How the NBA Finals Made $76 Billion Media Rights Seem Like a Bargain

As an impending NBA media rights deal is pushing the value of league broadcasts above the rim, no one's calling foul on its price.

The National Basketball Association continues to put up big numbers for media partners and advertisers alike. Game 3 of the NBA Finals drew 11.426 million viewers to ABC and ESPN, peaking at 13.926 million viewers.

That's up from 11.24 million for last year's Game 3, with the majority of viewers watching on linear television (58%), followed by streaming (24%) and YouTube TV (17%), according to AdImpact.

That breakdown is a bit of what's driving The Wall Street Journal-reported $76 billion NBA media rights deal. It's an 11-year deal that would not only replace incumbent broadcaster Warner Bros. Discovery with NBC and Amazon but tilt a mix that includes ESPN more heavily toward streaming. If that estimate holds, it would also increase the NBA's rights fees 2.5 times from its last deal.

According to the metrics, the NBA has made a strong case for a raise.

During the NBA's 2023-24 season, television data and analytics firm EDO found that the NBA produced more than 56 billion impressions for its advertisers across more than 29,000

airings. That made the full NBA season four times more impactful for NBA advertisers than the average primetime program.

As the NBA regular season wore on, viewers were 12% more likely to engage with an ad during an NBA game than during the average primetime broadcast—up 15% from a season before. Once the playoffs began, viewers were 39% more likely to interact with an ad during game time than in primetime. That put the NBA second only to the National Football League in effectiveness for advertisers—with increased streaming opportunities offering NFL-sized potential to score big for brands.

“This deal signals a new streaming era for the NBA and its fans,” said Laura Grover, svp and head of client solutions at EDO. “Given recent NFL success with streaming-exclusive games on Amazon and Peacock, advertisers should feel confident that these new formats will drive the business results they are looking for.”

The last sure thing

Kenneth Suh, chief strategy officer for video and connected television advertising platform Nexxen, noted that the reported $76 billion price tag makes more sense to companies that view the NBA (and WNBA, whose rights are included in the deal) “as a lifeline and a guarantee of eyeballs in a time of uncertainty.”

“Every streaming service and media company has come to believe that the crown jewel is live sports,” Suh said. “That continues to drive ratings, and people understand that this is still appointment viewing.”

In a year that’s already seen Roku make a foray into Major League Baseball and Netflix lay claim to NFL Christmas Day games, Suh isn’t surprised to see NBC and Amazon make such a

strong play for the NBA—at a reported cost of $4.3 billion per year combined. Warner Bros. Discovery entered 2024 with roughly $45 billion in debt, while Suh notes that Amazon would enter the NBA deal with diverse revenue streams and a Prime Video segment that still accounts for a relatively small percentage of Amazon's overall business.

NBC, meanwhile, committed to its Peacock streaming platform as a premium showcase for sports content: Airing Peacock-exclusive English Premier League, NFL and college basketball games (even Caitlin Clark's NCAA record-breaker). All of this year's Paris Olympics will stream on Peacock, with NBC confidently raising the price of its premium tier just ahead of the proceedings. Within the reported NBA deal, NBC would air 50% of games on its network and 50% on Peacock.

Even ESPN's bundled sports partnership with Fox and Warner Bros. Discovery—the newly announced Venu Sports—is a testament to diversifying the sports portfolio. If WBD does lose all rights to the NBA, ESPN will still offer coverage while all partners can fill gaps with other sports. As Suh pointed to the rise in streaming services and paid services—"everyone has released one or put a 'plus' on something"—he noted that the value of sports media rights deals will only rise during the next decade as viewers churn through services and eventually settle on a handful with the sports they follow.

"If you don't have any must-watch content, you're going to struggle to get distribution and advertising revenue," Suh said. "From a streaming platform perspective, now is the right time to invest because there are so many competitors out there—if you can stand out with content and drive audience, you can drive advertising revenue."

Making fans out of brands

NBA media rights come with advertisers already sold on the league's selling power.

During the 2023-24 NBA Season, EDO noted that certain brands got an outsized boost from placing their ads in the league's games. New Balance's spots were 330% more effective than commercials from the average NBA advertiser, while Denny's (211%), plaque-psoriasis medication Bimzelx (210%), Temptations cat treats (197%) and Hennessy Cognac (165%) all performed better than most.

That brand success is part of the reason why, according to SponsorUnited data, overall NBA team sponsorship revenue has risen to $1.5 billion—up 7% from a year earlier and 77% from during the Covid-19 pandemic.

While the launch of an in-season tournament drew 58 sponsors alone, additions ranging from an LED court at NBA All-Star weekend and global games in Paris, Mexico City and Abu Dhabi provide sponsors with new opportunities to check into the game. Combined with the brands that young NBA players are bringing into the league as part of collegiate name, image and likeness rights deals that convert to sponsorships, those initiatives have created a deep bench of brands for media partners to court.

Related video

"The last four years of NBA draft picks have grown up doing endorsements before they even have gotten to the leagues, carrying over some of those relationships as they enter the league," said Bob Lynch, founder and CEO of SponsorUnited. "People were nervous about players doing more endorsements and shifting away from team sponsorships, but it's been just the opposite—it's become an ecosystem where brands can dip their toe in the water, work with a handful of players, A/B test

different content and execution, then scale and bring it to their respective teams or the league."

Broadcasters' share of brand marketing partners has been substantial. Between ESPN and ABC, Disney's NBA coverage has drawn more than 450 brands into the fold, according to SponsorUnited. Comparatively, Warner Bros. Discovery drew 200 across its TNT network and Max streamer.

With 78% of NBA advertisers on linear networks also advertising on the league's streaming broadcasts, SponsorUnited sees more opportunity for that hesitant 22% to join streaming channels if Amazon and Peacock play a larger role. While EDO's Grover said live sports on linear TV is still a powerful force, SponsorUnited's Lynch noted that streaming opens up ad and sales opportunities that just don't exist in linear broadcast.

"What streaming brings to the table is targetability," Lynch said. "The value of Amazon Prime Video is the ecosystem that they bring to the table—the league wants to be able to tap into more direct-to-consumer opportunities within their partnerships … [and] if you're just working at a national broadcast level, that becomes much more challenging to do."

Recommended articles
https://www.adweek.com/convergent-tv/nba-finals-76-billion-media-rights/