



How BCE Inc. Is Fighting Back for Sports Broadcasting Supremacy

Description

Bell Media, a division of **BCE Inc.** ([TSX: BCE](#))([NYSE: BCE](#)), is launching three new sports channels across the country today. It is expanding the TSN network from two to five stations, entitled TSN 1 through TSN 5. This presents the first major strike back by the company in terms of sports programming since the NHL's Canadian rights deal with **Rogers Communications Inc.** ([TSX: RCI.B](#))([NYSE: RCI](#)).

BCE has had some real success with its Bell Media division, which has been boosted further by its acquisition of Astral. Its portfolio of channels held 12 of the top 20 broadcasted programs in Canada during the spring, with four of the top five in the 25-54 demographic. On average, its CTV audience is 33% higher than its closest competitor, and its specialty channels' average ratings are 38% higher than its closest competitor.

While this looks impressive on paper, the growth of PVR use and streaming is pushing down advertising revenues. The culture of planning an evening around TV schedules is long gone, as now Canadians record and watch at their leisure, minus commercials. However, there remains one segment of the broadcasting landscape that has mostly escaped this phenomenon: sports. A vast majority of people prefer to watch sports live.

More than just a game

In 2013, BCE-owned TSN was the highest-grossing specialty channel in the country, raking in \$102 million. The second and third highest-grossing channels were Sportsnet, with \$56.8 million, and Sportsnet One, with \$34.7 million, both of which are owned by Rogers. This shows that there is still ample interest from viewers and advertisers when it comes to watching live sports.

The top two non-sporting channels were **Corus Entertainment Inc.'s** ([TSX: CJR.B](#)) YTV, which garnered \$44.1 million, and **Shaw Communications Inc's** ([TSX: SJR.B](#))([NYSE: SJR](#)) HGTV, with \$42.8 million.

In the last quarter, the Bell Media division earned \$722 million; this is up a whopping 40% over the same period last year.

Sports is a guiding light in an age of streaming

The date of BCE's expansion is no accident, as today is the beginning of the 2014 U.S. Open. With the availability of five channels of sports programming, tennis fans to have their pick of 300 hours of action. TSN is looking for this to become the norm in its sports offerings, allowing the viewer to make the choices rather than the producers.

This is very similar to the plan from Rogers to take out regional blackouts on hockey games, letting viewers watch any of the available games. This means that if you're like me and you are a Jets fan but live in Vancouver, you can enjoy more games per year.

By expanding to five channels, BCE is hoping to rake in better advertising revenues, offering up to five channels of viewership on a single event. This will also help the network better cover events from the likes of the CFL, the NFL, the NBA, golf and tennis majors, Formula One, auto racing, MLS, and European soccer.

Additional advertising revenue

One interesting piece of information first came out of an interview with the president of TSN back in May. The network will be filling its daytime, non-live event programming block with video feeds from Bell Media's allotment of sports radio stations. This gives the company the ability to double down on advertising revenue for its radio broadcasts.

The sports segment of Bell Media Radio is considerable, and helped the company remain Canada's largest radio broadcaster. It reached over 17.6 million listeners who spent 84.1 million hours listening per week. Now, with many of its regional sports radio stations going to video, it allows Bell Media to rake in advertising revenue from both forms of media.

CATEGORY

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