authorities as he has been a repeat offender when it comes to getting into trouble. ESPN’s public image was damaged because he is such a well-known figure to the ESPN audience. Here is a statement released by ESPN off of Yahoo Sports.

*“ESPN is pulling Jalen Rose off the air after a report found the NBA basketball analyst waited almost three weeks to tell his employers about his arrest in Michigan on suspicion of drunk driving.”*

*"Jalen has accepted full responsibility for his actions. Both parties are taking this very seriously, and as a result, we've agreed that he will not be on our air while he addresses this situation," said ESPN spokesman Josh Krulewitz in an email to Game On! (Yahoo Sports, 2011)*

<http://sports.yahoo.com/nba/blog/ball_dont_lie/post/jalen-rose-pulled-off-the-air-by-espn-for-dui-controversy?urn=nba,wp800>