

Seven's Olympic coverage could change the way we watch sport on our screens

Written by Marc C-Scott, Lecturer in Screen Media, Victoria University

The Seven Network has [announced](#) it will offer a paid subscription service via an app as part of its [Rio Olympics](#) coverage this year.

This will make Seven the first free-to-air broadcaster in Australia to charge for broadcasting sport.

This is a new approach to the station's coverage of the Rio Olympics. Last year, it [said](#) the coverage would include all three digital channels (7, 7two and 7mate), in association with a 24-hour digital news channel, online catch-up, and a free app with 36 live streams.

At the same time, Seven [said](#) their approach to the games would be “the most technologically advanced coverage of any event to all Australians with its all-encompassing coverage”.

This week's announcement that it will add a subscription service will have massive implications, not just for the future of sports broadcasting in Australia, but also free-to-air television more broadly.

Free-to-air v subscription

Seven is expected to broadcast about a 1,000 hours of free content over the course of the Olympics. Coverage available through the subscription service should triple that figure.

The subscription service will allow those interested in sports not commonly seen on Australian television, such as [handball](#), to watch every game during the Olympics from start to finish.

Seven's subscription service is expected to [supplement](#) the expected A\$100 million in advertising revenue from the event.

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Part of the broadcaster's strategy could be to prevent any losses as occurred to Nine, which reportedly [lost up to A\\$25 million](#) on the 2012 London Olympic Games. This was a deal that had Nine [split](#) the A\$120 million cost with Foxtel.

Seven is [reported](#) to have paid between A\$150 million and A\$170 million for the Olympic rights, far less than the recent [AFL rights](#) (A\$2.508 billion over six years). And only a small sum when compared with [NBC's US\\$7.75 billion](#) Olympic media rights contract for the games through to 2032.

Seven [says it has the rights](#) for a number of Olympic events including the Rio 2016 Olympic Games, PyeongChang 2018 Winter Olympic Games and Tokyo 2020 Olympic Games.

Going it alone

The other interesting element of Seven's Olympic coverage is to go it alone. This differs from the approach of past major sporting event broadcasts which generally incorporated various stakeholders (free-to-air, pay TV and digital).

It could be that Seven had planned to undertake this coverage unaccompanied from when it first was awarded the rights. Seven CEO Tim Worner's [comments](#) to Fairfax Media in 2014 could have given a hint of this thinking:

[...] "screen real estate" during the lifetime of the Olympic deal meant they may not need a co-broadcasting partner, but that "around 150 hours of content on any given day [means] there will be many more opportunities than ever before".

Seven has also been engaged in the streaming major Australian sport events, since being awarded the Olympic media rights. These streams may have been part of a long trial, building up to the Olympics with numerous channel streams and thousands of hours of content.

Was tennis a testing ground?

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Seven has been successful in new approaches to sport media coverage in recent years. For the 2015 Australian Open, the broadcaster [said](#) more than 1.2 million Australians chose to stream content during the Australian Open Series.

Seven then increased its streaming of sporting events in the [same year](#), including for the Melbourne Cup.

In 2016, Seven expanded its streaming capabilities of the Australian Open, launching a dedicated [7tennis app](#).

The app allowed for more than 2,000 hours of live, exclusive and free tennis, catch-up and on-demand highlights and available via [multiple devices](#), including Apple TV and Telstra TV.

Seven's chief revenue officer, Kurt Burnette has [said](#) :

We had some great learnings from that in terms of how people were willing to watch on mobile [...] It pointed to the fact that convenience was a huge factor in how people consume media.

How does the change in approach by Seven – following the change in the way Australians “consume media” – impact the future of Australian television?

Impact upon other broadcasters

The fact that Seven, a free-to-air broadcaster, has created a subscription service as part of its portfolio raises many questions.

Andrew Maiden, chief executive of the subscription television industry body ASTRA, [said](#) :

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This development proves the absurdity of a rule that bans subscription TV from buying the Olympics but allows so-called free-to-air networks to charge Australians to watch.

Adding that:

Seven has proven for the world to see that the [anti-siphoning scheme](#) cannot continue to exist in an online world. The exploitation of this loophole is only possible because the mechanism was drafted 20 years ago, before the internet was a twinkle in the regulator's eye.

Channel Nine could potentially have undertaken a similar approach to sport broadcasting, when it first received the NRL rights as the [sole stakeholder](#). Although this later changed to include the same multifaceted approach that had occurred previously both for the NRL and [AFL](#).

Optus' [recent](#) acquisition of the European Premier League media rights further adds to the change in sports media rights and its broadcasting in Australia.

The future of Australian FTA

For live sport broadcast to have major success it needs to be at a time when people can watch it live. Therefore the Rio Olympics may not be the case study to determine whether this approach has been successful, due to the timezone differences.

But this is a development far greater than just sports broadcasting in Australia and online streaming. This creates tensions between free-to-air and pay TV, and it brings the debate about media policy and regulation to the foreground.

Further, it raises questions about the definition of broadcast and streaming: are they the same? The [battle over live streaming](#) between Nine and WIN, showed that this is still clearly a grey area.

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It also raises questions about the current [sport anti-siphoning laws](#), which prevent pay TV from being the major rights holder of [particular sports](#) allowing it to “be [available free](#) to the general public”.

Seven's approach to the Olympics questions the future of sports broadcasting and whether sport will continue to be free on Australian television.

The channel's approach could become a precedent for commercial broadcasters in Australia to offer their current free service in parallel with a subscription service.

It could include the current “free” service, along with a premium fee-based service. The premium service could have additional content, original content, no ads or allow subscribers earlier access to programs. This is an approach that YouTube is currently exploring in Australia with its service [YouTube Red](#).

In a time when free-to-air broadcasters are losing audiences and reporting financial losses, their current business model needs a serious review. But is adding subscription the right approach for free-to-air television, which has been free to Australians since 1956?

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