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A KROLL BUSINESS



Photo Courtesy of BCCI

# IPL Brand Valuation Report 2020





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# Foreword



**Varun Gupta**  
Managing Director and  
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Dear Readers,

It gives me great pleasure to present to you the latest edition of the *Duff & Phelps Indian Premier League (IPL) Brand Valuation Report*. 2020 has been challenging due to the COVID-19 pandemic. There were disruptions all around with loss of lives, financial suffering, economic distress and uncertainty throughout the year. The sports economy was also not immune to this crisis. The pandemic disrupted the sporting calendar for the year, with a string of tournaments getting postponed or cancelled. At the height of the pandemic, there were no cricket series planned for the foreseeable future. IPL too felt the heat of COVID-19.

In March, the Government of India and various state governments banned public gatherings. As a result, the Board of Control for Cricket in India (BCCI) had to initially suspend the IPL till mid-April from the original start date of March 29 and then postpone the 2020 season indefinitely. The threat of full cancellation was quite real. With the increasing infection rate in India, having matches across eight locations in the country would have been a logistical nightmare. The biggest challenge was to arrange for safe travel and stay for a mammoth group of eight teams comprising over 700 people, including players/officials/staff etc.

Globally, with force majeure clauses kicking in, the monetary losses suffered by broadcasters, organizers, team owners and players across the global sporting leagues were huge. Massive football clubs across Europe, National Basketball Association (NBA), National Football League (NFL), Major League Baseball (MLB) and other leagues were forced to take drastic measures such as enlisting their staff under government furlough schemes, asking players to take wage cuts, etc., to ensure the clubs/teams survive the massive pandemic-induced financial crisis.

Similarly, the IPL, the franchisees and the players, too, would have suffered financially if the 2020 season was cancelled. While safety is paramount, there definitely was speculation on the revenue losses IPL would have suffered if the 2020 edition was to be cancelled. BCCI faced the risk of enormous losses by way of broadcasting and sponsorship revenues, which forms a major part of the revenue bucket. Players may not have received their salaries, sponsors may not have paid the franchisees, and of course, broadcasters would have faced massive advertising and subscription revenue losses.

Duff & Phelps undertook a study during the initial lockdown period (April 2020) to analyze the initial impact of COVID-19 on the value of the IPL Ecosystem, which was estimated in our IPL Brand Valuation Report 2019. Based on the scenarios we considered, the IPL Ecosystem value was estimated to be impacted by nearly USD 1 billion only due to cancellation and without capturing the impact of the economic slowdown that might follow. In our impact study, we had mentioned that, "Depending on the extent of the post-COVID-19 slowdown, most sponsorship contracts may get renegotiated next year, as the spending power of the advertisers and sponsors is likely to be impacted by the economic slowdown." This does appear to have played out when Vivo decided to pull out of the title sponsorship at the last moment, and IPL had to scramble to get a new sponsor at the

eleventh hour. The new sponsor entered at a steep discount, and the IPL had to take a hit of INR 218 crores in sponsorship revenues.

Meanwhile, the BCCI decided to organize the 2020 season of the IPL in the United Arab Emirates (UAE) to take advantage of their infrastructure, resources, compact size of the nation and the lower infection levels.

The pandemic also brought several uncertainties and difficulties for the cricketers once they set foot in the secure bio-bubble. Be it the claustrophobia due to bio-bubble restrictions, including multiple quarantines, no fan engagement or the rustiness due to the long break away from cricket, the cricketers were undoubtedly impacted by COVID-19.

But once the IPL started mid-September, it was a completely different ball game. Television ratings went through the roof, advertisers who did not have viable formats during the year to advertise their products on were seen scrambling to advertise on television; and the public who was starved of live sporting action and forced to stay at home finally had something to cheer about. The IPL brought renewed hope and excitement to the masses, which had endured tough times for most of the year.

However, similar to other businesses and the economy, the pandemic did make a financial dent on the IPL too. The IPL Ecosystem Value has fallen by 3.6% to INR 45,800 crores post-2020 season from INR 47,500 crores estimated by us after IPL 2019. This was largely due to Vivo pulling out of the title sponsorship deal, additional costs involved to create a secure bio-bubble environment, lack of gate receipts, etc. The individual franchisees are also seeing a reduction in their brand values over the last year, largely due to reduced franchisee-related sponsorship revenue, loss of gate receipts, reduced food and beverage (F&B) revenue, and certain teams' on-field performances and off-the-field issues.

We are also delighted to announce that we are unifying the Duff & Phelps brand under the Kroll brand this year. The Kroll name will help us deliver a more integrated experience for our clients and prospects while supporting a united, aligned internal culture. The change is grounded in internal and external market research and will position us for long-term success. The Kroll name carries strong brand recognition globally, which complements our expansion outside of the U.S. The valuation business will continue to use "Duff & Phelps, A Kroll Business" as an endorsement strategy for a transitional period. We appreciate your continued patronage and hope this brand transition continues to provide more opportunities for our team to serve you in the coming years.

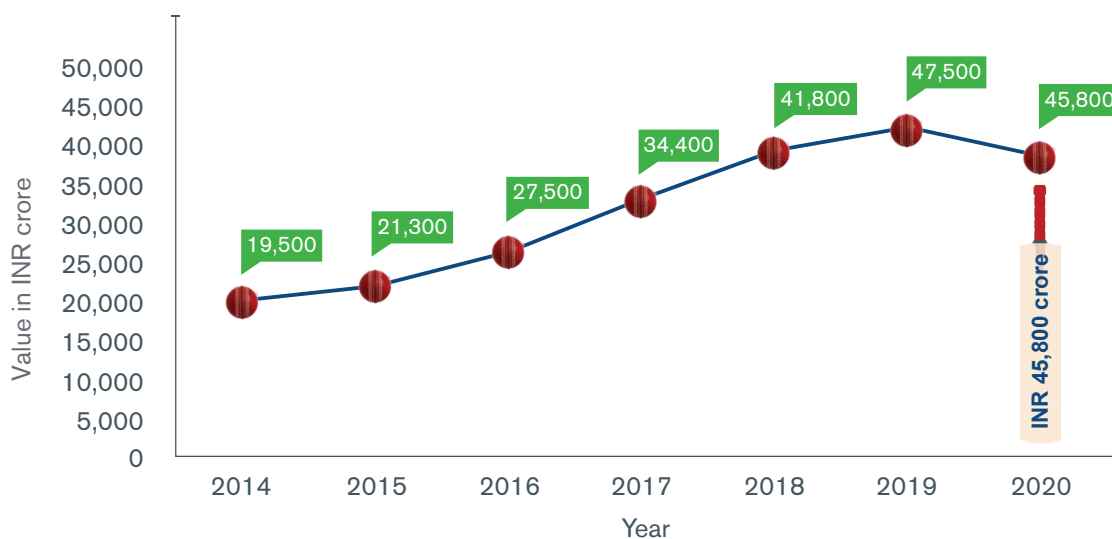
We hope you enjoy reading this report and look forward to your feedback.



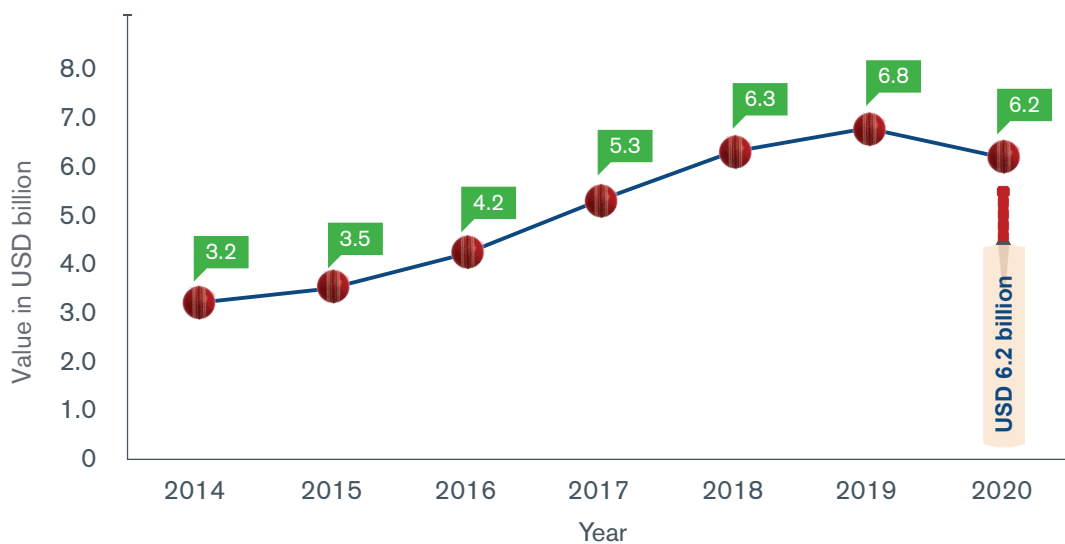
# Value of IPL Ecosystem

Brand	2019	2020	% change
Value of IPL Ecosystem <sup>1</sup> (INR crore)	47,500	45,800	-3.6%
Value of IPL Ecosystem (USD million)	6,780	6,190	-8.7%

Value of IPL Ecosystem (INR crore)



Value of IPL Ecosystem (USD billion)



<sup>1</sup> IPL Ecosystem represents the value generated by the IPL as a business. It basically includes the business value of all the franchisees and IPL governing body i.e. BCCI.



# Summary of Franchisee Brand Values

	Brand Value 2020	Brand Value 2019	% Change
<b>MUMBAI INDIANS</b> <b>RANK 1</b> Previous Year's Rank: 1	₹ 761 CR	₹ 809 CR	-5.9%
<b>CHENNAI SUPER KINGS</b> <b>RANK 2</b> Previous Year's Rank: 2	₹ 611 CR	₹ 732 CR	-16.5%
<b>KOLKATA KNIGHT RIDERS</b> <b>RANK 3</b> Previous Year's Rank: 3	₹ 543 CR	₹ 629 CR	-13.7%
<b>ROYAL CHALLENGERS BANGALORE</b> <b>RANK 4</b> Previous Year's Rank: 4	₹ 536 CR	₹ 595 CR	-9.9%
<b>SUNRISERS HYDERABAD</b> <b>RANK 5</b> Previous Year's Rank: 5	₹ 442 CR	₹ 483 CR	-8.5%
<b>DELHI CAPITALS</b> <b>RANK 6</b> Previous Year's Rank: 6	₹ 370 CR	₹ 374 CR	-1.0%
<b>KINGS XI PUNJAB</b> <b>RANK 7</b> Previous Year's Rank: 7	₹ 318 CR	₹ 358 CR	-11.3%
<b>RAJASTHAN ROYALS</b> <b>RANK 8</b> Previous Year's Rank: 8	₹ 249 CR	₹ 271 CR	-8.1%



# Understanding Brand Value in the IPL Ecosystem



**Harsh Talikoti**  
Vice President

Great sporting brands across the world have been built over several decades of fan following, successful performance, and continued association with large companies, partners and sponsors. They're also dependent on the ability of a team to attract great talent, and teams like Manchester United, Chelsea, Real Madrid, Barcelona, the New York Yankees, the Dallas Cowboys, and the Los Angeles Lakers have become much sought-after brands by advertisers and represent brand values in billions of dollars.

In the IPL Ecosystem, brand value is derived from a wider variety of reasons keeping in mind the Indian viewers' vernacular proclivities, cricketing knowledge and celebrity influence. Accordingly, drivers of brand value in the IPL can be categorized under the following broad categories:

## Management Strength and On-Field Performance

For an advertiser or sponsor, being associated with a team that is consistently performing at the top of the table is a key factor in assessing brand potential. A look at the largest deals in the sponsorship space not only in the IPL, but also internationally will reveal that teams that are better on-field performers garner higher sponsorship values. In the IPL, the estimated lead sponsorships (lead chest and limited player promotions) were valued at a 100% premium for a top ranked team over its lower-rung peer.

Of course, a team that consistently performs at the top of the table is not the result of a pre-fixed formula. Team management plays an important role in squad selection, talent acquisition, performance management and

administrative support. Clearly, a winning team is the result of a winning combination of several factors including the strength of the management team.

## Marketing Strategy

Based on our analysis, it is estimated that on average, franchises spend anywhere between 5% and 15% of their revenues towards marketing and promotion. Some teams, like KKR, who invested significantly towards brand building in the early part of their IPL existence, have seen fantastic support from sponsors and partners. IPL events, television advertisements, merchandising, in-stadium freebies and other such promotional activities driven by the franchise go a long way in garnering exposure and support translating into brand gains.

Merchandising in the IPL is presently in a nascent stage and most franchises are still coming to terms with the best possible way to monetize different streams. We believe that merchandising will be a game-changer for franchises that are able to crack this difficult market and identify new monetization streams by tapping into their existing fan base.

## Celebrity Influence and Marquee Players

The presence of key marquee players and celebrity owners in a franchise brings additional popularity to the individual team brands. Based on our discussions with advertisers, sponsors and team managements, we understand that the presence of a marquee player definitely gives an upper hand to the franchisees while negotiating with sponsors. In most cases, the sponsors are willing to pay a premium



to be associated with that particular team. In addition, while franchise brands may be able to ride on the brand of a celebrity owner or a marquee player, they are also open to the risk of damage in cases where the said individual is embroiled in a controversy, even if that controversy is outside of the IPL.

### Geographical Location

The geographical location of the franchise determines the population of its support base and is an important factor in assessing the strength of an individual team brand. In general, it is likely that a higher density of teams in a particular region of the country will split the fan base and impact the ability of a team to garner support outside of its immediate location. However, for the last 10 years some franchisees have seen pan India support primarily on account of the brand of cricket played by them along with the marquee players associated with these teams. MI had support across India due to the presence of Sachin Tendulkar while CSK continues to enjoy the Dhoni factor. Currently, RCB is also enjoying wide support due to the presence of Virat Kohli and AB De Villiers.

### Governance and Transparency

Over the last few years, a few teams or promoters of those teams were accused of professional misconduct or embroiled in controversies, which have negatively impacted brand perception. However, the IPL governing council has tried its best to eliminate the negativity surrounding these accusations. As a result, the last two seasons of the IPL have been relatively controversy free, which has enhanced IPL brand perception.

Our assessment of the brand values of the various franchises also takes into consideration the effectiveness and transparency of their management teams.

### Social Media Engagement

The ability of a franchise to engage fans on a regular basis, particularly during the IPL season, has been crucial in building positive brand perception. Over the last few seasons, we have seen dedicated Twitter and Facebook campaigns organized by the franchises with the intention of engaging fans. We have given additional weight to teams that have a large social media presence in estimating the brand values of the various franchises.





# Valuation Approach and Methodology

There are several approaches and methods that can be applied in estimating the value of a franchisee brand. The most popular of these is the Relief from Royalty Method. This method is premised on the royalty that a company would have to pay for the use of the brand/ trademark if they had to license it. Here, royalty is expressed as a percentage of sales revenue. The present value of the future stream of after-tax cost savings (i.e., royalty relief) at an appropriate discount rate indicates the value of the brand.

The first step in the valuation of the IPL franchise brands was to estimate the future revenue expected from these brands. We developed a detailed business model for each of the individual franchises after extensive research and discussions with industry players. The model was built keeping in mind the various contractual revenue sharing agreements between the BCCI and the IPL franchises. Each business model of individual franchises was developed keeping in mind the franchise's current performance standing, its brand rank, the current situation of the pandemic and other qualitative factors, which could impact its value.

The second step in the valuation of the brand is the development of a fair royalty rate. As part of our analysis, we researched a number of brand and trademark licensing arrangements across international sporting leagues such as the EPL, NFL, NBA, MLB, etc. in concluding at an appropriate royalty rate for the valuation of the IPL franchise brands. This estimated royalty rate is applied to the

appropriate level of revenues of each franchise to calculate the royalty savings attributable to the brand owner. The royalty savings are then tax-affected and discounted to present value using an appropriate required rate of return to estimate the value of individual brands.

## Methodology to value the IPL Ecosystem

The IPL Ecosystem represents the value generated by the IPL as a business. It basically includes the business value of all the franchisees and IPL governing body i.e. BCCI. The IPL Ecosystem has been valued using a method under the Income Approach known as the Discounted Cash Flow (DCF) Method.

The DCF Method is a valuation technique that provides an estimate of the value of an asset or a business based on the cash flows that the asset or business is expected to generate over its remaining useful life.

The income approach begins with an estimation of the annual cash flows a hypothetical buyer would expect the subject asset or business to generate over a discrete projection period. The estimated cash flows for each of the years in the discrete projection period are then converted to their present value equivalent using a rate of return appropriate for the risk of achieving the projected cash flows. The present value of the estimated cash flows is then added to the present value equivalent of the residual value of the asset (if any) or the business at the end of the discrete projection period to arrive at an estimate of value.







# Impact of COVID-19 on the Sports Economy Including the IPL

In any crisis, sports is always considered as a uniting factor, something that helps take your mind off the worrying reality. As Nelson Mandela said, “Sport has the power to change the world. It has the power to inspire. It has the power to unite people in a way that little else does. Sport can create hope where there was only despair.” Unfortunately, the current pandemic has shackled this powerful tool.

At the height of the coronavirus pandemic, economists were debating whether the fallout of COVID-19 will be bigger than the 2008 financial crisis or the Great Depression of the 1930s, or something far worse. As we witnessed during the initial months of 2020, never has the world gone into a lockdown, where nearly 75% of the population was indoors. The economic and financial ramifications of the shutdown of global sports leagues were equally bad, as livelihoods of millions directly or indirectly depended on these sporting leagues.

All major sporting leagues or events scheduled during 2020 were either suspended indefinitely or postponed. The ICC T20 World Cup, Olympics 2020 and UEFA EURO 2020 - the three major sporting events in the calendar year - were postponed. These were followed by a torrent of tournaments getting postponed/cancelled, with no sports including cricket, planned at that time, for the foreseeable future. All major football leagues across Europe and events

by the NBA and NFL in the U.S. were suspended indefinitely. Wimbledon was also cancelled for the first time since World War II.

The league has seen spectacular growth ever since its inception in 2008, and it has started to give great return on investments to its stakeholders. The growing year-on-year value of the IPL Ecosystem estimated by Duff & Phelps is a testament to its success, especially considering the short-term nature of the league when pitted against global leagues, which are played throughout the year. This success has trickled down to impact the lives of the people associated with the event, including thousands dependent directly or indirectly on the IPL. However, March 2020 plunged the IPL into uncertainty when the Government of India and various state governments banned public gatherings and imposed restrictions on all travel across India. As a result, the BCCI had to initially suspend the IPL till mid-April from the original start date of March 29 and then postpone the 2020 season indefinitely. The threat of full cancellation was quite real. With the increasing infection rate in India, having matches across eight locations in the country would have been a logistical nightmare. The biggest challenge was to arrange for safe travel and stay for a mammoth group of eight teams comprising over 700 people, including players/officials/staff etc. After further





deliberations, the BCCI decided to hold the IPL in the UAE, with matches being played behind closed doors. However, it was only possible after Australia refused to host the ICC T20 World Cup in October due to the rising COVID-19 cases in that country and the severe quarantine restrictions imposed by local governments.

But that was not all. When Vivo suddenly decided to pull out of the title sponsorship before the start of the tournament, the financial repercussions were massive. To their credit and the strength of the IPL brand, the BCCI managed to get a new title sponsor for the tournament under short notice.

The IPL (including the franchisees) like all other global sporting leagues depend heavily on three sources of revenue—revenue from team sponsorship fees, a central pool (including television broadcasting rights fees) and matchday revenues.

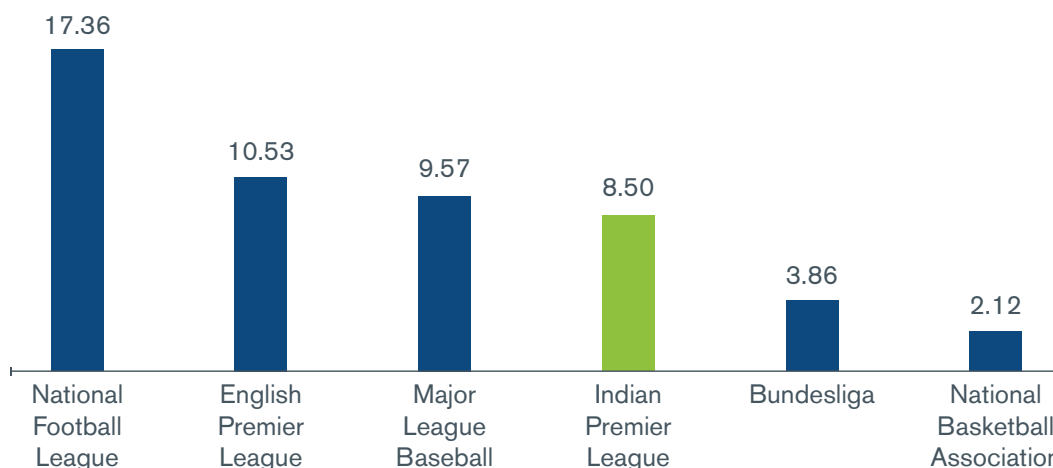
The keenness of various broadcasters to fight for the IPL broadcast rights in 2017, which Star India eventually won for a whopping USD 2.55 billion for five years, was a validation of how big the IPL has become and underscored the fact that the IPL is “the” prized asset in cricket. Currently, the IPL is in the august presence of the global sporting leagues, when you compare the average per match

broadcast rights fee of the IPL with those of global leagues such as the English Premier League (EPL), NBA and NFL. On an annual fee basis, the compounded annual growth rate (CAGR) of the IPL broadcast rights works out to approximately 18.9%.

On the other hand, matchday revenues account for a relatively smaller proportion of the overall IPL revenues. On an average, the IPL franchisees’ earnings from matchday revenues (including ticket prices, merchandising, and food and beverages) account for less than 20% of their overall revenues, as they rely heavily on the central pool revenue that they receive from BCCI along with their team sponsorship revenues.

With force majeure clauses kicking in due to the pandemic, when there was a lot of uncertainty around the virus, the vaccination and if and when the pandemic is going to end, the monetary losses suffered by broadcasters, organizers, team owners and players across the global sporting leagues were huge. Many EPL clubs were looking at a revenue shortfall of around GBP 100 million to GBP 150 million. Footballers across Europe were asked to take a salary cut ranging from 20% to 70%. Some EPL clubs, including Liverpool, initially declared they will use the British government’s furlough scheme to fund the wages of non-playing staff and only relented after a huge backlash

### Broadcasting Rights Fee Per Match (USD millions)



from their supporters. Even across the Atlantic, in the U.S., the NBA and the MLB wanted their players to take a substantial salary cut to ensure the league and the clubs survive this pandemic-induced financial crisis.

The BCCI, the IPL franchisees and the players, too, would have suffered financially if the 2020 season was cancelled. Players may not have received their salaries, sponsors and broadcasters might not have paid BCCI, and of course, broadcasters would have faced massive advertising and subscription revenues losses. Depending on the extent of the post-pandemic slowdown, most sponsorship contracts will get renegotiated for the 2021 season, as the spending power of the advertisers and sponsors is likely to be impacted by the economic slowdown even though a recovery was being seen in the second half of 2020. As was seen during the Great Depression, the IPL teams may also look to reduce their ticket prices in the 2021 and 2022 seasons, as spectators' spending power might have also been impacted due to pay reduction and job losses.

However, things have started to look better after the IPL 2020 season was successfully organized by BCCI in UAE and the subsequent immensely successful India tour of Australia. BCCI has allowed spectators into the stadium

from the 2nd test match onwards of the India-England test series, which would pave the way for the IPL being organized in India, with the presence of spectators, albeit with a reduced stadium capacity. This would bring more cheer to the game and the franchisees, if the COVID-19 situation remains as it is or continues to improve in India.

The pandemic's economic challenges are unprecedented. While most of the past economic shocks were largely restricted to certain geographies and economies in a not-so-globalized world, this one is different in all aspects, putting the entire world in uncharted territory. While economies of most countries are impacted, neither India nor the sporting world is insulated from the negative impact of this pandemic. This makes the IPL vulnerable like any other asset class in these challenging times. As it has been reiterated by leaders across the world, the moral and ethical obligation right now is to save as many lives as possible, and with vaccine deliveries starting across the globe, the hope of eradication of the pandemic and a return to normalcy is not far off. The sports industry, just like any other industry, must use this time to ensure it has the right strategies and tactics to emerge as a winner in the post-pandemic world. It must also ensure it is prepared for similar disruptions in the future.



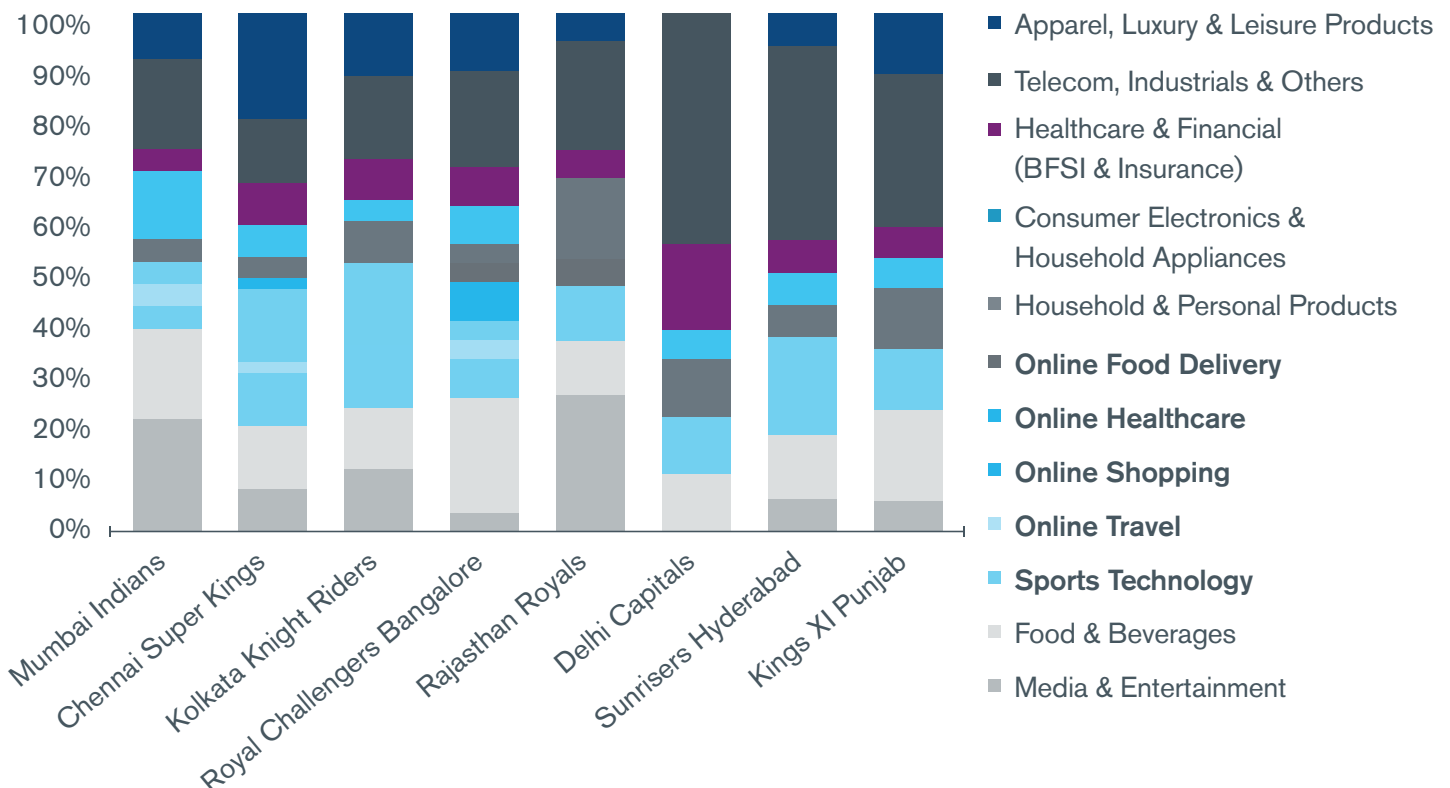


# Hawk-Eyed Sponsorships

The BCCI's decision to host the much anticipated cricket festival in the months of September-November, though behind closed doors, brought immense relief to audiences craving entertainment options as they hadn't experienced live sports in the six months of the lockdown. Advertisers widely appreciated the announcement as they look forward to such events, which give them access to a large and diverse consumer base at once. The IPL season corresponding with the major festival season in India was a welcome addition. Even though the economy is in a technical recession, this did not deter advertisers from spending generously to find a sweet spot in the sponsorship bandwagon.

With every IPL season over the years, we have seen multiple industries taking turns in dominating the sponsorship arena. With established brands choosing to stay more cautious than ever, owing to the current economic turmoil, it was the startups that came to the rescue of the otherwise big-money tournament. This season, we saw Dream11, Unacademy and CRED joining the top league as title sponsors and official partners. Apart from that, the two-year-old Mobile Premier League is also sponsoring two widely talked about franchises, Kolkata Knight Riders (KKR) and Royal Challengers Bangalore (RCB). With more and more digital-first companies coming on board, it is safe to say startups are the theme of the season. The rise in digital-first companies increasing their share in the sponsorship list of the franchises is apparent from the chart below:

IPL 2020 Team Sponsors



Though the 2020 season has fared lower in terms of sponsorship revenues as compared to previous years, it is worth noting that Dream11 paid INR 222 crores for the season compared to Vivo's INR 440 crore per season for the IPL title sponsorship. This was not a small amount for Dream11, considering it is still in the nascent stage. Even the official partners, Unacademy and CRED, have shelled out INR 130 crores each for a three-year deal. It is fair to wonder why startups which are yet to break even, are willing to channelize tons of money towards IPL sponsorships instead of saving for their respective businesses.

These startups are currently in a high-growth stage where the audience size plays a prominent role in boosting business. The IPL is the only cricket league that garners millions of viewers each season. This kind of visibility can help startups become a household name in just two months. Association with a larger-than-life sports league, such as the IPL, provides an edge to these companies in many ways. It not only provides extensive impressions but also helps build brand equity, trust and familiarity amongst the audience.

Five years ago, people may have been able to recognize a brand with the help of multiple spotting commercials. However, with the innovative fan engagement we see today, such as cricketer's social media engagements, Dream11's virtual fan walls and Mumbai Indians' MI Live, the audience is now more likely to try the brand rather than just recall it. With the millennials and Gen Z, who demand nothing less than end-to-end gratification while wanting brands with the highest popularity and #trending score, what could be better than using IPL as a platform to raise the brand image?

Arguably, the deep pockets of the investors backing these startups probably give them wings to fly high in the ad world. These investors understand content consumption

levels in India and do not mind investing a few extra bucks to capture an additional ounce of attention. In the fiscal year 2019, Dream11 spent 85% of its costs towards advertising,<sup>2</sup> CRED spent 33% of its total expenses towards advertising in the four operational months,<sup>3</sup> and Unacademy spent INR 68.4 crores in other expenses for a revenue of INR 11.6 crores.<sup>4</sup> The conviction shown by the investors is rightly justified with the revenue growth seen by these companies in a short span of time. The association with IPL has only strengthened their belief further. Following the BCCI's announcement on central sponsorships, Dream11 secured a funding of USD 225 million, Unacademy joined the unicorn club with a funding of USD 150 million, and CRED secured USD 80 million, bringing them closer to the unicorn title.

Similar spending trends can be seen with franchise sponsorships, where companies have sponsored multiple teams, like Mobile Premier League, BKT, iB Cricket, Mai Dubai and many more. Increased region-specific reach, leveraging on popularity of cricketers and/or franchise owners like Shahrukh Khan (SRK), and personalized touch to fan engagement programs are some of the positives of associating with one or more franchises. It is also interesting to see an increasing trend of sports-related brand sponsorships, which goes to show how IPL, in its 13-year journey, has impacted the way we look at sports as a fulfilling career and a flourishing industry.

In summation, amidst the countless hurdles, the IPL managed to pull through. The overall revenue was far less than the usual, due to a lack of gate/in-stadia revenues and sponsorships and ad slots sold at exceptionally discounted prices. However, the board earned INR 4,000 crores in revenue and cut costs by 35%, against the anticipated revenue loss of over INR 3,000 crores had it been cancelled.<sup>5</sup>

<sup>2</sup> Dream11 reports widening losses as advertising spend balloons threefold, Tech Circle, Nov 09, 2019

<sup>3</sup> Kunal Shah's CRED spent Rs 64 Cr in FY19 with zero operating revenue, Entrackr, Jan 27, 2020

<sup>4</sup> PrivateCircle database

<sup>5</sup> www.indiatoday.in



It will be interesting to see if this season has set the stage for a paradigm shift in the way we look at sports sponsorships or will it just be an outlandish event. Did the startups make a smart move by burning their pockets for marketing in an event this big, or will it turn into a case study for what-not-to-do for entrepreneurs? We will have to wait and watch. Nonetheless, the IPL was and remains one of the most exciting sporting event to look forward to.

### Impact of Watching the IPL Only Online (Broadcasting Impact)

A sense of disappointment was felt by India's vehement cricket fanbase when the delayed season of IPL was moved to the UAE, with fans only able to watch the matches played behind closed doors on television. In an interview with the Financial Times, Uday Shankar, Disney's Former President of Asia Pacific, said, "It has gone on to become probably the most successful IPL tournament ever." Star India, which is the official broadcaster of the IPL claimed that there has been a 23% rise in TV viewership (with 24% and 20% growth observed in women and children viewers, respectively).<sup>6</sup> About 31.6 million viewers have watched the IPL on television this year, as per information from Broadcast Audience Research Council India, across five regional languages, including Hindi, Bengali, Telugu, Tamil and Kannada. While giving credit to the BCCI for staging this tournament in these unusual circumstances, Sanjog Gupta, Head - Sports, Star India said, "Season 13 witnessed innovative programming, world-class production—both remote and on-ground".<sup>6</sup> Various reports have estimated an advertising revenue of approx. INR 2,600 crores for the broadcaster i.e. Star India (including its digital app i.e. Disney+ Hotstar) versus last year's estimated advertising revenue of INR 2,100 crores.

<sup>6</sup> [Economictimes.indiatimes.com](https://economictimes.indiatimes.com)



Photo Courtesy of BCCI

Contrary to the trend observed in television viewership, the OTT platform Disney+ Hotstar couldn't garner significant viewership during this year's IPL. A definite surge was anticipated in this season due to a worldwide lockdown and closed-door matches. Based on an article by moneycontrol.com, this year, the concurrent viewership for the final match ranged between four to six million on Disney+ Hotstar; last year, it was a whopping 18 million. According to the article, the final match between Delhi Capitals (DC) and Mumbai Indians (MI) did not even surpass the viewership numbers for the first IPL match this year (Mumbai Indians vs Chennai Super Kings (CSK)), which had registered peak viewership of 8.7 million concurrent viewers. The following could be the probable contributors for this decline in viewership on the OTT platform:

- Since many viewers were working from home, they would have preferred watching the matches on the television instead of on their phones.
- Colliding of Bihar state's election results around the same time, which could have engaged political enthusiasts.

- OTT content consumers could have been resistant to subscribing this year since the IPL is behind the paywall on Disney+ Hotstar

Even though viewership on the OTT platform took a hit this year, things seemed very positive on the advertisement front. The advertisement inventory was apparently sold out a week before the start of IPL. The ad rates saw a 50% jump this year. The cost per mille (1 mille = 1,000 views of an ad) on the platform was INR 180 for a 10-second spot, up from INR 100-110 last year.<sup>7</sup>

<sup>7</sup> Moneycontrol.com





# Conclusion



**Santosh N**  
External Advisor,  
Duff & Phelps India Pvt. Ltd.

The value of the IPL Ecosystem has decreased by 3.6% in constant currency terms to INR 45,800 crores from INR 47,500 crores last year. In USD terms, the Ecosystem value has decreased by 8.7% at USD 6.19 billion from USD 6.78 billion last year. The drop in value is largely on account of the COVID-19 pandemic and the subsequent impact it had on the IPL Ecosystem's cashflows. Our analysis also does not consider the addition of two new franchisees from the 2022 season, which would also enhance the IPL Ecosystem's value.

Further, IPL 2020 matches were played behind closed doors, effectively impacting the in-stadia revenues, including gate receipts and food and beverages. The impact of revenue loss on account of lack of gate receipts is negligible on the IPL value. In fact, it has benefited the broadcasters as more people were forced to spend time at home, thus increasing the television viewership for IPL. Based on the market data, the IPL 2020 edition was a huge success for broadcasters, as IPL broke viewership and ad revenue records.

The standalone franchisee brands have seen their brand values decrease, as the pre COVID-19 sponsorship deals were reduced by 15%-20% before the start of the tournament, predominantly because there were no more "meet and greet" events with players; and there were no free tickets in stadiums.<sup>8</sup> Certain franchisee brands such as CSK and KKR have seen their brand value erode by approximately 16.5% and 13.7% respectively, compared to last year, for various reasons. CSK's worst ever on-field performance and the concerns of an ageing roster have negatively impacted the brand credibility, and a correction was inevitable. CSK's brand value has reduced from INR 732 crore to INR 611 crore. Further, CSK must find a new marquee player to attract sponsors post M.S. Dhoni's retirement, to maintain its brand value, otherwise, there might be further value correction.

Similarly, KKR's consistently poor-on field performance along with lack of a marquee player, has significantly impacted the brand value. The team had last won an IPL title in 2014, and since then, it has been unable to reach the final and has failed to qualify for the playoff for three out of six seasons post the 2014 edition. KKR is one brand that generates significant equity from SRK's brand. Considering there has been a slight impact on brand SRK as per Duff & Phelps Celebrity Brand Ranking, it has had a trickledown effect on KKR as well. KKR's brand value has dropped from INR 629 crores to INR 543 crores.

Delhi Capitals is the only team that experienced a minimal impact on its brand value during this pandemic year. The team's brand value decreased by 1.0% to INR 370 crores from INR 374 crores, and in relative terms there is a significant gain in values as compared to its peers. Things have changed for Delhi Capitals ever since JSW Group entered the fray. The team's performance has significantly improved from the lows in 2018 (last on the points table) to highs in 2020, which saw them challenge Mumbai Indians for the title. The team's combination (mix of marquee players and next-generation superstars), its efficient management and the JSW Group brand have unlocked the value of Delhi Capitals. Even

<sup>8</sup> Source: Live Mint article on "IPL Franchises Review Deals, Select Sponsors" dated August 20, 2020

though the brand value has increased in relative terms, Delhi Capitals remains at No.6 on our brand ranking.









The back to back IPL champions, Mumbai Indians, also saw a drop in its brand value. Despite the sponsorship revenues being significantly impacted due to the pandemic, Mumbai Indian's brand strength has remained intact. They remain at the top spot in our brand ranking table for the fifth successive year with a brand value of INR 761 crore, down by approximately 5.9% from last year.

Despite the pandemic, a full IPL season, with growing viewership and ad revenues for broadcasters, has indicated how strong the IPL brand has become. With the opening of the economy and decreasing COVID-19 cases in India, we expect sponsorship deals to be back to pre-COVID-19 levels. We have now entered a more stable phase in terms of the value of the IPL Ecosystem, as the value appreciation is not expected at the rate compared to previous years; however, an increase in the number of teams in 2022 and the renewal of media rights in 2023 would enhance the IPL Ecosystem value in the future. The top four teams in our ranking continue to be at an advantage over the other teams even as they perform poorly, purely due to the presence of marquee players, the size of their fan base and the advantage of being in cities with a significantly young population. Having said that, we do believe Delhi Capitals will soon catch up if it holds onto its next-generation superstars and builds on this year's IPL performance. Next year, the teams will also face a challenge in maintaining their core players and getting the team composition right, when the two new teams get added to the IPL.

The current Duff & Phelps IPL Brand Valuation Report reflects the evolution of the modern cricket business paradigm, with clubs benefitting from the enduring popularity of cricket in India and strong marketing and globalization of the game. However, for growth trajectories to maintain their momentum, all teams need to continue broadening their footprint, forming relationships and generating revenue opportunities in growth markets. Ultimately, much of cricket's future depends on ensuring the product is of sufficiently high quality to continue attracting viewers, sponsors and broadcasters, the latter of which have become so vital for the game's financial health.



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