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What can be learnt from failures in the sports media business?

A case study of the Mediapro crash in football media rights in France

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Abstract:

Several bankruptcies have occurred in sports media related to overinvestment in football. This research aims to contribute to the extension of the literature on such failures through a further study of business models. This article consists of a case study about Mediapro's arrival in the French sports broadcasting rights market and its rapid downfall. The theoretical framework is based on the concepts of winner's curse and business model, and a detailed review of cases of bankruptcy in sports media. The results of this study demonstrate that the winner's curse is not only the result of the auction process but also the consequence of an unsustainable business model.

Keywords: Media – Business model – Winner's curse – Bankruptcy – Football

Introduction

Sport constitutes one of the major products of the media business. Both industries have influenced each other, so that some business models in sports and the media can be considered interdependent, a phenomenon far from new (Andreff et al., 1987). Moreover, both markets are

similarly facing a lot of uncertainties (Wolfe et al., 2005; Murschetz et al. 2020). Television is facing the challenge of the digital revolution and the associated changes in media consumption (Pedersen, 2017; Oliver, 2018). Understanding the transformation of sports media demand is a critical challenge in implementing a successful business model (Karg et al., 2019). Sports premium rights are crucial products of media business strategy because of their attractiveness to consumers. Several pay-TV channels have massively relied on sports premium rights to build their business models, such as Sky in the UK, Canal+ in France, and Mediaset in Italy. Since then, the level of turnover of media companies (Scelles et al., 2020) and the competition to acquire these rights have massively increased. Such competition has brought particular attention, questioning a potential winner's curse in the football broadcasting rights market (Feuillet et al., 2019). For Thaler (1988, p. 192), there are two ways to be considered a cursed winner: *“(1) the winning bid exceeds the value of the tract, so the firm loses money; or (2) the value of the tract is less than the expert's estimate, so the winning firm is disappointed.”* Securing premium TV rights is costly for companies, which raises concerns about the rationale of the business model behind these massive investments. A business model can be defined as an *“articulation between different business model components or ‘building blocks’ to produce a proposition that can generate value for consumers and thus for the organisation”* (Demil & Lecocq, 2010, p. 227). However, there is a lack of research focusing on the business model approach to understand failures in the sports media market, despite several important cases.

In this study, two research questions are addressed: (RQ1) How does the auction system used to commercialise media rights shape a potential negative externality called the winner's curse? (RQ2) How can the business model approach complement the economic approach to media failure? The present study aims to contribute to the literature on the winner's curse by focusing on the winner's business model and not only the auction process. To do so, we

compare Mediapro's case with previous occurrences of sports media failure to identify potential (dis)similarities and discuss them.

To respond to these questions, the specific context of the French broadcasting rights market for men's football seems of particular interest. The default payment of Mediapro in France offers an emblematic case to understand the risks associated with investments in sports. This is because it led to a shortfall of earnings of more than €2b for French football clubs. Furthermore, public access to auction results and direct stakeholder hearings is uncommon. Besides, despite several cases of bankruptcy in Europe, almost no studies have made an extensive analysis of such events.

The rest of the paper is structured as follows: The theoretical framework presents the historical bankruptcy cases in football media, before shortly reviewing the literature on the winner's curse and media in sport, introducing the concept of business model and linking it to the media, and ending with the evolving demand for sports media. Then, the methodology is described with the case study approach and the data collection. The results are provided, relying first on an economic framework of seven variables leading to the winner's curse. Secondly, we demonstrate the inconsistency in the business model of Mediapro. The discussion reminds major findings, compares them with previous literature to highlight our contribution, provides managerial implications and the limitations of the study. The last section concludes.

Theoretical Framework

Cases of business failure in the sports media rights landscape

In the literature, different examples of the winner's curse in sports media have been briefly analysed. ITV Digital and Setanta in the UK, KirchPayTV media in Germany, Sport7 in the Netherlands, Stream ant Telepiù in Italy and Alpha Digital Synthesis in Greece (Smith et al.,

2016; Evens & Smith, 2022). Other examples are added with Arena Television in Germany and Quiero TV in Spain.

UK market

ITV Digital signed a 3-year contract worth a total of £315 million to broadcast the Football League seasons 2001 to 2004 (lower divisions of English football). The previous contract owned by Sky was worth only £30m per season, which shows major inflation (Butler & Massey, 2019). ITV Digital failed to meet its breakeven point of 1.7m subscribers, with only 1.2m after one year (Emery & Weed, 2006). In addition, technical issues were reported (Iosifidids, 2006). The Football League did not obtain financial guarantees from ITV Digital's shareholders (Szymanski, 2012). ITV Digital collapsed in March 2002, leaving many Football League clubs in financial despair (Scelles et al., 2020).

Setanta entered the English Premier League market in 2007 thanks to new EU rules relating to competition regulation that led to the unbundling of rights packages (Butler & Massey, 2019) and a reduced number of years of exclusivity (Smith et al., 2018). Thus, Setanta was the first competitor for Sky in the UK since the creation of the Premier League. It obtained 42 of the 138 matches, but the premium packages remained in the hands of Sky (Dobson & Goddard, 2011). With low subscriber recruitment, high fixed costs, and an abyssal debt of €250m (Independent, 2013), Setanta UK went into administration two years into its contract with the English Premier League. The economic recession may also have played a role in the failure of Setanta UK.

German market

KirchPayTV went into administration in 2002 just after the bankruptcy of its main subsidiary KirchMedia. Kirch, a giant media group, disappeared with massive debts, notably due to unprofitable investments in football (Solberg, 2006b). Indeed, Kirch had invested €2.3b jointly

with ISL to get the rights for the men's football World Cups 2002 and 2006, a six-times increase compared to the price of the three previous World Cups (Horne & Manzenreiter, 2002). Kirch overestimated its capacity to resell the rights to national free-to-air broadcasters (Rowe, 2004). Arena Television tried to challenge the pay-TV channel Premiere by offering € 250 million per season to air Bundesliga 1 and 2 from 2006 to 2009 (Dietl & Hasan, 2007). After one year, Arena Television sublicensed its rights to its competitor Premiere for the next two seasons. From the end of 2006 to the first quarter of 2007, Arena Television made massive losses (Manager Magazin, 2007). They were unable to attract a sufficient number of subscribers despite attractive prices. Interestingly, Arena Television was not the highest bidder. Indeed, Premiere offered €280m but lost the auction due to qualitative criteria (Dietl & Hasan, 2007). This may not be a case of a winner's curse according to the auction outcome but could be explained by the structure of the German broadcasting market in which public free-to-air channels are important players.

Spanish market

QuieroTV started to operate in 2000 and aimed to compete with pay-TV channels by investing in new services such as interactive offers between customers (Candel, 2008). Technical issues, high subscription costs, underestimation of investments, and a lack of subscribers (Mundoplus, 2022) leads QuieroTV to bankruptcy in 2002. The abrupt arrival of QuieroTV in a competitive market with high investments and the lack of support from their shareholders are likely explanations for such failure. QuieroTV's competitors in the digital satellite market, Canal Satellite and ViaDigital, decided to merge their platforms to reduce the investment costs associated with their investments just after QuieroTV's departure (Iosifidis, 2002).

Italian market

Telepiù, created in 1990, was the first pay-TV group in Italy. They challenged the public channel RAI in 1994 to broadcast Italian football before StreamTV entered the Italian market. StreamTV was launched in 1996 and started to compete with Telepiù in 1999 for Italian football, a battle that shaped the broadcasting system in Italy (Bellavita & Colombo, 2002). Due to technical issues of interoperability between set-top boxes and a lack of cooperation between rivals, Italian football fans suffered from the competition in place. As Italian clubs sold their rights individually in these periods (Poli, 2000), Italian consumers were forced to possess two set-top boxes of Telepiù and Stream, if they wanted to watch all Italian football content (Gardini & Galperin, 2005). It resulted in \$300m and \$200m losses for Telepiù and StreamTV respectively in 2002 (Solberg, 2006a). Financial difficulties led Vivendi (owner of Canal+) to sell Telepiù, resulting in the creation of Sky Italia in 2003, a merger of Telepiù and StreamTV (Iosifidis, 2006).

Dutch market

Sport7 started to broadcast football matches of the Dutch Eredivisie in 1996 on the initiative of important shareholders such as Philips and ING associated with the Dutch football federation (KNVB). Dutch football was traditionally broadcast on the Dutch Public Broadcasting System (PBS) but the KNVB decided to discontinue the bidding process to create a venture owning Sport7 (Sminia, 2003). Sport7 paid a total of fl1.04b for seven years compared to fl900m from competitors. The legal opposition of PBS and the Feyenoord club against Sport7 put pressure on the venture. Moreover, the new pay-TV channel was dependent on the cable network. The business model of the cable operators was to charge pay-TV to give access to their network, while the venture wanted to have free access to the cable system and let consumers pay for additional content (Sminia, 2003). These issues put Sport7 in financial trouble, with fl100m losses in just four months, leading to the closure of the channel in December 1996 (Solberg, 2006b).

Greek market

Alpha Digital Synthesis started to compete at the end of 2001 with Nova, which was already running an unprofitable business since 1999 (Iosifidis, 2006). Alpha Digital Synthesis offered €72m to broadcast 10 of the 16 Greek championship clubs, while Nova had paid €44m to broadcast all clubs in the previous period. Alpha Digital Synthesis did not reach its subscription objectives to be financially viable and quickly closed its channel in 2002. According to Iosifidis (2006), the low level of subscriptions, the problem of interoperability between Nova and Alpha Digital decoders, and the level of capital required for pay-TV channel led to its failure.

The winner's curse and media in sport

European sports leagues use auction mechanisms to allocate sports TV rights (Solberg, 2006a; Andreff, 2014). Therefore, the winner's curse theory is relevant for analysing this market. Seven indices of the winner's curse have been identified in the sports broadcasting market (Andreff, 2014; Feuillet et al., 2019): a very swift increase in rights fees; financial loss; post-bid bankruptcy; too many unknown and uncertain details about the date, the place, and the participants; outbidding newcomers increasing aggressive competition on the demand side; television rights re-packaging; disappointment. Suffering from the winner's curse due to investment in sports may impact other media such as investments in movies and TV shows. If the winner's curse plays an important role in the failure of a sports media company, the business model may also have an impact as the cases presented above indicates.

Business model and media

The components of the business model can be approached by the RCOV model composed of the interconnection of resources and competencies (RC), organisation structure (O), and the value proposition (V) (Demil & Lecocq, 2010). These elements determine the structure of an

organisation's revenues and costs. The difference between revenues and costs constitutes the margin that determines the (un)sustainability of the business model.

The use of the business model literature helps to understand the importance of the business ecosystem (Moore, 1993). Kostovska et al. (2021) identify three levels of the media ecosystem: the first level is the "ecosystem orchestrators" (direct suppliers and distributors), the second is composed of the immediate environment of the firm and the third consists of actors at distance from the firm. In this regard, the relationship with stakeholders is decisive in building a sustainable business (Demil et al., 2018) and the lack of cooperation between stakeholders can provoke business failure (Ozcan & Santos, 2015). The winner's curse theory and the business model approach can be complementary, with a microanalysis about the consequences of the auction outcome and a mesoanalysis through the business model framework (Warnier et al., 2004). In particular, this complementary can be used to study the media which constitutes a rich business research field as the industry has known fast-moving transformation in their business model (Fagerjord & Kueng, 2019; McPhillips & Merlo, 2008). These transformations raise many issues regarding public policy adjustments to innovation (Biggam, 2015) or the fit between consumer needs and existing value propositions.

Evolving demand for sports media

Since the rise of the digital platform in the 2000s (Maes, 2019; Scelles et al., 2020), the consumption of media has shifted towards the empowerment of consumers (McPhillips & Merlo, 2008). This has led to more volatility in consumption and less willingness to pay for expansive and rigid offers. As fanatic sports fans are mostly middle-aged men (Oh & Kang, 2022), the switch of platforms is less likely to occur for this segment of consumers due to more inertia and consumer habits (Evens, 2010). Compared to other industries, there is a high level

of uncertainty about the success of a media product, notably due to the high level of supply from which the consumer has to choose (Picard, 2005). The large diffusion of content through legal or illegal platforms has also disrupted the media right-of-way on content. The heterogeneity of sports consumers (Karg et al., 2019) between early and late adopters (Rogers et al., 2014), for example, has increased the complexity of implementing innovative formats coupled with the fragmentation of devices to consume media (McPhillips & Merlo, 2008).

Material and Methods

The study focuses on the case of Mediapro in France from 2018 to February 2021; and the closure of the channel ‘Telefoot’ launched by Mediapro.

Methodology

Overview A three-step analysis is applied, starting with (1) a description of the specific context that leads Mediapro to enter the French market for football media rights, (2) an in-depth analysis of the auction results and consequences by evaluating the indices of the winner’s curse, and (3) a breakdown of the Mediapro business model based on the RCOV model to understand its inconsistency.

Case study approach. The purpose of this case study (Eisenhardt, 1989; Yin, 2014) is to analyse Mediapro’s failures in the French broadcasting rights market from its arrival in May 2018 to the closing of its channel in February 2021. Our level of analysis is the firm with a focus on its strategic behavior such as decision-making. The case study approach can be helpful to connect theoretical concepts and tell, in the words of Dyer and Walkins (1991, p. 618), “*good stories that have theoretical import*”. The framework of the case study (Annex 1) and the research procedure (Annex 2) are provided in the annex.

Contextualisation. Ambrosini and Bowman (2010, p. 37) state that in a firm resources study, “*their context and how they were created or renewed in practice requires fine-grained investigations*”. Gibbert et al. (2008, p. 1467) note that ‘*case studies seek to study phenomena in their contexts*’. The context specific to the case of Mediapro is provided in the results section. The first part of the results is dedicated to describing the entry of Mediapro into the sports media landscape from 2006 in Spain until they attempted to reach the Italian market in 2018.

Data collection. Secondary data was collected to prove how Mediapro suffered from the curse and why its business model led to its premature departure from France. Various data were used to triangulate available information: official reports, credit rating agencies, national/economic press, media press, and sports press. Moreover, Assemblée Nationale (French National Assembly) hearings (2021a, 2021b, 2021c, 2021d, 2021e) help to understand the point of view of the main stakeholders involved. This documentation was also used to contextualise the case study, supported by research articles. A full list of the documentation used is provided in Annex 3.

Results

This section provides an in-depth case study of Mediapro's arrival and failure in the French football TV rights landscape. The results are presented as follows: contextualisation, economic diagnosis, and strategic diagnosis.

Context of the case study

Spanish market. Mediapro's main entry into the sports broadcasting rights market dates back to 2006 in Spain. At that time, Sogecable (Digital+) was in a monopoly as a satellite pay platform (De Moragas et al., 2013). Mediapro convinced some LaLiga clubs to sign with it (individual

clubs' sales of broadcasting rights back then), including FC Barcelona and Real Madrid (De Moragas et al., 2013). Mediapro relied on an aggressive strategy to compete against Sogecable, with more and more clubs signing with Mediapro. This led to jurisdictional conflicts between both entities. Eventually, Mediapro broadcasted its premium free-to-air rights on its channel in 2007-2008. Mediapro created its pay-TV platform (GolTV) with the authorization of the Spanish government but the Mediapro's TV rights subsidiary was reported bankrupt in 2010, notably due to the court decision that sentenced Mediapro to pay important damages mostly to Sogecable (Maes, 2022).

From 2008, Mediapro held an important position in the Spanish media market (Alcolea-Díaz & García-Santamaría, 2019). GolTV closed as a pay-TV channel in 2015. BeIN Sports replaced it thanks to a joint venture between Al Jazeera and Mediapro that lasted until 2019. Mediapro operated the BeIN Sports channel through a central pay-TV platform such as Movistar (Telefonica), Vodafone, and Orange (Sportpromedia, 2018b). For the auction of the 2019-2022 rights (LaLiga, 2018), Mediapro did not acquire any premium rights, obtaining only free-to-air highlights and rights for bars and restaurants. Thus, Telefonica established a dominant position shared with DAZN (LaLiga, 2021). Mediapro remains in charge of the international broadcast rights of LaLiga until 2024 (La Liga, 2018).

Italian market. Mediapro acquired the Serie A TV rights in 2018. SkyItalia immediately disputed the result, arguing that Mediapro was not an 'independent intermediary' (Sportpromedia, 2018a), as Mediapro planned to directly resell its rights and broadcast the league on its channel (ESPN, 2018). Consequently, the court of Milan rejected Mediapro's deal in 2018, for breach of antitrust rules. The court argued that Mediapro was in charge of 'editorial responsibility' and abused a dominant position that could harm consumers (ANSA, 2018). Furthermore, Mediapro failed to provide the one billion euros in bank guarantees requested by

Serie A, leading to the official decision of the clubs to cancel the deal (Capital, 2018). Mediapro took a chance on the next period of Serie A rights (2022-2024) by offering a reported €1.3b per season (Forbes, 2019), before being once again rejected in favour of DAZN and SkyItalia, an offer which reached €927.5m.

French market. At the auction organised by the French Professional League (LFP) for the 2020-2024 seasons, LFP's objective was to reach the one-billion threshold. LFP attributed the Ligue 1 packages to Mediapro, BeIN, and Free for €1.162b. Competition between broadcasters was perceived to be at its peak notably because of the fragmentation of the offer.

Winner's curse applied to Mediapro

Bidding details. The auction was particularly sophisticated so uncertainty and pressure were at their maximum. Peculiarities include the sequential process, with lots being attributed one after the other with 15 minutes to make an offer. Moreover, bidders were not able to communicate and not aware of the winner for each lot. Also, for the first time in France, the winners of each lot were able to sublicense their rights. The first lot awarded was lot 1 (Table 1), which is the most critical. Not knowing who had won this lot, Canal+ decided to 'scuttle' the tender so that it would not reach the overall reserve price of €800m for lots 1, 2, and 3 by offering bids of €10m for lots 2 and 3 (Assemblée Nationale, 2021e).

Table 1: Results of the Ligue 1 auction in 2018

Lot n°	Details of Lot	Lots awarded to	Mediapro offers	Canal+ offers	BeIN offers
1	Matches of Sunday	Mediapro (€330m)	€330m	€262m	€100m
2 *	Matches of Friday and Saturdays	Mediapro (€250m)	€160m	€10m	€100m
3 **	Matches of Saturday and Sunday	BeIN (€332m)	No offer	€10m	€142m
4	Matches of Sunday and Multiplex Sunday	Mediapro (€190m)	€190m	€170m	No offer
5	‘Trophée des Champions’ and Multiplex matches n° 19, 37, 38. Ligue 1 play-off matches	Not attributed (reserve price not reached) ***	No offer	€2m	€5m
6	Near live (mobile highlights)	Free (€42m)	No offer	€41m	No offer
7	Ligue 1 ‘magazines’ of Tuesdays and Thursdays	Not attributed (reserve price not reached) ***	No offer	€2	€7m

Sources: Assemblée Nationale (2021f, p. 54, 59-61), L’Equipe (2019; 2020)

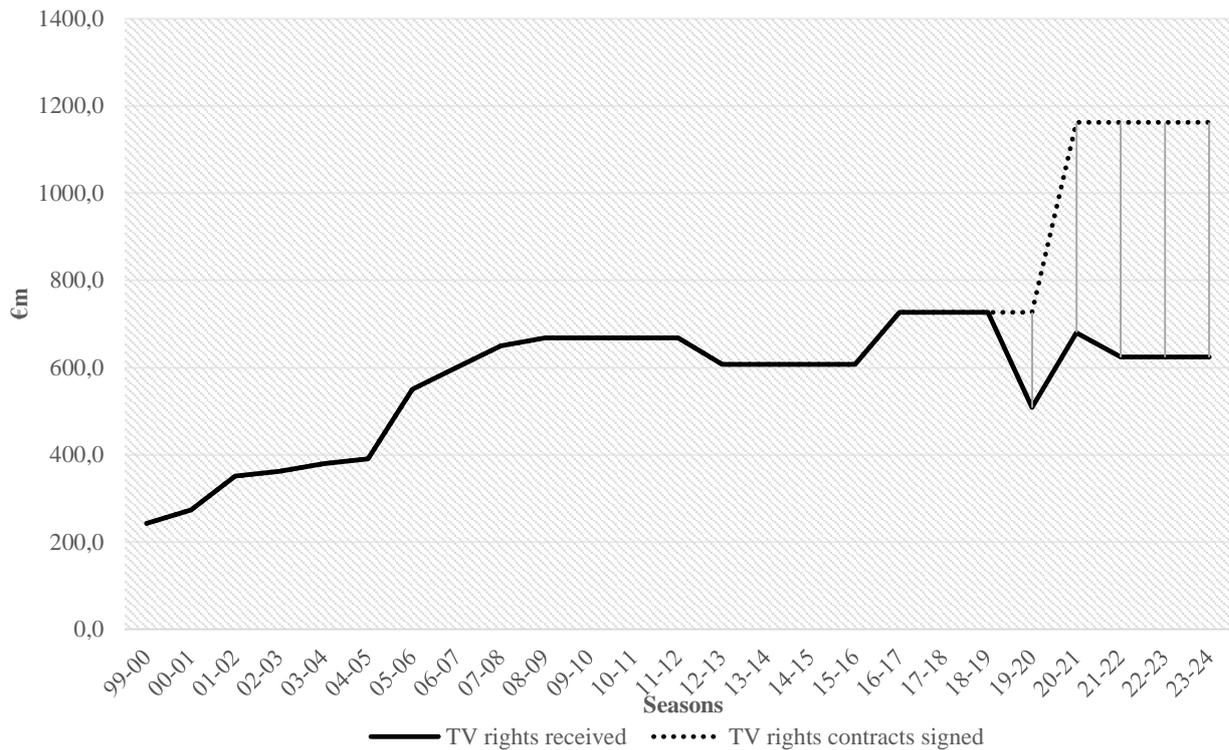
Indices of the winner’s curse. Mediapro can be considered a spectacular example of a winner’s curse. Mediapro obtained 80% of the French Ligue 1 matches for a sum of €788m, the other 20% being attributed to BeIN Sports for €330m. The case of Mediapro fits the indices of the winner’s curse detailed below:

- a very swift increase in rights fees: a 62% increase in Ligue 1 rights from 2016-2020 (€726.5m/year) to 2020-2024 (€1.162b/year) (Figure 1);
- outbidding newcomers: Mediapro was a new entrant in the French market and had to start from scratch in terms of the number of subscribers; Their main competitors during the auction were Canal+, the historical broadcaster; and BeIN Sport, a recent entrant.
- television rights re-packaging: The number of lots (seven) was just above that of the previous auction (six). The content of the lots differed only in the fact that candidates bid first on time slots before selecting their match choices.
- too many unknown and uncertain details: the early termination of French football decided by the French government at the beginning of the Covid pandemic; the late creation of the channel ‘Telefoot’ in the summer of 2020 and late distribution deals

with the Internet services provider.

- Financial loss: Moody's Rating Agency (2020a, 2020b, 2021) on Mediapro, from B1 (highly speculative) in early 2020 to B3 (highly speculative) in April 2020 then Caa1 (substantial risks) in October 2020 and Caa2 in November 2020 (extremely speculative);
- post-bid bankruptcy: the Commercial Court of Bobigny pronounced the judicial liquidation of Mediapro Sport France on November 20th, 2021 (Capital, 2021); the curse on Mediapro was the result of its specific financial fragility and the non-bailout of its major shareholder Orient Hontai Capital;
- disappointment: according to Capital (2021), during the hearing at the Commercial Court of Bobigny, Julien Bergeaud, the managing director of Mediapro France, rejected responsibility and blamed 'Covid-19', 'Canal+' for the abuse of their dominant position, and 'government and public authorities for their inaction against illegal streaming'.

Figure 1: Domestic TV rights of the Ligue 1.



The micro-level of analysis confirms the winner’s curse endured by Mediapro on its determinants (swift increase in rights fees, new entrant in the French market, television rights re-packaging, and uncertain details linked to the value of the product) and consequences (financial losses, post-bid bankruptcy, and disappointment).

Mediapro’s business model inconsistency in France

The Mediapro business model is detailed below using each component of the RCOV model. Structures of revenues and costs are also detailed to demonstrate their level of disequilibrium.

Resources and competencies. Mediapro’s core business came from its marketing agency activities (e.g., LaLiga international TV rights) and production of content (e.g., TV shows, movies). Mediapro externalised its market research to a French consulting firm. Financial resources are critical to support costly investments in an activity characterised by high fixed

costs and uncertain revenues (Solberg, 2006b). In this regard, the support of Mediapro's main shareholder was uncertain.

Organisational structure. On the supply side, Mediapro was keen to resale at least a substantial part of its rights to competitors. Nobody was interested in acquiring them at the prices asked by Mediapro. This is because major telecommunications players were disappointed by their previous overinvestments in football broadcast rights (Orange, RMC Sport). As a result, the Mediapro channel was inaccessible to approximately 20 million of Free, Orange, and Canal+ subscribers at the start of the season (Assemblée Nationale, 2021e). No deal was concluded with Canal+, which deprived Mediapro of approximately four million consumers.

On the demand side, Mediapro started from scratch in the context of supply fragmentation and the downgrading of payment consent. This might explain why the main French Ligue 1 event Olympique de Marseille versus Paris Saint-Germain was reportedly more followed through illegal streaming (500,000 viewers without IPTV) than on Telefoot (420,000 viewers) (L'Equipe, 2022).

Value proposition. Mediapro proposed a 100% football thematic channel. Their offer was first on their own OTT platform channel, 'Telefoot'. It included the content of Ligue 1 and Ligue 2, the Champions League, and the Europa League. The introductory offer was €25.90 / month or €29.90/month without obligation. The price for Telefoot plus Netflix was €29.90/month. The Telefoot channel was also distributed non-exclusively through major Internet providers and available on the App Store of Apple.

Structure of revenues. Mediapro aimed to attract 1.5m subscribers in the first year with an objective of 5m in 2023, and a break-even point between 3-3.5m (Assemblée Nationale, 2021d).

Telefoot had only 480,000 subscribers three months after its debut. Mediapro wanted ‘minimum guarantees’ from distributors above €100m (Capital, 2020) which were refused (Assemblée Nationale, 2021d).

Structure of costs. Ligue 1 rights for Mediapro were at €798m per year, with the following costs to be added: €34m per year for Ligue 2 rights; €175m paid to RMC Sport for co-broadcasting European Cups for 2020; €5m paid per year to TF1 Group to use the ‘Telefoot’ brand (Capital, 2020); Production, marketing costs, and salaries were estimated between €50m and €150m. Thus, Mediapro's total costs for the sole 2020-2021 season were projected to be at least €1.1062b (LesEchos, 2020).

To sum up, Mediapro tried to enter a market that was not its core activity by investing a total amount that was way above its annual turnover. The relationships with external stakeholders were a massive issue, which undermined the ability to quickly reach a sufficient number of potential consumers. The value proposition was not sufficiently idiosyncratic to have a competitive advantage. The comparison between revenues and costs highlights the reasons leading to the prompt meltdown of Mediapro.

Discussion

Major findings

This paper aimed to understand the reasons leading to the failure of a business model in the media. The recent case of Mediapro in France was developed, adding to historical cases of bankruptcy in the industry. The findings confirm that Mediapro suffered from all seven indices of the winner’s curse identified in previous research. The details of the auction confirmed that the winner’s curse is more likely to occur for the second mover (Feuillet et al., 2019). Also, the

study of the Mediapro business model shed light on its major inconsistencies leading rapidly to financial difficulties. Although Mediapro's core business is not to run a channel, its journalistic quality was not questioned. Furthermore, the overall package offered with the main national football rights and the Champions League associated with Netflix was certainly attractive. Nonetheless, it lacked idiosyncrasy and the price that could have triggered a change in consumer habits. Mediapro's strategy was certainly to resale at least a large part of its rights, consistent with its historical core business as a marketing agency. This was ultimately not a relevant strategy in this specific market with a dominant actor Canal+ and market trends showing the difficulties of such activities (MP&Silva liquidation in 2018). This may echo what happened in the music industry where the inflexibility of mental models (Wikström, 2009) led some actors to be unable to adapt their business models to the transformation of their environment shifting towards subscription-based streaming (Small, 2012). Mediapro may have lacked dynamic capabilities (Rosenbloom, 2000; Teece, 2007; Maijanen & Virta, 2017. Tripsas & Gavetti, 2017) while also having to consider the fast-moving transformation in the media industry. The results confirm that the winner's curse is not only the consequence of irrational behaviour (Nelson & Winter, 2002) during the auction but also the outcome of an inconsistent business model leading to a rapid downfall.

The findings extend the literature on the winner's curse, which is more focused on the economic consequences of the auction than the management of the business model. Ultimately, Mediapro may have applied the greater fool theory (Maes, 2019) in its failed attempt to resell at higher prices the Ligue 1 rights. Overall, this case shows the importance of being a platform in the media business strategy (Evens, 2010). It might explain why the relationship between Canal+ and Mediapro was decisive in building a sustainable business model. This can illustrate the 'media ecosystem' in which Mediapro failed to satisfy stakeholders at the first level of the media ecosystem proposed by Kostovska et al. (2021). The concept of coopetition may be

relevant to further study the importance of networks in a crowded market (Daidj & Jung, 2015; Feuillet & Scelles, 2022) with fierce competition to create successful businesses (Küng et al., 2008).

Comparison with previous cases and contribution

The comparison between historical cases of bankruptcy in football media and the Mediapro case strikes several similarities between media companies that have failed to build a sustainable business model. This helps to suggest several additional endogenous and exogenous indices of the winner's curse that could enrich further analysis.

Regarding endogenous indices, there have been several cases of companies using a high level of borrowing combined with high debts such as Mediapro when investing in football. The limited turnover of certain companies compared to the millions invested to acquire football rights is also a potential index to look at. The ability to sustain important losses at the start is important, meaning the uncertainty surrounding shareholder financial guarantees in such cases might indicate potential failure. The arrival in the crowded pay-TV market might indicate high risks of failure. Relationships with external stakeholders are of significant importance. Hence, the relationships with rights owners (league, federation, football clubs), consumers (price positioning), and suppliers (satellite operator, internet distributor) are decisive. Mediapro did not reach the level of cooperation needed in its ecosystem, similar to Sport7 in the Dutch market.

Regarding exogenous indices, negative demand shocks caused by economic crises may be a factor in the winner's curse. Another exogenous factor may be a new regulation (e.g., the no-single-buyer rule), which can play a major role in creating competition artificially. This has been questioned, particularly for its potential negative impact on consumer welfare (Butler & Massey, 2019). The decision to individually or jointly sell club media rights is also important to consider. It has played a role in the arrival of new competitors in the Italian and Greek

markets. Finally, innovation is of strategic interest. A bid on mass diffusion of innovation to propose a new platform may indicate a winner's curse. It had an impact at the beginning of the 2000s in Italy and Greece when satellite television started to be implemented.

Managerial implications

Risk management protocols such as an economic threshold might be helpful for rights owners before organising a call for tender. Qualitative criteria in France counted for only 10% of the evaluation of the offers, of which only 1% was for guarantees (Assemblée Nationale, 2021e). These criteria should be more decisive, especially the visibility of the product and the level of guarantees. The CEO and president of the LFP were rewarded with incentive payments on the contract signed with Mediapro. This illustrates the principal-agent problem (Jensen & Meckling, 1976) where the agent (CEO and president) wanted to maximise their revenue at the potential risks of the principal (LFP).

The tender system is one of the leading causes of the winner's curse. Thus, direct negotiation with media partners and the extension of the contract period (currently four years maximum) are simple alternatives to avoid it. This would require changing the law at the European level, which makes it necessary to organise a call for tender (Assemblée Nationale, 2021e). An over-the-counter negotiation system could help media companies and rights owners to share the financial risk associated with massive investments. Rights owners should have more interest in the business model of their media partner(s).

This research provides broader implications for media in the era of digital transformation. First, a period of innovation seems more conducive to business failure in sports media. The introduction of satellite television at the start of the 2000s coincided with several cases of bankruptcy linked to investments in football. This could be due to the attempt of new

entrants to contest the first-mover advantages of early entrants (Feuillet et al., 2019). Access to free or cheap illegal streaming sites and devices (IPTV) is of particular concern, as it inevitably harms strongly the media return on investments. Although legal and technical responses are necessary to block or try to limit access to piracy, they are not sufficient. The bottom line is related to the willingness to pay for sports that has been impacted by the additional costs associated with the fragmentation of the offer. In this regard, the media business could be on the verge of its ‘Napster moment’ which revolutionised the music industry (Dennis et al., 2009; Maes, 2019). Subscription fatigue is also a factor when the content transits regularly from one broadcaster to another. In this era of platforms, exclusivity may not be as decisive as before (Kenney & Zysman, 2016) compared to the aggregation of content strategy (D’Arma, 2011). Moreover, the expansive battle for rights exclusivity appears to harm the consumer and limit potential profit maximisation. Thus, as argued by Evens (2010), if rights holders were willing to sell their rights without exclusivity, consumer access to content would be significantly better, and the competition between media would be focused on innovation about how to broadcast rather than who is willing to pay more in the auction. The price reduction of selling non-exclusive rights for rights holders may be compensated by negotiating incentive payments from media for additional subscribers.

Limitations

It is acknowledged that this research has three main limitations. First, the methodology of the case study may limit its potential generalisation. However, historical cases of business models in the football media landscape were reviewed to identify potential similarities with the current study. Second, secondary data were used for the analysis. The sources were triangulated, but the use of secondary data only has certain limitations. However, it must be noted that primary data such as interviews with key actors would have been difficult to arrange, as it is unlikely that such actors would have accepted to be interviewed. Additionally, such interviews

may have been redundant with the declarations of key actors identified in the secondary data. The period of the case study is also limited, considering the short duration of Mediapro's presence in France. However, the case was contextualised by looking at the activities of Mediapro in markets outside France since 2006.

Conclusion

The present study explains Mediapro's failure in the French market for football broadcasting rights by a mix of indices of the winner's curse and an inconsistent business model. As demonstrated in this paper, Mediapro failed to create a sustainable business model. For its part, the LFP failed to recognise a potential financial threat in Mediapro's arrival. Yet, several indices should have worried the LFP back in 2018. The solvability of Mediapro in France was only contingent on the potential bailout from its new Chinese shareholders (Orient Hontai Capital), which never happened. The absence of substantial guarantees and the historical habits of Mediapro to take legal actions should have alerted the LFP. Therefore, 91 Mediapro France (production) and 57 Mediapro Sport France (Telefoot channel) employees lost their job, and the finances of French clubs were impacted even if the state-guaranteed loan and social contribution exemption during Covid-19 massively helped clubs in the short term (Terrien & Dufau, 2020). The tension between the LFP and the historical broadcaster Canal+ may have precipitated the former to look aggressively for another broadcaster despite the associated risks.

Further research is necessary to describe the dynamics of media transformation, notably in sports, where they are still scarce. The accelerated shift in consumption patterns generated by the health crisis might be an interesting avenue for research, even if live sports remain important for TV networks (Fudurić et al., 2020). Longitudinal studies over several decades could also be relevant to understanding the success of some media business models in sustaining their competitive advantages. Consumer access to the product should probably be at the heart

of future research. It can raise research questions about the distribution or the price to fit consumer expectations.

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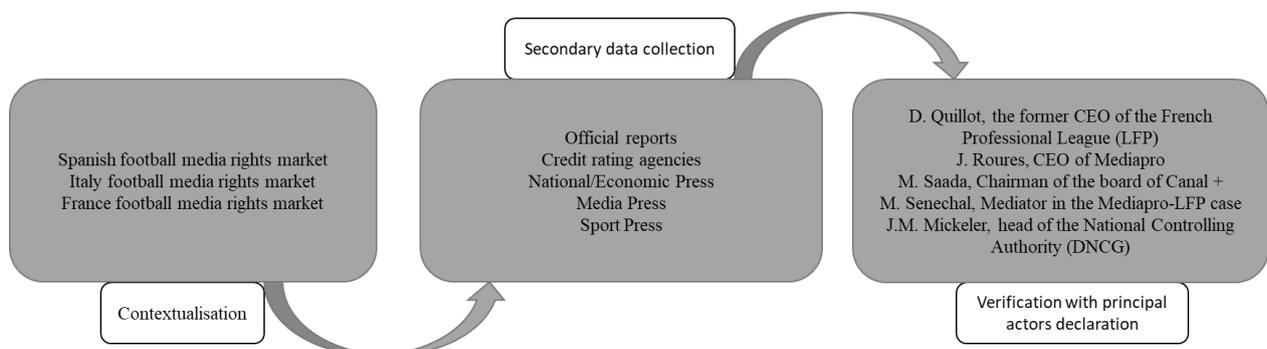
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Annex 1: Framework of the case study validity (adapted from Gibbert et al., 2008)

Criteria of validity	Details of criteria (Gibbert et al., 2008, p. 1467)	Framework for the case study
Internal validity	Causal relationships between variables and outcomes	(1) Verification of seven variables (indices) proposed in the literature leading to the winner's curse (Andreff, 2014; Feuillet et al. 2019; Thaler, 1988). (2) Exhibit of the business model of Mediapro based on RCOV model (Demil & Lecocq, 2010)
Construct validity	Data triangulation Review of transcripts and draft by peers	(1) Secondary data were collected (government reports, official reports, economic reports, actors' hearings, credit rating agencies) to triangulate information with notably different types of press articles (national/economic press; media press; sport press) (see Annex 2). (2) The contextualisation and the review of European precedent cases relies on peers' research papers,
External validity	The rationale for case study selection Details of the case study context (industry context, business cycle, financial data)	(1) The rationale for the case study selection is presented in the introduction (p. 3). (2) Contextualisation is provided the theoretical framework by reviewing similar cases and at the start of the results. A country-specific analysis is given to ensure clarity in the process leading to our case study.
Reliability	Case study protocol & database Organization name	(1) The protocol and database of data are provided in Annex 1. (2) The actual name of the organization studied is given as there is no confidentiality required.

Annex 2: Research procedure



Annex 3: Documentation

Step of research/type of sources	Research papers	Official reports	Credit rating agencies	National/economic press	Media press	Sport Press	Actor declarations
Context	De Moragas et al. (2013) ; Alcolea-Díaz & García-Santamaría (2019); Feuillet et al. (2019).	European Commission (2003); Real Decreto-ley (2015); LaLiga, (2018, 2021)		ANSA (2018); Capital (2018); Forbes (2019)	Sportpromedia (2018a, 2018b)	CalcioFinanza (2016); ESPN (2018)	
Economic diagnosis	Andreff (2014); Demil & Lecocq (2010)	Assemblée Nationale (2021f, p. 59-61)	Standard and Poor's (cited by Capital, 2021a); Moody's (2020a, 2020b, 2021)	Capital, (2021)		L'Equipe (2019, 2020)	Assemblée Nationale, (2021a, 2021b, 2021c, 2021d, 2021e)
Strategic diagnosis		Assemblée Nationale, (2021f, p.63; p.68)		Forbes (2020); Europe 1 (2019); Capital (2020); LesEchos (2017, 2020a, 2020b);		L'Equipe (2020, 2022)	Assemblée Nationale, 2021a, 2021b, 2021c, 2021d, 2021e).