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## HIGH SCHOOL SPORTS FINDS PAYDIRT AS COMPANIES SNAP UP IP RIGHTS

BY JOHNWALLSTREET

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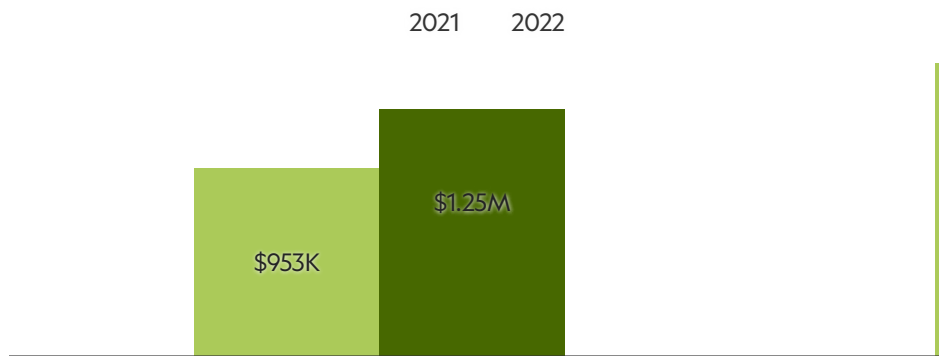
High school sports has become big business over the last decade. The professionalization of multimedia rights (MMR) sales, combined with advancements in technology and shifts in consumer behavior, have driven state association revenues steadily up and to the right with no signs of abating.

The trend line is showing no signs of abating, either. According to Nielsen AdIntel, brand advertising spend on high school state championships has increased 25% YTD over 2021.

Mike Schreiber (CEO,

**Playfly Sports**(<https://www.sportico.com/t/playfly-sports/>)) has enjoyed a front row seat to the rise of college sports over the last 30 years (his company is the second largest holder of collegiate multimedia rights). He said the ongoing change in high school sports resembles the progression he witnessed at the college level—“the next wave of college sports is high-end high school sports.”

### Advertising Spending on High School Sports



Total Spending (+20%32%)

Chart: Lev Akabas • Source: Nielsen AdIntel (2021/2022, YTD through 9/10)

**JWS’ Take:** High school athletics does not have a governing body that puts on national championships. Instead, each state has an association comprised of member schools that governs high school sports and activities (think: band, chess, debate and cheer) in the jurisdiction. The state championship game is the culminating event for each sport sponsored by the association.

High school sports championships have historically been under-monetized because the state associations putting them on have not dedicated the resources, such as experienced sales teams, to pursue large-scale commercial opportunities.

Administrators with other responsibilities and relatively little experience negotiating multimedia rights deals were tasked with selling media, advertising, sponsorships and digital.

The shortfall in resources resulted in high school sports inventory largely going to local brands. “State associations were focused on major population centers as opportunities to sell sponsorship around; or [cities] where their state championships were,” Chuck Schmidt (executive director, Playfly Sports Properties) said.

**Outfront Media**(<https://www.sportico.com/t/outfront-media/>) set out to change that in 2011, introducing high school athletics to the outsourced model that pro and college teams rely on to manage their local multimedia rights. The company bought the web, app, local linear and radio broadcast rights, and the corresponding commercial assets and inventory to Arizona’s state championships. The media company subsequently engaged “in a process to identify [and bring in] sponsors, [involve] community outreach programs [and] invest in various technologies that a high school program may not have,” Schmidt said.

Outfront Sports, formerly known as CBS Outdoor Sports, has since been acquired by Playfly Sports. Playfly controls the multimedia rights across 28 men and women’s sports for roughly one-third of state associations.

High school sports provide regional and national sponsors and advertisers with an opportunity to reach and develop relationships with a large group of impressionable sports fans. “You’re talking about a really interesting group of engaged people that you get to start with when they’re [young],” Schreiber said.

For perspective, California has “900,000-plus high school athletes, and when you add their family members, you’re talking about three million plus people every year engaged in high school athletics,” Schmidt said.

Playfly and Teall Properties Group (TPG), which represents 26 state associations, have professionalized high school athletics media and elevated the value of state championship IP. “[Thirty years ago] colleges managed most of their athletic rights individually or would have multiple companies representing them at a single time,” Mike Wolfert (CEO, TPG) said. “It caused confusion in the marketplace and made it difficult for regional and national brands to make large advertising buys.”

Tech innovation has played a critical role. “Individual high schools all the way up to state associations now have more proficient websites, apps and social media channels, and are able to reach their fans with more frequency and engagement in ways that did not exist 10-plus years ago,” Wolfert said. “In addition, nearly half of the high schools in the country now stream their events through the National Federation of State High Schools Association (**NFHS**(<https://www.sportico.com/t/nfhs/>)) Network, which includes almost all sports and activities that a school offers across all grade levels.”

The NFHS Network carried the games of over 5,700 schools during the 2020-21 scholastic year; a 174% increase over the year prior. In 2022-23, more than 9,000 high schools will broadcast their games on the network.

The increase in available game content has contributed to increased consumption numbers. NFHS content received more than 18 million views in 2020-21, a 225% YoY climb.

Shifting consumer behaviors (think: parents got comfortable streaming their kids’ games during the pandemic) and a “resurgence in community” post-lockdown are also believed to be factors in the viewership trends cited.

The growth has in turn influenced rights values. Brands are willing to pay more to reach more people, particularly now that they have better data and a greater understanding of how high school sports maintains deep reach into local communities, Wolfert said.

Unique opportunities to engage stakeholders at a personal level are also bringing new partners to the table. Schmidt said Playfly has packages that include authorized outreach to select athletes, parents, coaches and administrators via mobile apps, website or streaming broadcast.

Technology has expanded the games' reach and contributed to a deepened pool of potential brand partners. There are significantly more regional and national companies investing in HS sports IP today than there was a decade ago, even in locales and within sports where player participation is flat or on the decline.

To be clear, brands buying high school state championship inventory get all the regular and postseason season games as well, so association partners can remain in front of their target audience for the entirety of the sport's season. That's not possible on the collegiate level with the NCAA and College Football Playoff controlling many of the postseason and championship game assets.

Technology has also been a revenue driver for some state associations. Those that have adopted a digital ticketing platform can charge a service fee, which they are entitled to keep a portion of. "We are also able to sell sponsorship and advertising as part of those digital platforms," Schmidt said.

Playfly, Teall and companies like it are for-profit businesses. But they are not the only ones benefiting from the professionalization of high school sports. The dollars they pay for the rights "go to the state and then the state [sends those] funds back to the schools and the state ecosystem for all of high school athletics in that state," Schmidt said. "It goes back down to elevating high school athletics." The more revenue the IP can bring in, the more programs the associations' schools can fund.



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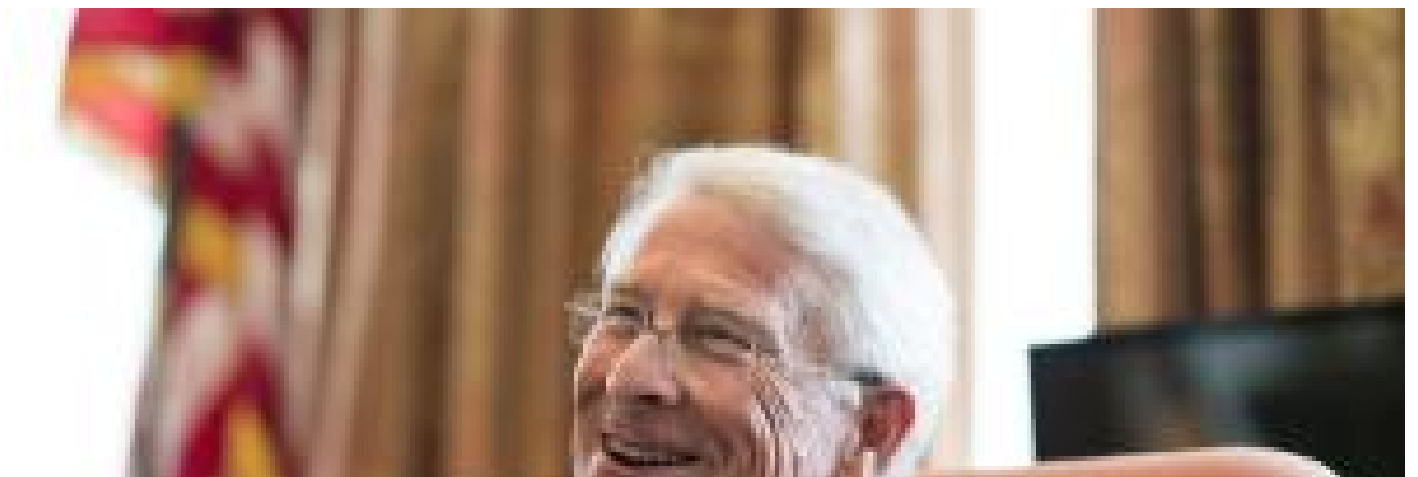
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