The Business of Indian Premier League and the Impact of Chennai Super Kings as a Franchise on it

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Abstract

Background: The objective of the study was to analyze the business of the Indian Premier League in every aspect and explain how different factors contribute to the development of this league. The paper also throws light on how franchises like Chennai Super Kings impact the overall business of Indian Premier League and vice versa.

Methods: Sponsorships, broadcasting rights, individual team sponsors, ticketing sales, merchandising are the factors considered to study the Indian Premier League. Apart from this the MSD factor and the two-year ban are specifically considered to analyze the working of Chennai Super Kings as a franchise.

Conclusion: The research indicates that a popular franchise like Chennai Super Kings has an effect on the performance of the Indian Premier League.

Keywords: Broadcasting, Chennai Super Kings, Indian Premier League, Sponsorship

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1.Introduction:

The Indian Premier League is arguably the best domestic cricket tournament that fans have ever experienced. The Indian Premier League has fascinated the cricket fans all over the world. From entertainment to excitement to emotion to rage to passion to despair and last but not the least the quality of cricket the IPL contains is unparalleled. This league was the time when the cricket in India was monetized. Cricket is the most followed game in India since 1990’s so it made sense to revolutionize the game. But prior to the start of the tournament this league was questioned through different angles. Politicians were against this league as they thought this would impact the authenticity of the ‘Gentlemen’s game’¹¹. As the league takes place in April & May, the time where the temperature in India is above average, there was another problem that people would not spend their hard-earned money and also compromise on their comfort just to watch a domestic league. Also, the inclusion of cheer leaders was opposed by some group of people who saw it as defamation of the league and Indian tradition ¹². After solving all problems BCCI (Board of Cricket Control India) gave a green signal to this league an inaugurated it in 2007. Big names like Sachin Tendulkar, Sourav Ganguly Rahul Dravid were also involved in IPL. The first season of IPL started at 18th April 2008 which was contested between 8 teams and had 59 matches ¹³. IPL is a franchise-based model where corporates can pitch in their money in a particular franchise and get into contract-based partnerships ¹⁴. It can be said that this model is based on the professional football leagues. As the winners of different football leagues qualify for a UEFA league the same model was being applied to cricket for champion’s trophy. It is found that the team with popular players are enjoying the results of their performances in the IPL and have played a very important role in broadening the concept of fan engagement. The results indicate that consistent performance of the team has a positive effect on purchase intention ¹⁵. IPL has many positive effects on the overall development of players and finding the right talent for national team. The league has provided a chance for emerging players to play with the well-established players. This will help the uncapped players develop their overall game and overcome the flaws. As IPL is played in different
venues it has helped the game reach even the remotest corner of India. During IPL a lot of industries perform on their peak as IPL brings business in India thus contributing to overall national revenue (6). The major attraction to the Indian Premier League is its teams and the players. Fans get flocked to the stadiums or are glued to their television sets to support their teams and players. Some of them support a particular team as they feel the connection with their home city while the others support specific players belonging to a team that leads to the fans supporting the team as a whole. Some franchises enjoy the love and support of millions just because they have star players who attract more than half of their fan base single-handedly. IPL has enjoyed a certain amount of success from the start of the league. But IPL also has some dark pasts with regards to match-fixing, scandals and many other incidents which has brought down the popularity of the league by some extent. To tackle these kinds of situations IPL has done a good job while handling the media on these topics. IPL has implemented some notable strategies to combine the entertainment industry with sports and also has sustained the value over the years (7). The Indian Premier League, an innovatively formatted and media-friendly, is such platform where the sportspersons, the Bollywood stars and the business tycoons come together to promote the league. The profit-generating capacity of the Indian Premier League is examined in the corporate sector and the entertainment industries (8). There are many franchises that were included in the IPL but due to some issues had to leave the tournament. Unlike these franchises Chennai Super Kings (CSK) have been very consistent throughout the IPL in terms of performances. Barring the 2-year ban CSK has been a very popular and successful franchise in terms of business as well. Chennai Super Kings is a growing and leveraging brand equity. The business model focuses on garnering monetization and revenues from the central pool, gate revenues, in-stadium advertising, sponsorships and merchandizing. The expenses borne by the franchise are the player fees, franchise fee, rent on stadium, promotional cost and administrative cost (9). As we can see that in this league even if cricket is played the sport is made more audience friendly. The shorter duration of the game, player auctions and their salaries, franchise model and the revenue made mainly due to the broadcasting rights are some innovations that the IPL has adopted. These changes have brought lot of views to the league (10). This research paper throws a light on the business of IPL and the changes that have been made in different aspects for this league over the time. Also, the paper analyses the impact of Chennai Super Kings as a franchise on this league. Some of the other franchisee will also be taken into consideration just for the sole purpose of comparison.

2. Material & methods:

2.1. Selection of subject:
For the research work the two main subjects that we have selected are Indian Premier League (IPL) and the well-known franchise Chennai Super Kings (CSK). As we are studying how the working of franchise can affect the league Royal Challengers Bangalore, Mumbai Indians, Kolkata Knight Riders are selected as subjects just for the sole purpose of comparison.

2.2. Selection of variable:
As this research has two main subjects as discussed earlier. The performance of the Indian Premier League and Chennai Super Kings is going to be determined by following variables.

1. Brand Value
2. Viewership
3. Merchandise
4. Broadcasting
5. Sponsorship
6. Fan Engagement
7. MSD Factor

2.3. Data Collection:
The data was pre-dominantly collected from the internet. Case studies and articles on Chennai Super Kings and Indian Premier League were a major source of data collection. Research papers on the top football clubs were also taken into consideration for the parameters for their success and
popularity amongst the fans. The annual reports from BCCI were also referred for this paper. The match or player stats were collected from CricBuzz, CricInfo and IPLT20 websites.

2.4. Statistical Technique:
SPSS – descriptive statistics and linear regression for quantitative data. To find out the significance and correlation of the selected variables. SPSS version 24 held at 0.05 level. Statistical analysis was performed with a significance level kept at 0.05.

3. Results and Discussion:

There are lot of graphical representations and tables that would help to put forward the results in a better way. This section includes all the relevant graphs and tables and just the explanation for them.

![Brand Value (IPL)](image)

**Figure 1. Brand Valuation (IPL)**

This graph is a timeline of how the brand valuation for the Indian Premier League has changed over the years. There have been ups and downs in the graph but the line shows a significant growth of the league compared from the point it started. The valuation of league here is calculated in billions of US dollars. The graph depicts the valuation of league for a decade.
This line graph depicts the brand valuation for a decade. The valuation is calculated in billions of dollars. There was a two-year ban on Chennai Super Kings in the year 2016 and 2017 thus leaving a gap in the line graph. In this graph as well, there is a significant growth seen from the year 2009. The brand value of Indian Premier League and Chennai Super Kings would be compared to find the inference whether there is any impact of the working of franchise on the overall league in terms of valuation.

The following graph is a comparison between the starting seven matches of two IPL seasons of the years 2015 and 2016. The viewership or the TRP Ratings of the two years is depicted in graph and it is quite clear that the TRP Ratings of the matches played in 2015 is much better that of matches in 2016.
Figure 4. Broadcasting Rights

The graph depicts the bid amount for Indian Premier League (IPL) for bagging the broadcasting rights. The first 10 years the rights were sold to Sony Entertainment for 918 million$. The next five years rights are with Star who bought it for 2.55 billion$.

Figure 5. Social Media Presence

This bar graph depicts that Instagram, Facebook and Twitter followers for the four franchises Chennai Super Kings, Mumbai Indians, Kolkata Knight Riders, Royal Challengers Bangalore.
Table 1 – Total number of followers per team.

<table>
<thead>
<tr>
<th>Team</th>
<th>Total number of followers (in million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chennai Super Kings</td>
<td>23.6</td>
</tr>
<tr>
<td>Mumbai Indians</td>
<td>22.8</td>
</tr>
<tr>
<td>Kolkata Knight Riders</td>
<td>21.7</td>
</tr>
<tr>
<td>Royal Challengers Bangalore</td>
<td>16.2</td>
</tr>
</tbody>
</table>

Brand Value –
Brand value is basically the financial value of a certain brand. Firstly, to consider the performance of Indian Premier League in this variable, it has grown quite significantly. By referring the line graph figure – 1 the Indian Premier League valued at 2 billion dollars. As the league progresses there are many ups and downs in the valuation. The final data available was of the league was of the year 2019. The line graph states that the value of the league at that time was 5.7 billion dollars which is much higher than the value of league in 2009. This is a graphical representation of the brand valuation of the league shows that the Indian Premier League has grown significantly over the years.

The second figure describes the brand valuation of Chennai Super Kings over the years. In 2009 the brand value of CSK was 0.039 billion dollars. At the end of 2019 the brand valuation calculated was 0.075 billion dollars. The line graph of brand valuation of CSK also grows significantly as the graph of IPL. Chennai Super Kings was banned from IPL for 2 years in 2016 and 2017. Thus, keeping a gap in the line graph of the brand valuation of Chennai Super Kings. This was the time where all the players from CSK played from different franchises for the next two years during the ban.

Comparing the Figure-1 and Figure-2 for the years 2016 and 2017 there is a gap in brand valuation of CSK as the franchise was banned from IPL. Also, we can see a significant drop in the year 2016. The valuation went from 3.7 billion dollars in 2015 to 2.5 in the year 2016. The impact of this ban affected directly on the brand value of Indian Premier League as shown in the graph. The ban was lifted after two years and CSK came back strongly in the year 2018 by winning the IPL trophy. Also, the line graph of CSK brand valuation shows an increase in the value. In 2018 the brand value of CSK was 0.065 billion dollars which was the highest they had ever achieved.

After graphical representation of the following we would be using a statistical method to check whether the working of Chennai Super Kings impacts the Indian Premier League in terms of brand valuation.

Spearman’s Rank-Order Correlation
Using Spearman’s rank-order correlation in SPSS, the brand values of IPL and CSK over the years were analyzed to check the strength and direction of association of the variables, i.e., whether they have any correlation between them.
Since, the sig. value is less than 0.05, the null hypothesis is rejected. Therefore, there is a correlation between the brand values of IPL and CSK. There is a strong, positive correlation (when the value of one increase, the value of the other also increases) between the brand values of IPL and CSK, which is statistically significant,

$$r_s = 0.854.$$  

$$r_s^2 = 0.729 = 72.9\%$$

**Viewership** –

The TRP ratings of the first game week of the IPL in the years 2015 and 2016 are compared in the figure-3. It is observed that the viewership in the first week of the 2015 season is much higher than that of the second season. In fact, every match of the season of 2015 has had a higher rating than that of the season of 2016. Though, the data is limited to only the first game week of the two years but the ratings have been consistent throughout the entire seasons of both years.

The average viewership of IPL in:

2015 ~4.50  
2016 ~3.50

The reason for such a drop in the TRP ratings is because of the absence of teams. IPL was mainly missing the fans from Tamil Nadu as their team was not playing the IPL for the years 2016 and 2017. The players of banned teams were auctioned and two new teams were playing for those 2 years. This was the reason that the in house attendance didn’t go down. All the matches were almost housefull as fans wanted to see their favourite players play the game irrespective of the teams.

**Merchandise** –

Though, the merchandise sales in India is not significant compared to the other countries, during IPL the official merchandise of the teams has a huge demand. Every franchise in IPL earns in some amount through its merchandising. Fans love to support their team by wearing their favorite team’s jersey or a cap. The leader of the merchandise sales is none other than the Chennai Super Kings. In 2012, the CSK franchise
hasearned Rs 2.5 crores from the Reebok sales and Rs 1 crore from Cool Maal. It can only be fair to say that it would have increased over the years, to be exact, the management expected to earn three more in the upcoming season. (2013) The management has expanded their merchandise from clothing to any gifting material which includes key chains, water bottles, phone covers, badges, whistles, etc. with the CSK logo branded on them. Their official merchandise partner is Souled Store which is an e-commerce site that sells all of the authentic goods of the team. A franchise making so much money through merchandise sales adds so much brand value to the league. Another reason for the drop in the brand value of the IPL in 2016 is the loss of merchandise sales of the CSK franchise.

Broadcasting –

For the broadcasting part of the league the figure - 4 would be referred. Though the ban of CSK has had been for two years, the brand value of IPL in the first year of the ban in 2016 had been impacted more so than in 2017. The reason for the increase in brand value of IPL from $2.5 billion to $3.8 billion was the sky rocketing price invested in the IPL for attaining the broadcasting rights by Star India from the Board of Control for Cricket in India (15). Star India has gained the media rights for the Indian Premier League for 5 years at an all-conquering bid of $2.55 billion or Rs 16,347 crores. The TV house will pay Rs 54.5 crores per each match of the IPL for the next five years till 2022. The IPL previously had Sony Entertainment India as its broadcasting partner for the initial 10 years where Sony along with Singapore based World Sports Group had won the media rights from the BCCI for $918 million (3). Indian Premier League is not the same as it used to be in its first decade. Its popularity and value had increased so much that everyone wants to invest in it. Hence, a $918 million bid by the Sony Entertainment India for 10 years has evolved into a $2.55 billion bid for 5 years which is a 158% increase (12).

Sponsorship –

Indian Premier League is considered to be the league which commercialized cricket at a different level. It roped in many private firms and brands. The major income source for every franchise in IPL is through sponsors. Sponsors generate income by involving players in their advertisements. The other factor that sponsors consider is the brand visibility. A franchise like Chennai Super Kings is always the go to franchise for most of the sponsors as CSK has qualified for all the play offs in the IPL and have been the title holders for couple of time. Also they get to associate their brands with the big names like Mahendra Singh Dhoni, Suresh Raina etc. who are popular among the Indian crowd. Hence it easier for CSK to rope in sponsors every season. These are the 22 sponsors which are associated with Chennai Super Kings.

1. The Muthoot Group
2. India Cements
3. Gulf Oil
4. British Empire
5. Clear Shampoo
6. Nippon Paint
7. Jio
8. Khadim’s
9. ACT Fibernet
10. Dream 11
11. Seven
12. iBCricket
13. Nova
14. Hello FM
15. NAC Jewellers

Fan Engagement –

The fans of Chennai Super Kings are considered to be the most loyal fans for any IPL franchise. The side has consistently performed for the last 10 years which is the result of this loyalty. The inclusion of prominent sports figures like Mahendra Singh Dhoni and Suresh Raina have increased the number of fans supporting the side. Chennai Super Kings not only enjoy the home support but also the away support as their fans are everywhere in this country.

Taking figure 5 into consideration Chennai Super Kings has the highest number of fans on social media. The graph depicts that Kolkata Knight Riders have the highest number of followers on Facebook and Mumbai Indians have the highest number of fans on Instagram. But if we take an overall sum CSK has the upper hand over every other franchise in IPL. Chennai Super Kings has a campaign known as the ‘Whistle Podu’ campaign which allows the local fans to come together as a community and cheer CSK every match.

MSDFactor –

The IPL teams when playing the away games have the minimal support of of the away audience. But this not the case with Chennai Super Kings. Half of the away crowd would be supporting Chennai Super Kings just because of one person that is Mahendra Singh Dhoni. That is the kind of influence and power that he carries with himself.

It was discussed earlier in the paper that sponsors prefer teams which is more likely to make to the play offs of the IPL season. Chennai Super Kings has reached to the playoffs every season of IPL till now. The person behind the success of CSK is none other than MS Dhoni. He has led the team from the front for the last 10 years. He represented Rising Pune Supergiants for the years 2016 and 2017. In the year 2017 they managed to be the runners up of the league.

MS Dhoni is a brand himself. It is easier for CSK to rope in sponsors because of the big name of MSD. Every team that he leads has not only proved to be successful on the ground but also of the ground as well. The sponsors try to associate themselves with him because of his popularity among the Indian crowd. This in turn generates more business for the associated brands.

4. Conclusion:

The Indian Premier League started in 2008 and has been popular since then. It is considered to be the most successful league in the world of cricket. It is the shortest format of cricket the world has ever witnessed. The league witnessed many ups and downs but still manages to follow a sustainable model. Not only it helps in the development of cricket but also helps in contributing to the government funds. As the league takes place in different parts of country it brings a lot of job openings as well. Most of the grounds are used in a span of two months bringing together millions of people.

Chennai Super Kings has been the front runner of the Indian Premier League since the very beginning in 2008 in terms of on-field performance, celebrity influence, marquee players and fan engagement. According to the recent valuation report of IPL by brand finance, CSK is the most valuable team of IPL with a brand value of over $75 million. It is observed that CSK plays an impactful role in the business of IPL. The brand value of CSK has a strong positive correlation with the brand value of IPL, which means that the absence of CSK from the league will negatively impact the business of the IPL which it has in terms of viewership, TRP ratings and sponsorships and the major decrease in the brand value of IPL in the year 2016.
During its two-year ban, CSK has suffered losses in terms of sponsorships, gate revenues and merchandise sales but it did not have quite the negative impact on its brand image as was expected. In fact, the opposite of that has happened. The sponsors were rushing in to get associated with the franchise and the fan base has increased more than ever making it the team with the greatest number of followers in social media. A huge credit goes to the team management for how they have handled themselves during the ban and to the fans who kept the CSK spirit alive virtually.

Lastly, it is seen how big a role M.S. Dhoni plays in the success and popularity of the three-time IPL winning franchise. The Chennai Super Kings revolves mainly around him and it will be interesting to see in the future how the management will maintain the brand value and popularity of the franchise and fill in the huge void once M.S. Dhoni retires from cricket.

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**References**: