

00:03 We are in the middle of the 2024 NCAA basketball  
00:07 Championships, AKA March Madness.  
00:10 Three weeks which during college basketball  
00:11 becomes big business.  
00:13 Hello and welcome to the On-Ramp, an ongoing series  
00:15 that highlights the thought leadership  
00:17 from Suffolk Universities Sawyer Business School  
00:19 in downtown Boston.  
00:21 My name is Melissa Sipini and today I'll be speaking  
00:23 with Professor Skip Perham, director of the school's new  
00:26 Sports Management Business program.  
00:28 He's going to help us explore the economics of March Madness  
00:31 and explain why the tournament is about business  
00:33 as much as it is about basketball.  
00:36 Professor Perham, thank you so much for being here.  
00:38 <v ->Thanks, Melissa, for having me.</v  
00:39 <v ->Of course.</v  
00:40 As marketing professor and director  
00:42 of the Sports Management Program here  
00:43 at Sawyer Business School,  
00:45 what do you think of the tournament?  
00:46 Is playing basketball being eclipsed  
00:48 by the business of playing basketball?  
00:51 <v ->Well, I wouldn't say that</v  
00:52 because without the basketball,  
00:54 there really isn't a product.  
00:55 <v ->Right.</v  
00:56 <v ->So the product is the basketball,</v  
00:57 and literally the product is the players.  
00:59 So there isn't anything outside of NFL football  
01:03 or college football that really drives engagement  
01:06 like the March Madness Tournament,  
01:08 both on the men's and increasingly on the women's side.  
01:10 <v ->What are the economics behind the NCAA March Madness?</v  
01:14 <v ->So the NCAA takes in at about \$1.2 billion in revenue.</v  
01:18 <v ->Wow.</v  
01:19 <v ->Almost a billion of that, really starting next year,</v  
01:24 will come over these three or four weeks  
01:26 that are the men's and the women's tournament.  
01:29 So we're talking about the vast majority of NACA revenues,  
01:32 which get distributed to 1200 member schools,  
01:36 including a university like Suffolk at Division III.  
01:39 It is the revenue source for the NCAA.  
01:41 <v ->How much does the media pay for this content?</v  
01:44 <v ->So, CBS and Warner Discovery Television</v  
01:48 pays 900 million per year to bring  
01:51 just the men's tournament.  
01:53 So we're talking, you know, a tournament  
01:54 of 62 teams bracketed, 900 million.  
01:59 that's an estimate.  
02:00 For the women's side, far lower, but increasing.  
02:05 With the new contract that the NCAA just signed with ESPN,  
02:08 the women's NCAA tournament is valued about 65 million.

02:14 And both contracts, the ones with the men's  
02:17 and the women, both sunset in 2032.  
02:21 And then I think we might see the women  
02:22 and the men get even closer in terms  
02:25 of the value to...  
02:26 <v ->That's huge.</v  
02:27 <v ->The NCAA.</v  
02:27 <v ->Wow.</v <v ->Yeah.</v  
02:28 <v ->How important is March Madness</v  
02:30 when it comes to funding the NCAA?  
02:32 <v ->I mean, it is huge.</v  
02:33 As I said, so 900 million, almost a billion  
02:37 of the NCAA's revenues, which really come from ticket sales  
02:40 to championship events and this tournament,  
02:43 both the media rights and the marketing rights,  
02:46 but the vast majority come from these four weeks.  
02:49 <v ->Why do people care so much about college basketball?</v  
02:52 <v ->Well, I think that if I were to give you one number,</v  
02:55 I would say that an estimated 60 million people  
02:59 play some kind of NCAA bracket challenge.  
03:02 Whether that's for money or just for pride or fun.  
03:07 That's just an enormous amount of engagement.  
03:09 And I don't think you would have 60 million people  
03:11 doing a bracket tournament for the NFL or any other sport.  
03:16 So, because it's sort of ubiquitous  
03:18 over these 3, 4 weeks, it just,  
03:22 and look, lots of us went to college.  
03:25 Suffolk's not gonna be playing in the tournament,  
03:27 but I'm certainly gonna be excited about it,  
03:29 whether it's driven through the bracket challenge  
03:31 or maybe you, I'm an individual bettor.  
03:34 It just captures the attention of people  
03:37 over these three or four weeks.  
03:39 <v ->How many people watch, play brackets</v  
03:41 and bet on March Madness?  
03:43 <v ->So the men's championship game last year</v  
03:46 took in an audience of 15 million.  
03:48 The women's set a record with 10 million.  
03:51 We had Kaitlyn Clark, who's again playing,  
03:53 and she's phenomenal.  
03:55 And I think the women's tournament  
03:57 will be even higher this year.  
03:58 So those ratings are above what you would get  
04:02 for a traditional major league baseball game.  
04:04 Even your everyday NBA game, premier League, any of that.  
04:09 I mean, it's far shorter than what the Super Bowl would get  
04:11 with is 120 some odd million.  
04:14 But we're talking significant audiences for sure.  
04:17 In terms of brackets, 60 million people  
04:20 that were estimated to play last year.  
04:22 And in terms of betting, let me give you this number.  
04:24 In Massachusetts alone and a year ago at this time,  
04:29 was the first time you could bet legally online  
04:32 in Massachusetts.

04:33 Massachusetts saw close to more  
04:38 than a half a billion in wagers,  
04:40 both in April and May of last year.  
04:43 And the state made about \$24 million in tax revenue  
04:47 off of those bettings just for those two months alone.  
04:49 And that's on par with what we would see NFL betting  
04:53 during December of last year.  
04:54 And that's just for basketball?  
04:56 <v ->That's just for this tournament.</v  
04:58 So there are other things going on in March  
05:00 and April that you could bet on,  
05:01 but there's no doubt that the vast majority  
05:03 of that revenue is coming from legalized betting  
05:07 on the NCAA tournament.  
05:08 <v ->Absolutely insane.</v  
05:09 <v ->Yeah.</v  
05:10 <v ->There's been a lot of controversy over the equity</v  
05:12 between the men and women's tournaments.  
05:15 Tell us more about that gap.  
05:16 <v ->So it's manifested itself a lot</v  
05:19 in the terms of facilities.  
05:20 We all remember that, or many people will remember  
05:22 the video of the women's basketball player  
05:25 shooting that social media video saying, "This is our gym.  
05:28 This is our workout workout room."  
05:30 And then comparing it to the men.  
05:32 So look, I think particularly with the new NCAA president  
05:37 Charlie Baker, this is a priority.  
05:39 <v ->Yeah.</v  
05:40 <v ->I think the Women's Tournament</v  
05:41 is getting increasingly amount of exposure.  
05:44 It's getting more revenue.  
05:45 So I think it's making progress, but I can't say  
05:49 that the same facilities that the men have  
05:52 or what the women have at this point.  
05:54 Again, where these TV contracts reset in 2032  
05:58 and the NCAA has a chance to put the men's  
06:00 and women's together and market it at the same time.  
06:03 It might really change the value.  
06:05 One of the things I will say is, I think it's significant,  
06:10 is last year for the first time,  
06:13 the Women's Tournament was branded as March Madness.  
06:16 And before they couldn't.  
06:17 it was just the men's tournament.  
06:19 Now both the men's and women's tournaments  
06:21 are March Madness.  
06:22 So from a branding perspective, that puts them on par,  
06:26 the women's tournament with the men's tournament.  
06:28 <v ->Do you know why that was?</v  
06:29 I think it was because of these equity issues.  
06:32 Just clear. I mean, it was an easy statement  
06:34 to say the women are playing the same game.  
06:36 They're playing at a high level. It's the same tournament.  
06:40 Why wouldn't we call it March Madness?

06:42 And the truth is, it's more valuable as you go out  
06:45 and market the women's tournament to call it March Madness.  
06:48 So why wouldn't you do that?  
06:50 <v ->How does the business school incorporate events</v  
06:53 like March Madness into its sports management curriculum?  
06:56 <v ->So we're running right now</v  
06:57 a business of sports in the media class.  
06:59 It's a class I've been teaching for over a decade.  
07:04 Actually we did start with watching this documentary  
07:08 that came out a number of years ago  
07:09 called "The Billion Dollar Game".  
07:11 And it's a ESPN 30 for 30 short documentary  
07:15 about this game, first round game back in 1989,  
07:20 where number 16 seed Princeton  
07:22 played number one seed Georgetown.  
07:24 It was on sort of late night on ESPN.  
07:29 Princeton nearly became the first 16 seed  
07:32 to upset a number one seed.  
07:34 And back in 1989, Georgetown was as big  
07:36 as a college basketball program there was.  
07:38 The Hoya paranoia, all that.  
07:40 It captured an audience.  
07:42 And CBS realized, wow, we can put these games  
07:46 that would probably be a blowout, but might be really close.  
07:50 They're really worth something.  
07:52 And with the next TV contract,  
07:54 they wrote a check worth \$1 billion, not one check,  
07:57 but they signed a contract worth a billion dollars.  
08:00 So we started to watch that.  
08:01 And then in my class, we'll do our own bracket challenge.  
08:04 Everybody will get to pick the tournament  
08:06 and we'll play for a gift card  
08:08 or something along those lines.  
08:09 <v ->Oh, that's awesome.</v  
08:10 <v ->But yeah, we're doing that right now.</v  
08:11 <v ->Thanks for joining us.</v  
08:12 We'll see you next time on the On-Ramp.