

Cricket as an International Business: What can Sri Lanka Learn from Indian Primer League (IPL)

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Abstract - Cricket is a word that arouses so many different feelings such as passion, team spirit, exuberance and the undying yearning to win, to many different people. The few things which keep such strong desires in check are the friendly, sentimental value of winning and losing together. However, as vision, money and strategy comes in to the picture of sports, everything takes a fierce turn. This is where the topic of sports and business meets the theme of sports entrepreneurship; a theme which brings the best out of sports and its ability to be a money maker. This is the theme on which this study was based upon. Highlighting the success of IPL in India and the failure of SLPL in Sri Lanka, this study attempts to discover the ground level factors on which the success of such a business model depends upon. Data collected from 321 stakeholders of the SLPL, using a convenient sampling method, were used and factor analysis with Varimax Kaiser Normalization was employed to generate the factors. Results indicated that Marketing Strategy, Franchise Owners Capabilities, Transparency and Cultural Diversity are the major factors influence the success of such a mega sport event.

Keywords-Indian Premier League, Sri Lanka Premier League, Sports Entrepreneurship

I. INTRODUCTION

Cricket is a sport which accounts for a long history, which runs its roots to early 1500's. No one exactly know when or where this game began but by going through the circumstantial evidence it suggest that this game was first played during Saxon or Norman times by children who lived in weald, in south-east England that lies across Kent and Sussex (Peter, 1997). The cricket that the world knows today; the international cricket matches was played since 1844 where the official history of international test cricket began in 1877 (Altham, 1962). In the late twentieth century another reform version was added to this game called one day international cricket, which was originated accidentally where first three days of a test match between England and Australia were washed out on 5th January 1971. This new version of the game led cricket towards commercialization where in 1979 Kerry packer's channel 9 got broadcasting rights to cricket in Australia and also the players worldwide being paid to play, becoming international professionals where they no longer needing jobs outside of cricket (Peter, 1997).

However by the time goes on, due to the longer time span of one day international matches compared to other

international team sports like Soccer, Rugby, Basketball and alike, the younger generations all around the world, especially in England, and also the sponsorships started to deviate towards other sports. England cricket board (ECB) authorities were looking to boost the game's popularity and get the attraction of the commercial world, were eager to deliver fast paced exciting version of cricket which is accessible to thousands of fans who were put off by the longer version of the game. In that, after conducting a study which cost approximately GBP200000, Stuart Roberston, the marketing manager of ECB proposed a twenty over per inning game to country chairman in 2001 and the proposal was voted 11-7 in favor of adopting the new format which by know, not only dominated the cricket world but also turned to be a successful business model for many nations around the world (Paul, 2008). The manner in which this shortest version of cricket has been marketed and developed as a successful business event is an interesting area of study. In relation to Cricket, which is one of the prominent sports in Indian subcontinent, there are number of mega cricket festivals (IPL-Indian premier league, BPL-Bangladesh premier league, SLPL-Sri Lanka premier league) which in some cases generate profits for its host country, however in some cases turned to be a burden for the host country.

One such success story is where the Board of Control for Cricket in India (BCCI) launched Indian premier league (IPL) to promote t-20 professional cricket league in India. This new business model based on franchise ownership, was developed on the lines of football's English premier league and the National Basketball League (NBA) of the united states which turned out to be one of the most successful sporting events in terms of popularity, profits and the amount of revenue it generates for all participants including players, BCCI, IPL, Indian government, sponsors and etc. As a part of this research it will study the IPL business model in detail and intends to identify the way in which BCCI and IPL independent committee together developed, marketed and converted the T-20 format into a successful business model where each stakeholder can benefit.

Working on the same lines as BCCI the Sri Lanka Cricket Board (SLCB) also applied the same business model in Sri Lanka to the domestic league tournament In order to boost the popularity and to attract more corporate support to the field of cricket, which turned out to be an utter failure. Therefore the

main objective of this study it is to figure out the factors that made SLPL model a flop compared to IPL success in India.

The factors which cause the difference in the two countries are the key success factors of such a business model therefore it figure out the key learning's for SLCB in order to market t-20 as a successful business model as in the case of IPL; a world famous mega sporting festival.

II. LITERATURE REVIEW

Various studies evaluated the economic impact of mega sport events on developed and developing nations and how sports events can be used as a main source of income. Hall C.M, (2006) carried out a study on urban entrepreneurship, corporate interest and sports mega events and concluded that mega sports events such as the Olympic games have been associated with large scale public expenditure, the construction of facilities & infrastructure, urban redevelopment & revitalization strategies which may have undesirable long term consequences for public stakeholders although significant short term gains for some corporate interests. In considering the south Asian region where almost most of the countries are still in the process of development, the research studies suggest that hosting mega sporting festivals such as world cups or Olympics can be more of a burden than anything else (Metheson, 2010). However when it comes to cricket which is one of the prominent sports in Indian subcontinent, there are number of mega cricket festivals organized based on franchise based business models, which provided mixed results in terms of the profitability of the event. Therefore more research is called to evaluate the factors which determine the success of sports events which based on such a business model (Terjesen & Planck, 2007).

According to Wetzel, (1981) important component for entrepreneurial success in any event is the resource bricolage. The study by Terjesen and Planck (2007) added to this where they went on to show how Korea Ultra Marathon Federation (KUMF) pursues opportunities and resources in order to host the I.A.U world cup. Especially it explain how KUMF used the stadiums and other recourses that were previously build for the 1988 summer Olympic games and also how they encourage the participation of volunteers who speak English to make the event success.

Dar (2016) identifies Impact on the game of cricket, impact on domestic circle of cricket, platform/graveyard for emerging talent, turnover for franchisees and entertainment as the key determinant of the success of IPL. Kadapa (2013) in his study used popularity by means of the viewership involved and its brand valuation to determine the success of IPL while he proposed many complex factors like entertainment, glamour, marketing, infrastructure, players, and pricing as the factors determined the success of IPL.

As explained by Sutton and Parrett (1992), in a professional sport the core product will be the game itself and the manner in which it was played. However, in a mega sport event, like IPL, it creates a 'League Product' which would have a greater effect as it involves a series of individual contests (Borland and MacDonald, 2003). In that the fan interest would depends upon

various factors such as buying products associated with teams, gambling, and entertainment packages in stadiums and media news (Neale, 1964).

III. RESEARCH METHOD

Based on review of literature on relevant concepts and principles, a theoretical foundation was laid. Then by developing a stratified random sample micro level data was gathered from 321 Sri Lankan stakeholders of SLPL cricket tournament. Each and every member of the sample was given a question booklet which includes 51 questions. The main objective of the questionnaire is to get the viewpoints of different stakeholders of the SLPL tournament regarding its success or failure and also to obtain their views on IPL tournament so that it provides the ability to comparatively analyze both the tournaments based on the data collected from the sample.

By going through the available literature, 23 possible influencing factors were identified as main determinants of profitability of a mega sports event and incorporated into the questionnaire. Questions belonging to variables in this study were adapted from the instruments developed and validated by Baker et al. (1988), Cooke-Davies (2002), Jha and Lyer (2007). All questions were on a five point Likert scale anchoring strongly disagree (1) to strongly agree (5). Respondents were asked to circle the response which best described their level of agreement with the statements. Finally, a factor analysis with Varimax Kaiser Normalization was employed to generate the factors that influence the success of a mega sports festival.

IV. RESULTS AND FINDINGS

As this study adapts previously used questionnaires, exploratory factor analysis was conducted to identify the optimum factors that constitute the failure of the SLPL compared to IPL. Accordingly, a principal component analysis method of extraction with Varimax rotation was employed. The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy was 0.726 falling into the range of being 'Good' (Kaiser, 1974) and Bartlett's test of sphericity was significant, confirming appropriateness of data for factor analysis.

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.726
Bartlett's Test of Sphericity	Approx. Chi-Square	3.793E3
	df	78
	Sig.	.000

Figure 1. Kaiser-Meyer-Olkin (KMO) measure of Sampling Adequacy

The factor loadings less than 0.50 were suppressed based on the sample size. The factor analysis generated four factors (with eigenvalues greater than or equal to 1); they cumulatively explain 93.97% of the variance in responses. The result of the factor analysis is presented in Table 1.

TABLE 1: PRINCIPAL COMPONENT ANALYSIS ^a, ROTATED COMPONENT MATRIX ^b

	Component ^c			
	1	2	3	4
Country Reputation	.990			
Glamour	.969			
Entertainment	.964			
Mode of Advertising	.964			
Franchise owner Reputation		.986		
Franchise Owner Investment		.972		
Payments for Players		.958		
Political Influence			.984	
International Support			.964	
Number of Overseas Players			.958	
Number of Viewers				.980
Brand Loyalty				.956
Popularity of Cricket				.944

a. Extraction Method: Principal Component Analysis.

b. Rotation Method: Varimax with Kaiser Normalization.

c. Rotation converged in 4 iterations.

As for the factor loadings, the first four variables i.e. reputation of the country, glamour, entertainment and mode of advertising were loaded into a single factor. We name this factor as ‘marketing strategy’ as all these variables are related, directly or indirectly, to the way in which the event is marketed. As per the results of the study, most of the stakeholders of SLPL suggest that the marketing strategy adopted was inadequate to seek enough attraction for the event, causing limited crowd attraction for the games, limited number of international players participated for the event and not enough in-stadia entertainment was provided for the spectators by the tournament organizers. This confirms the findings of Neale, (1964), Borland and MacDonald, (2003), and Kadapa (2013) where they argued that the glamour of the event, in-stadia entertainment, advertising and the economic standards of the country influence the success of a mega sports event. As for the findings of the current research it can be concluded that marketing strategy of the event used by the authorities is a significant factor in determining the success of a mega sports event.

As for the factor analysis, the second factor is loaded with three variables, namely, franchise owner reputation, franchise owner investment and payments for the players. All three variables reflect the ‘Capabilities of the Franchise Owners’ in order to attract international players, media and crowd attention to the tournament. Specifically, as the selection of players been done through an open auction, the financial capability of the franchise owners determines the number of high quality international players they can afford, given the high base price demanded by each individual player. This base price will be partly affected by the amount of money they would have earned by participating to other international leagues, i.e. the opportunity cost of participating to SLPL. Various scholars

have identified the importance and the impact of franchise owner investments on mega sports leagues. Nagy, Dékán, Szőke and Bács (2015) explained the importance of sports financing to the success of international sport leagues through various avenues and the importance of franchise owners spending was highlighted by Coates and Humphreys (2003). Therefore it can be concluded that the Franchise owners Capabilities are also playing an important role in determining the success of mega sport festivals. This is evident in the success of IPL where the franchise owners were capable enough to provide the required financial backing for the tournament as most of them were the leading business personalities in India and also to provide the glamour to the event as some of the owners were leading Bollywood movies stars. This has gained a lot of crowd and media attention to the IPL and provided the crowd with some sense of belonging to the teams as the franchise owners are well known public figures. However, this aspect was missing in the SLPL tournament where most of the franchise owners are from India and Pakistan, therefore unknown to Sri Lankan spectators. On the other hand, the bad reputation of some of the franchise owners, as they involved in gambling and betting, led the spectators to lose faith on the SLPL. Therefore the franchise owner’s capabilities can be identified as one of the clear differentiators between SLPL and IPL.

The third factor that influence the success of a mega sports event loaded with another three variables namely, political influence, international support, number of overseas players, all of which reflect the amount of ‘Transparency’ of the tournament. Malfas et al (2003) and Dunn & Mcguirk (1999) stated the way in which the New South Wales government in Australia, who was heavily involved in the organizing of the Sydney 2000 Olympics, has adopted more entrepreneurial-driven forms of governance, often private organizations were incorporated into the New South Wales government’s decision making and policy formulation process. Grix and Lee (2013) have found that the hosting of sports-mega events as a practice of public diplomacy by states to both demonstrate existing soft power capability as well as pursue its further enhancement. Dar (2016) examined the influence of overseas players on the success of IPL. Therefore it is evident that the active government participation, number of international players and positive international relations influence the success of a mega sports event. The international player participation can be determined by number of factors, one of which would be the contracts they have with their national cricket boards. Therefore, a player should obtain prior approvals from the domestic cricket authorities in order to make themselves available in the international cricket leagues of other countries. As for Dar (2016) IPL was started in order to curtail the Indian Cricket League (ICL) for which the player participation was banned by the International Cricket Council (ICC) due to the lack of transparency of the tournament. Similar issues can be found in SLPL in which the lack of government support in organizing the league, participation of only few internationally recognized players and the lack of support from other nations, hinders the success and profitability of SLPL. Therefore, it is evident that the transparency plays an important role in determining the success of a mega sports league.

The fourth and the final factor included another three variables i.e number of viewers, brand loyalty of the viewers and popularity of cricket within the particular nation. One of the common causes for all three variables can be identified as the 'Cultural Diversity' of the country. Specially, the success of IPL over the last ten years can be attributed to the diversity of the cultures in different Indian States and the resulting loyalty of the people towards their city or the state. This has created a distinct loyalty or a sense of belonging towards IPL teams in the spectators mind. As for a survey conducted by Hindustan Times (2011), there is a strong fan base and a loyalty to each team which has not reduced even with the exclusion of players like Sourav Ganguly from Kolkata which is his home city. The strong cultural diversity in India with each state having different languages, religions, beliefs, values and rituals have created a strong loyalty towards the home team. The previous scholars have showed the way in which distinct cultures create group loyalty, patriotism and nationalism. A similar impact can be identified with each of the states in India as each state has its own cultural identity, due to the size and the diversity of cultures, thus creating a strong loyalty towards the teams from their home city or state. The current study has identified that the absence of this diversity factor in SLPL led to a significant reduction in team loyalty of the fans hence the teams were unable to create a brand image as compared to IPL teams. This has also reduced the interest among Sri Lankan fans which was evident through the viewership, where most of the games were played in front of the empty stadiums. Therefore, the current study questions the validity and the effectiveness of a provincial base cricket league in to a geographically compact nation like Sri Lanka, where the provinces were defined mainly for the election purposes. Being a small island, the cultural values stays the same across the island, therefore is not a strong basis to create loyalty.

V. CONCLUSION

This study was conducted with the objective of examining the factors influencing on the success of international sport leagues, especially as a business model. Through an extensive review of literature, multiple factors that influence the success of such sports leagues were identified. In that, 23 possible influencing factors were identified as main determinants of profitability of such a mega sports event and through a principal component analysis, the most influencing factors were determined. Results of the study found that Marketing Strategy, Franchise Owners Capabilities, Transparency and Cultural Diversity to be the major influencing factors on the success of a franchised based international cricket league.

There are several contributions of the study. First this study includes a comprehensive analysis of the multiple factors influencing the success of a franchised based international sports league, which is a very familiar business model all around the world. This would help the organizers of such sports leagues based on 'franchised ownership business model' to focus on the key success factors of such an event. By doing so, the organizers would be able to attain the expected profit margins which in turn influence the sustainability of such a

tournament. Second, the study has comparatively analyzed the key determinants of the success of such sports leagues particularly in relation to IPL and the SLPL. This would help the Sri Lankan cricket administration to re-visit their strategies about the SLPL tournament which was no way near the success of IPL. On the other hand, streamlining the strategies of SLPL in light of the findings of this study would help Sri Lankan cricket administration to secure the expected profitability through which they can convert a loss making government entity into a profit making one. Finally, this study also indicated the importance of international sports leagues as an entrepreneurial activity for developing nations like India and Sri Lanka. Especially, it would be an ideal alternative to production base SMEs which always faces enormous difficulties in operating in developing countries and finds it difficult to compete in the international markets. Most South Asian countries like India and Bangladesh have effectively utilized this franchised based business model for their cricket leagues and managed to achieve huge profits for the government. For an example, IPL will bring revenue of Rs 1,200 crore a year into cricket, more than double the government's entire sports budget of Rs 490 crore (BCCI, 2017).

This research has few limitations. Notwithstanding, the study and its findings have value as discussed in the preceding section. First, the study has considered the success of a sports league in terms of its profitability from an entrepreneurial point of view. However, one can argue the fact that there can be immaterial gains from such tournaments other than the mere profitability, for example, an opportunity for upcoming players might reflect the qualitative gains which cannot be measured. Secondly, the analysis of the study was limited to identifying the most influencing factors on the success of international cricket leagues; however the nature of the relationship of those factors on the profitability was not discussed. Future research studies can be conducted to fill these gaps as international cricket leagues are being used increasingly by countries as a mean of profit making.

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