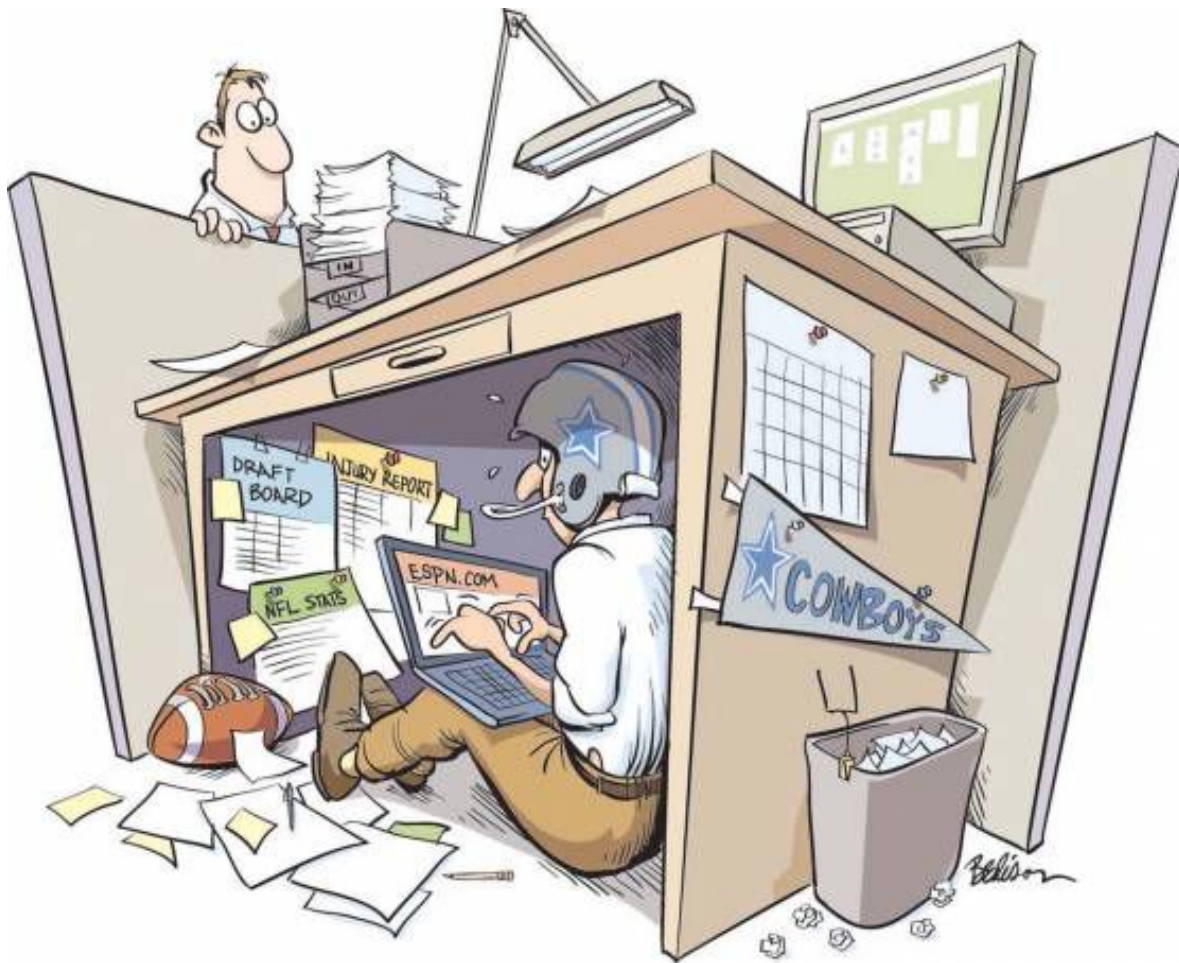


Fantasy Football Could Cost Businesses

\$13.4 Billion a Season By: Ben Snyder



It became pretty clear that the World Cup ended up draining productivity in the U.S., but one study shows that the NFL's fantasy football may also be costly for employers: to the tune of \$13.4 billion a season.

Fantasy football uses real statistics from actual NFL players to create a points system that allows friends to compete against each another as pretend general managers of a fantasy football team. The firm Challenger, Gray & Christmas, which helps with company restructuring, downsizing and executive

departures, attempted to do the math on how much time it costs to draft a team and keep up with individual stats.

The process was straightforward, according to the study: The firm estimated 18.3 million employees play fantasy football on the job for two hours each week and multiplied that by the Bureau of Labor Statistic's \$24.45 hourly wage average. The result: \$895 million lost each week.

A spokesman told Fortune that the firm chose two hours because there is no data available on exactly how many hours employees spend on fantasy football. As a base, the Fantasy Sports Trade Association found that people play about nine hours of fantasy sports per week (of that three hours are spent on fantasy football at work and at home). From that, the firm postulated that employees conservatively spend two hours per week researching and reading up on fantasy football in the office.

For a typical 15-week season, that's \$13.4 billion lost total. In other words, there are a lot of unproductive employees.

But a spokesman for the firm underscored to Fortune that the study isn't meant to be scientific, but rather a "secondary part of the story." Instead, it's meant to "acknowledge the impact of fantasy football" and show how the pastime has "grown in popularity" in the U.S.

Challenger, Gray & Christmas's CEO John A. Challenger doesn't want to seem like a spoil sport. "We are not trying to demonize fantasy football. It is important to understand that there are more distractions than ever in today's workplace," he said in a statement.

He believes the figures mean little for the U.S. economy and GDP. "The \$13.4 billion-figure, in fact, represents less than one percent of the \$1.5 trillion in wages that will be paid out to workers on private-sector payrolls during that same 15-week period," said Challenger (that figure hails from the Bureau of Labor Statistics).

But the study also suggests that the fantasy sport is a boon for businesses. "Companies that not only allow workers to enjoy fantasy football, but actually encourage it by organizing a company leagues are likely to see significant benefits in morale, which, in turn leads to an overall boost in productivity as well as employee retention," said Challenger.

Whether the firm's figures are right, or not, one thing is sure: the fantasy isn't reserved for just the football. There's some make-believe economics at hand here, too.

Article Courtesy of: www.fortune.com

The \$70 Billion Fantasy Football Market

NEW YORK, NY - JULY 17: (L-R) Former Professional Football player Rich Gannon, Professional Football player Larry Fitzgerald, and SiriusXM radio host Adam Schein attend the SiriusXM Celebrity Fantasy Football Draft at Hard Rock Cafe - Times Square on July 17, 2013 in New York City. (Image credit: Getty Imagesfor SiriusXM via @daylife)

I'm a traditionalist when it comes to my football tastes. I still watch NFL games because of an interest in the teams and the outcome of the game. For millions of others, their NFL interest centers in part or in whole on the statistical production of individual players that make up their fantasy teams. Any visitor to websites like Yahoo Sports or ESPN will find an extensive number of articles focusing on fantasy activities, especially at this time of year with NFL fantasy drafts around the corner.

How big is the market? In terms of actual expenditures, the Fantasy Sports Trade Association – yes, there is a trade association – estimates that 32 million Americans spend \$467 per person or about \$15 billion in total playing. Roughly, 11 billion flows toward football. These figures don't count ad revenue for fantasy hosting sites. The NFL's annual revenue falls just under \$10 billion currently. So the “derivative” market has grown larger than the foundational market.

My primary interest is on the value of time spent on fantasy football activities, which swamp the direct revenues and expenditures. The FSTA estimates that the average fantasy gamer spends 3 hours per week managing a team(s), translating to 1.2 billion hours for 23 million players over a 17 week season. Of course, all of these numbers are a bit sketchy because of things like drafts add hours along with off-season reading and discussion. Anyway, combining these estimates with a \$24 per hour

average wage in the U.S. yields a time value of \$29 billion per year. Using average income figures from the FSTA for players deconstructed to an hourly wage of \$46 increases the estimate up to \$55 billion. Added to actual expenditures and ad revenues, the industry amounts to at anywhere from \$40 something-billion to over \$70 billion per year in tangible and intangible activity.

Sports is unique in culture. There are no “Cereal Fantasy Leagues” with drafts of Wheaties or Grape Nuts. Even in other segments of entertainment, there are no “Movie Fantasy Leagues.” Beyond the fantasy leagues, the amount of time that fantasy leaguers and traditional fans spend talking, writing, and thinking about their times is not trivial.

The size of this market also shows how much the NFL, and other sports leagues, lost in potential royalty revenue when the Supreme Court refused to consider the 8th Circuit’s decision to deny Major League Baseball copyright status for the use of player names and statistics in fantasy leagues. While from a legal standpoint, the decision makes sense in that the data used is publicly available. Nonetheless, from an economic standpoint, the revenues and activities derive from the sporting activities, and even a 10% royalty would have generated a sizable new revenue stream for leagues. In the terminology of economics, this amounts to a “positive externality” – a benefit supplied by sports leagues for which they do not receive (full) monetary compensation. The NFL does run fantasy leagues on its own site and any licensed use of NFL products generates revenue. In addition, there is some evidence that fantasy activities increase viewership on the part of players, which, indirectly, benefits the league.