This sporting portfolio: A case study of English and Welsh domestic cricket

Abstract

The paper reviews the sources of income of the 18 domestic English and Welsh professional cricket teams, outlining a model to categorise the portfolio of products/services they offer. Analysis of the annual accounts of the professional teams and the governing body The English and Wales Cricket Board (ECB) reveal an industry that is heavily dependent on the broadcasting rights they collectively sell.

A large proportion of ECB income is passed in the form of grants to the domestic teams, who provide grounds and players for international teams. However, it is evident that these grants and matchday cricket incomes are insufficient to support the domestic teams. This has lead to the development of other products/services, particularly in conferencing and banqueting. Though they may be professional cricket teams their portfolio extends beyond the marketing of matches into other cricket and sporting activities and increasingly into non sporting activities such as pop concerts.

A call is made for the sport to develop and manage the portfolio as a way of marketing the sport in order to increase both income and interest in it. This needs to be co-ordinated by the ECB as the majority of the counties are small businesses with limited resources.
Introduction

The aim of the research was to outline a product/service portfolio model for the sport using information gathered from the annual accounts for 2009 season. The sources of income were examined and used as a basis to categorise the portfolio.

Cricket in England and Wales

Cricket in England and Wales is governed by the English & Wales Cricket Board (ECB) which was created in 1997. The ECB generate income through the proceeds of the staging of international matches, sponsorship, broadcasting and commercial activities that include the sales of merchandise. Broadcasting and media rights are sold collectively for all forms of domestic professional cricket. Turnover in 2009 was £114 million. (ECB, 2010) Set in the context of British sport in 2008/9 five English football teams each had turnovers in excess of this amount (Deloitte, 2010). The sources of income are illustrated in figure 1.

![Figure 1: Estimates of the sources of ECB income in 2009 (%)](image)


Grants are given by the ECB to the 18 counties who represent the highest level of the domestic game. In the 2009 season £35.4 million was paid directly to the counties and an additional £4.9 million was spent on the domestic game (ECB, 2010). In turn the counties provide the national team with its players and some of the counties grounds are used to stage matches. These are by far the most lucrative games, a five day test match against Australia can generate more than £5 million, and recent years has seen increased competition to stage international matches among the counties (Gilmour, 2009).

Unlike other team sports there is competition between international and domestic cricket as both play at the same time. In the 2009 season which runs from April to September the England team were scheduled to play for 47 days and this has an adverse affect on attendances (Paton & Cooke, 2005). Most international players are contracted to both the
national team and a county through the central contracts system, meaning that the appearances of national players for their county sides are severely restricted.

**Figure 2: The flow of income in English cricket for season 2009**

**Sources** ECB (2009) and County annual reports for 2009

The counties are heavily reliant on the ECB but since the successful introduction of the twenty20 format of the game this seems to have decreased (Hyde & Pritchard, 2009). A previous study by Shibli & Wilkinson-Riddle (1997 & 1998) showed that grants accounted for between 30-36% of income in the early 1990s, as against 27% in 2009.

Figure 2 illustrates the low percentage of income that comes from paying spectators, the core product of team matches. This financial model of a low reliance on match income is not unique to cricket. For the corresponding season the top Italian and French football clubs all receive less than 20% of their turnover from matchday income (Deloitte, 2010). This though leads to an over reliance on broadcasting income, it constitutes over 50% of the ECB income and a loss of this would be disastrous for both the ECB and the counties.

The percentage of ECB grants as a share of total income for the 18 counties range from 73 to 12%, for four of the counties this account for over 50% of their income. The counties who rely less on grants gain most of their income from staging international matches. What is evident from figure 2 is that most of the income comes from commercial activities (which includes the staging of international matches as the counties have to bid for these). A review of the annual accounts show that many have developed other products/services and their portfolios extend beyond staging matches.
This has undoubtedly been driven by the small size of the cricket industry and the lack of matchday income (Gibson, 2010; Mintel, 2006; Paton & Cooke, 2005). Those who do not stage international matches are funded on what Andreff & Staudohar (2000) define as the traditional model of sports finance with income derived from spectators, subsidies and sponsors at a local level (SSSL). Only those counties who hold international matches have been able to attract national and international spectators and sponsors (Smith, 2009). Garrahan & Owen (2005) observed that a number of the counties have diversified into non cricket activities such as conferencing and banqueting. Paul Russell the Chief Executive of Glamorgan is quoted as saying that you cannot make money out of county cricket. The portfolio can be illustrated in a typology, see table 1

Hampshire, the only county with PLC status acknowledge this approach in its vision statement (Rosebowl plc, 2010). They aim “to be an iconic international venue hosting cricket, entertainment, leisure and business”. New developments including a golf course and a hotel illustrate additions to their portfolio.

**Table 1 The portfolio of products/services of the domestic cricket counties**

<table>
<thead>
<tr>
<th>Portfolio</th>
<th>Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Matches</td>
<td>Membership/ gate receipts</td>
</tr>
<tr>
<td></td>
<td>Broadcasting /sponsorship</td>
</tr>
<tr>
<td></td>
<td>Programmes/hospitality/ food &amp; drink/car park</td>
</tr>
<tr>
<td>Cricket related product/services</td>
<td>Coaching /indoor schools</td>
</tr>
<tr>
<td></td>
<td>Retail shop</td>
</tr>
<tr>
<td></td>
<td>Equipment hire</td>
</tr>
<tr>
<td>Sport related product/services</td>
<td>Sports &amp; fitness clubs</td>
</tr>
<tr>
<td></td>
<td>Sporting clinics (e.g. physiotherapy)</td>
</tr>
<tr>
<td></td>
<td>Staging other sports (e.g. Golf, boxing)</td>
</tr>
<tr>
<td>Non sport related product/services</td>
<td>Conferencing &amp; banqueting</td>
</tr>
<tr>
<td></td>
<td>Hotels</td>
</tr>
<tr>
<td></td>
<td>Music concerts</td>
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</tbody>
</table>

Jobber (2010) argues in a generic context that portfolio planning is necessary to make decisions on resource allocation and which products/services to build/hold/harvest/divest. In a sports marketing context it is different because it is unlikely a professional sports team would divest its core business of matches. However, in most professional sports it becomes increasingly necessary to adopt a portfolio approach because the industry makes insufficient income from matches and broadcasting alone to support professional teams. Though no evidence is offered here extending the portfolio may also help market the sport and increase interest in it.

All of the counties have developed their portfolios, on average domestic games account for only 17% of their income. However, there is little evidence of a co-ordinated approach across the sport and as only four of the counties turnover exceeded £10 million in 2009, the majority are constrained financially and may not have the expertise to move into non sport related areas. This is illustrated by Kent who lost heavily in 2009 on their venture into music concerts.
Further research

The research has been conducted without speaking to the cricket counties. The next stage will hopefully involve interviews with their commercial managers to investigate the way that they have adopted a portfolio approach in order to survive as a professional sports team.

References


Gilmour, R. (2009) Grounds, the Wisden Cricketer, October, 16.


