

How Will Spark Sport Impact Sky NZ?

Introduction to the Industry

1 In the age of digital technology, the rise of online streaming services is growing, creating real challenges for both broadcast (free) and subscriber (pay) TV services. Through the increase in use of VSOD services such as Netflix and Lightbox, Sky TV has seen a decrease in subscribers due to more content being available on the online sites. Back before high-speed broadband internet was available, the only option to watch New Zealand sport was either live at the game or on free broadcast TV channels. Sky originally launched on 18 May 1990 as an analogue Ultra High Frequency (UHF) service which had three channels, Sky News, Sky Movies and Sky Sports. Once launched, Sky won long term rights to US sports network ESPN which allowed Sky to stream a variety of sports from America which later led to streaming All Blacks tests. From then on, Friday and Saturday night consisted of watching sport from the comfort of your living room, allowing for the option of inviting people round for a classic Kiwi barbeque and to watch some rugby.

The Development - Spark Sport

1 In 2005, Sky announced it had purchased the free-to-air channel Prime TV for NZ\$30 million. Used to promote its pay content and to show delayed sports coverage, Sky reaped the benefits of having another channel under its name by bringing more customers to its streaming service. It has also been essential for Sky to secure the rights to stream the Olympics as it often brings in income with all of the subscribers specifically to watch the event. Creating new channels especially for the Olympics, Sky invests a lot of time, effort and money into guaranteeing its subscribers a chance to watch the most elite sporting event in the world. However, in early 2019¹ Sky announced it's lease to screen a group of sports was coming to an end, to which Spark snapped them up and announced its newest platform, Spark Sport. Spark Sport is a prepaid monthly subscription service, providing you with Cricket, RWC 2019, Football, NBA, Formula Racing, eSports, Golf, Horse Racing, Extreme sports, Tennis, NFL, Rugby, ONE Championship, World Rally Championship, Hockey and Swimming. With a variety of sports now to be streamed online from March 2019, the new concept proved to be a difficult pill to swallow for many sports fanatics.

After your free 7-day trial, the subscription fee is \$19.99 per month, as there is no long term contract and you can stop your subscription from being auto-renewed by suspending at any time. However it is not possible to 'buy' only one game, you must have a subscription to be able to use the service, apart from the special rugby world cup deal which comes as a \$90 package, with singular games costing \$25, making it more cost effective for the customer to purchase the package deal. This marketing strategy led to hundreds of more subscribers leading up to the RWC in 2019.

Another strategy that Spark used to boost subscription numbers was adding a 'free' subscription to broadband and phone plans that were already existing at Spark. By doing this, Spark not only gained Spark Sport subscribers but also gained new Spark customers. Having this special feature, Spark created an exclusive new platform that was cheaper for pre existing Spark customers to watch sport.

Causes

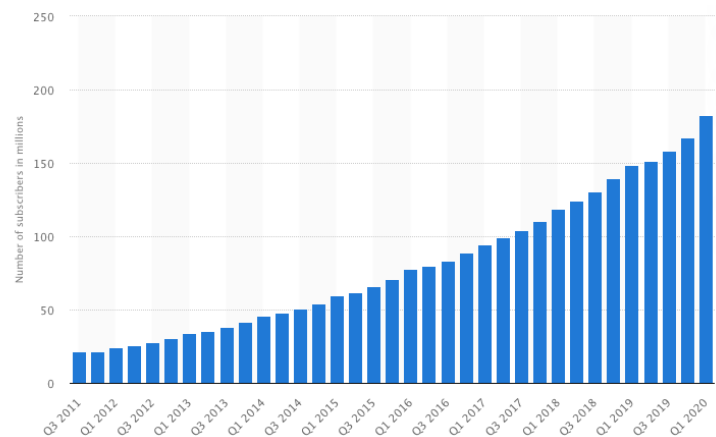
2 Due to the installation of faster wifi connections and Fibre, the reality of being able to stream live sports games over the internet was much more possible then it was five years ago. The development of what the internet is capable of, allows for the development of how we watch

¹ [Spark Sport Announce Streaming Launch Date](#)

2 sports in New Zealand, from broadcasting TV to an online service. This development of high speed internet however, was tested when it came time for the Rugby World Cup in 2019. With thousands of New Zealanders online, trying to stream the first All Blacks game, the website crashed. There was an outcry in anger as the promised streaming of the game was now ruined for many. 3 Worried about losing many customers and never having them return, Spark indicated TVNZ is the back-up in case anything happens to the site again and ended up making the second All Blacks game on free to air TV1 after the disaster from the first game. A significant amount of the problem is that after the announcement of this new online platform, New Zealanders had high expectations of what the streaming quality was meant to be thanks to the rise of other online streaming services such as Netflix and Lightbox. At the time of the 2015 World Cup, fewer than 400,000 people had access to Netflix in New Zealand.²

3 In March 2019³, Spark released a statement that its movement into sports streaming was a more affordable way to stream live sport. Due to losing sports rights, Sky has lost over 450,000 of its million satellite subscribers in the 12 months. Sparks' move into online streaming shows the trends of time, the technological convergence of Spark is clear to see. From a phone company to delving into the TV industry, Spark has spread its range massively. Creating a platform that wasn't initially needed, turned into a necessity as it became the only place to watch sports. This benefited Spark as it now has a platform that no other company can compete as many can't afford to compete. Spark is claiming to be a 'more affordable'⁴ place to watch New Zealand sports, however it comes as yet another expense to the viewers. With more and more

3 online streaming services, Spark Sport is just another bill to pay for some households, but for some, it means they can no longer watch sport as they can not afford to pay for another subscription. New Zealanders continue to spend over two and a half hours watching linear TV each day, but the increase in streaming services has skyrocketed in the last few years.⁵ Following the trend of online streaming, Sparks move has impacted the way New Zealanders watch TV and sports.



The change from free to air broadcasting TV to Sky to Spark Sport shows the evolution of technology and how the trends are changing the market and what customers want more of.

References (some not shown)

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O'Donnell, M. (2019, October 04). Rugby World Cup 2019: Spark Sport allowed bugs to bite

² [Rugby World Cup 2019: Spark Sport allowed bugs to bite customers](#)
³ [Spark and Sky's fight for rights could mean bigger bill for sports fans](#)
⁴ [Spark and Sky's fight for rights could mean bigger bill for sports fans](#)
⁵ [Sky suffers as NZ demand for online video skyrockets](#)