

Mike Shields (3s):

Hey guys, this is Mike Shields. And this week on Next in Marketing, I spoke to Sports Media Expert, John Kosner, about how leagues like the NBA are struggling to turn fan engagement on platforms like Instagram and Twitter and to actual viewership, and how generation reason fortnight is threatening sports advertising economics. John also talks about, why we're seeing so much volatility [inaudible] facts, why he wants to see more QR codes on TV ads. Let's get started.

Intro to Next in Marketing (24s):

Everything we know about the media, marketing, and advertising business is being completely upended, thanks to technology and data. We are talking with some of the top industry leaders as they steer their companies through constant change. Welcome to Next in Marketing. Presented by AppsFlyer.

Mike Shields (44s):

Hi everybody, welcome to Next in Marketing. My guest this week is John Kosner of Kosner Media. Hey, John, how are you?

John Kosner (49s):

Hey, Mike, how you doing?

Mike Shields (50s):

Great. I'm really excited you're here. John, I've known for a long time, although we haven't seen each other in quite a while but John was a longtime ESPN Executive host. Now you've got your own media consultancy. You're involved in a whole bunch of, you're involved in SPAC. John, tell the, let's just tell everybody who you are, and give a little one-on-one on what you're up to these days.

John Kosner (1m 12s):

So, hi, everyone. I'm a four-decade veteran of Sports Media. I grew up and live in New York City. And after I got out of college, I worked at CBS Sports in TV programming. Then during the dream team era, I was in charge of broadcasting at the National Basketball Association. And for those of you who watched the Michael Jordan documentary, those are my years, I was at most of those games. And I worked for David Stern, who was the longtime Commissioner in the NBA. I went from the NBA to Sports Illustrated, where we started a television unit, that was a complete disaster, and I got fired out of there.

John Kosner (1m 56s):

But luckily, I research –

Mike Shields (1m 59s):

That was with CNN, I think right? Or am I wrong?

John Kosner (2m 1s):

This is actually right before the Time Inc., Time Warner merger --

Mike Shields (2m 7s):

Oh, that, okay.

John Kosner (2m 8s):

That [inaudible] CNNSI. And I went from there to ESPN, where I was spent over 20 years. The last 15, I ran digital, and then digital and print media. So, all of the non-TV radio businesses for ESPN. So, in the case of ESPN Digital Media that was espn.com, the app, fantasy game, streaming, podcasting, the launch of direct consumer services, which is now ESPN Plus. I left there in June of 17. And the first person who called me after I left ESPN was David Stern, my former boss, who having retired from the NBA became a venture capitalist.

John Kosner (2m 51s):

And we wound up working together for two years, creating a little portfolio of Sports Tech Startups, which we called Micromanagement Ventures, which if you're familiar with David, you would get the humor in that. And that was a lot of fun. David sadly had a cerebral hemorrhage in December of 2019. He died on New Year's Day 2020, just the start of, it was a very, very difficult year for everybody. I have stayed involved with the majority of the companies that I originally invested with David and have added new ones.

John Kosner (3m 31s):

And so, I do a variety of things today. I'm an investor and advisor in Sports Tech Startups. As you mentioned, I've joined one of the SPACs, which is called 890 5th Avenue Partners and it is run by a fella named Adam Rothstein. We can talk more about that later if you like.

Mike Shields (3m 49s):

Sure. [inaudible] Coleman's involved that now what I think.

John Kosner (3m 51s):

Right, Coleman's involved. And I write articles with my friend Ed Desser, who formerly from the NBA and is now a Top Sports Consultant on Sports Media. I write articles about sports and games with a friend named J Moses, who is on the board of Take-Two. And I also do consulting projects for companies like Sportradar and expert witness work for some of the top law firms. So much, much different than my corporate job, but very, very interesting, and keeps me in the mix of things that I care about. So that's with the background.

Mike Shields (4m 29s):

I did not know about expert witness work. You're like a guy from SBU or something that they call [inaudible]

John Kosner (4m 36s):

Yeah.

Mike Shields (4m 36s):

That's fascinating. The reason I've reached out among many other reasons as some of the writing you've been doing the last few months has been really super thought provoking. And I think -- you've been talking about some things that are not been at the forefront. So, I wanted, I'd love to get into some of that with you, John, if we could. And I think one of them that struck me is the, in the media world, we're obsessed with who's got sports rights and what's gonna happen next. And we're also, I think everyone's obsessed with the state of television, and where it's going. And right now, right now, linear television is being propped up with much of the television advertising business, let me say. It's being propped up by sports.

Mike Shields (5m 17s):

Yeah, things are really changing. And sometimes I wonder if that masks things that are going on bigger trends. And I'm, what if you could talk about one of the bigger trends, even looking at which is how sports broadcasts look? And whether they are built for the next couple of generations?

John Kosner (5m 35s):

So, it's been a poorly kept secret for the last 10 years or more that young audiences, especially audiences who grew up with the iPhone, as a reality in their lives. So, I have three children: 29, 25 and 13. I'm remarried. And...

Mike Shields (5m 55s):

Okay. You've got a nice little demo range there in your life.

John Kosner (5m 58s):

I have a nice little demo range. And all the children are into technology. But my 13-year-old, Luke, it's even more profound. And, Michael, you know, you and I grew up in an era of media scarcity. When I was my son's age, I was worried about being bored, that's just not a factor anymore. There's more experiences, more videos, more everything possible today. We live in an era of abundance, and it's totally changed things. The practical effect for sports is that you could see, from, you know, a decade on that younger audiences were not as engaged, not as passionate, not watching the same amount of games, etc.

John Kosner (6m 50s):

and sports largely has not done that much to address that issue. And it's now reached a point where it's past being a problem. It's just behavioral. The current audience that say, 35 to 54, still looks a little like me and what I grew up with, in terms of how much they watch or care about sports, but kind of falls off the cliff, when you get younger than that.

Mike Shields (7m 23s):

And that's sort of -- I'm sorry, to drop you that, that's hidden the... The fact that middle core audience is still pretty strong has made -- well, that's still, we still have a lot -- That's the only thing that works in live television, that's working and that's great. That's where these rights are, but it's sort of covering over what's going on underneath.

John Kosner (7m 41s):

Right? My dad, Ed Kosner, is a newspaper and magazine editor. He's retired now, and he now writes book reviews for the Wall Street Journal. He has this expression, which I love called the least-worst alternative. And so, you ask yourself, why do people make these decisions? The answer is frequently in life, you just have two bad decisions, you tend to choose the least worst. And we can look at the numbers, and we can decide how to parse them, but there's a fair degree of wishful thinking, and short-term thinking that goes on.

John Kosner (8m 25s):

And so, when you look at sports today, I would argue that the experience of watching sports really hasn't changed that much since I fell in love watching sports on television in the 1970s. Yeah, the replay technology is much more amazing, the quality of pictures, but the games still look fairly similar, fairly identical. And they look much, much different than watching a stream or playing games on Twitch.

Mike Shields (9m 1s):

Right.

John Kosner (9m 1s):

Which has come a big magnet for young viewers. And the fact is that sports offers really a lack of choice today. We, you know, we're really restricted as to where we can find the games, we have to pay a certain price for them, we can't create content around the games and share that really, that's really that's fairly cut off. And it's flying in a different, not as the opposite, but a different direction from where much of the young fan base is.

Mike Shields (9m 42s):

Well, do you think -- I think about this a lot. Is it because... like, I feel like Sports Media is sort of dealt to just like, it was the couch [inaudible] media.

John Kosner (9m 52s):

Yeah.

Mike Shields (9m 52s):

It was like, sit there for hours and just soak it in. And it was great, if you like, if you loved it. So, I wonder a few things is, for the younger generation, is it simply the... it's not participatory enough? Where they're used to being part of their media experience? Is it too long? Are there too many commercial interruptions? Is it all

these things like? What do you think is missing?

John Kosner (10m 13s):

It's all these things. And the audience, the younger audience now has options and choices. So, as I observe it, video games is eating the lunch of the entire industry.

Mike Shields (10m 27s):

Yeah.

John Kosner (10m 28s):

And it's providing sort of a mechanism now, to sort of illustrate to us what the future of media is, and how different and add a touch sport seems. And again, it would be easy, it's, you could take a look at what's going on and say, "Geez, how could you say that when the NFL had such a quantum increase over their previous deals?"

Mike Shields (11m 0s):

Right.

John Kosner (11m 1s):

And, you know, the NFL today is the only entity, probably the only entity on television that still delivers a guaranteed rating. That substantial, really, from September through the start of February. But even the NFL during the COVID year, every NFL part of the season was actually down in ratings, that ratings for the Super Bowl even though you had this dream matchup between Tom Brady, [crosstalk], you know, on just a dreadful day, in terms of weather around the country, that was the lowest rating, just linear TV ratings is 1969.

Mike Shields (11m 52s):

Yeah, that's not great. And it's been a 10-year thing within terms of the Super Bowl for younger people being down, which is...

John Kosner (11m 60s):

Right.

Mike Shields (11m 60s):

Surprise me.

John Kosner (12m 1s):

So it's, and again, and I would just, I would compare the experience of watching the Super Bowl with my son's ability to play Fortnite, or Roblox, or Minecraft, you know, in a live experience with his friends, with no latency, ability to play that together, there's all this possibility for sports, but I think it has to be built and

relying on the traditional ways that we distributed and produce it is not going to be good enough.

Mike Shields (12m 34s):

Right. So, that brings me to the most recent news with what you have yet some of the NFL packages came up for renewal, and Amazon jumped in -- there Amazon has had stream games that were also on broadcast or cable previously, but now they've got, they're gonna have their rights on their own to Thursday nights. So, I wonder, I have a couple questions on that is, that they didn't go for like, they didn't take the whole thing. They didn't, you know, like take the NFC in a way from Fox or like a crazy.

John Kosner (13m 4s):

Yeah.

Mike Shields (13m 4s):

But they're definitely -- you know, they tend to try stuff and then go big. How excited are you about that in terms of, besides it's an exciting in the business, but what they might do to the way the product is presented or delivered?

John Kosner (13m 20s):

Listen, I think it's the biggest development in our industry, since Fox took the NFC package from CBS back in I believe, 1993. I think when were that they took it away. You could argue that say, Red Zone, has like a development of a new viewing experience, you know, in that time was also like incredibly important. But I'm really excited. I'm really excited that Amazon made this move. They made it long-term. It's a billion dollars a year. They got exclusive rights to the games. They're taken at a year earlier, which is also a good development for the industry.

John Kosner (14m 6s):

And I'm fascinated to see what they are going to do because they're attached to Twitch. They have AWS, they have IMDb TV. They have lots of other prime video. They have lots of other experiences X-ray. They're in real position with the brain power, the financial support to present a new view for NFL and for sports. So, this to me is super interesting. I'm sure they feel under considerable pressure and expectation, but they have the opportunity to change the look and feel.

Mike Shields (14m 54s):

Right, because --

John Kosner (14m 55s):

And I believe they will.

Mike Shields (14m 56s):

Yeah, because like the FOX, example you mentioned, this is them starting from scratch. Like they don't write, they have to have a whole production crew, and [inaudible] a business. This isn't them using someone else's feet or something.

John Kosner (15m 6s):

Right.

Mike Shields (15m 7s):

So, they can totally do differently [crosstalk]

John Kosner (15m 9s):

You know, Michael, I remember when David Hill put the score box, the Fox bug.

Mike Shields (15m 13s):

Yeah.

John Kosner (15m 14s):

Up on the screen, and it was like, "Wow, this seems intrusive." And you can't imagine scores, now sports without that.

Mike Shields (15m 24s):

No. If you're watching an old game that doesn't have that you're like, "What the hell is going on here?"

John Kosner (15m 27s):

What's going on there? So, I think Amazon's gonna do something, you know, of that kind of significance when they get started.

Mike Shields (15m 42s):

Yeah, I mean, they don't say much about what they're going to do. But do you imagine...? -- I have no inside analogy. I would imagine they'd have to put some of those games on Twitch and try and get that crowd engaged in a different way. Whether that's they're, you know, you have streamers involved in broadcasting it, or you have people commenting in real time? I don't know what that will look like, but that's, you think that have to take advantage of that?

John Kosner (16m 3s):

I do. I do. And I believe that's what the NFL wants to. The NFL, you know, very carefully, starting with Thursday Night Football, which they've used as sort of a testing platform, has identified really before the other leagues that there was a group of fans not being reached. And so, they use free streaming on Yahoo, which is sort of an imperfect solution because it's not necessarily, it isn't necessarily the platform of choice,

or even like on the sort of consideration set for young fans.

Mike Shields (16m 44s):

Well, that's sure my mother-in-law are friends, but that's different.

John Kosner (16m 48s):

Yeah, but Twitch is...

Mike Shields (16m 49s):

Yeah.

John Kosner (16m 50s):

But Twitch is... and um, Twitch also gets you connected to games, and culture, and any number of other things. To me, in the same way that you look at the ESPN, you say, "Wow, it's really great that the Wild Card game, and the Pro Bowl is on ABC. Twitch also offers that sort of like, broad free distribution to an audience that's hard to reach. So, in the midst of COVID, and the darkness and all this, that Amazon announcement for me was a thunderbolt a really positive development.

John Kosner (17m 29s):

And considering the fact that the tech platforms tend to be competitive at least with each other, they've raised the ante for everybody else. So, it wouldn't surprise me at all to see a tech company, or two come in for the NFL Sunday ticket, whatever next...

Mike Shields (17m 51s):

Right whether that's YouTube, or Facebook.

John Kosner (17m 53s):

Or Apple, or whomever else.

Mike Shields (17m 55s):

Yeah.

John Kosner (17m 55s):

And it could begin to usher in other players getting involved in sports. And that's going to be crucial because I don't see that the set of linear networks, and the sports networks are sustainable in the same way long term that they have been for the last 20 to 30 years. The NFL in sports needs other entities who want to be in sports and make a business of it. I'm influenced by a couple of things here. One, consumer behavior I've seen during COVID. And second, a little company called 8th Wall, that I work with, which is an AR company.

John Kosner (18m 35s):

My question is, why doesn't every TV ad today have a QR code?

Mike Shields (18m 42s):

It's a good question. Because the pandemic has made the QR code so much more prominent, and people are so much more accustomed to doing it. It's funny, I, whether that's technically feasible, I'm trying to think out loud, I don't know. But you don't, I think there's also been a hesitancy to, we tried to interact activity with television ads, it hasn't really stuck.

John Kosner (19m 3s):

Yeah. No, no. Friends of mine in the industry have said, "Well, what happens if we do it? Nice idea. What else are we doing and it doesn't work?" But to me, the attribution that's possible, the interactivity that's possible. I just see it as [crosstalk]

Mike Shields (19m 20s):

Now, your phone is in your hand anyway, when your eyes on those games.

John Kosner (19m 22s):

Exactly, your phone is in your hands. Anyhow, I see QR codes everywhere. You know, I live in New York City. And so, like you now use QR codes to read menus, you know.

Mike Shields (19m 33s):

Yeah.

John Kosner (19m 33s):

Maybe we'll go back to traditional menus, but in many place, I don't think so.

Mike Shields (19m 37s):

Yeah.

John Kosner (19m 38s):

And it's long been a sense of, "Okay, well, how do I know this is working? Or how do I take advantage of it?" So, I believe that QR codes is one place there's ripe for innovation. In Amazon's case to, you know, tying into all the commerce stuff that they do, just makes a tremendous amount of sense. I could see drops of new NFL merchandise, or sneakers, or other things being part of that experience. I don't know if they still do it. But, you know, 20-30 years ago, QVC was doing like pre-NFL shows with merchandise and stuff like that.

John Kosner (20m 21s):

That kind of interactive experience could be taken by Amazon. And Rich Greenfield made the point that, you

know, Thursday Night Football is the number two primetime show after Sunday Night Football. So, it gives Amazon a prime-time place to make a big impact in advertising. And they're kind of like the sleeping giant. Everyone talks about and not that they're sleeping, but everyone talks about this duopoly between Facebook and Google around digital advertising. But Amazon is in there and climbing.

Mike Shields (20m 59s):

There all of a sudden, 10% and let go and shopping fast.

John Kosner (21m 3s):

Right. Right. And this -- I love the Thursday night because it's really the start of the weekend for marketers, start the weekend for sports, good place for Amazon. The NFL, I believe is going to be motivated to have games that people watch there. And they are very –

Mike Shields (21m 21s):

Yeah, they want this to work.

John Kosner (21m 22s):

They want this to work. So, innovation and advertising seems totally possible. And it could be, I can't speak for Amazon, but it could be that adding some interactivity to the TV ads possible on their platform would be less of a risk for them, then it would be for others of direct ad sales forces that don't want to have to answer if it doesn't work.

Mike Shields (21m 49s):

Yeah, [crosstalk]

John Kosner (21m 50s):

I'm [inaudible] by the way that it should work. And that, you know, you have to continue to make these things better all the time.

Mike Shields (21m 57s):

Yeah, I'm actually nothing, not that anyone cares. And I think I kind of hope that they use this as an experiment, place to experiment. It's very easy just to sell advertising in the NFL game. You could just do the same old thing. But this is the place if you want to go to a world, where you get one ad and I get another one on my screen, and we're, and it's for stuff I've shot for. And I mean, that could be really powerful if they pull it off.

John Kosner (22m 17s):

Yeah. Over a decade to 11 year deal, I think that the time to get [inaudible] to develop this and make this better.

Mike Shields (22m 27s):

Right. I want to jump around a little bit with sports. And you kind of touched on this earlier, but you made me think of it with the NBA, and a lot of other sports. You have this weird conflict seemingly or counterintuitive trend, where it seems like young people know all these athletes. And they all, you know, they share Steph Curry highlights, And they're on House of highlights, and they're following on Instagram, and NBA Twitter is huge. That doesn't -- I don't think that translates to viewership necessarily or correlates with it. And I don't know that makes these leagues nearly the money that they would like to. Is that just great marketing? Can anything be done about that? Like, what do you what do you make of that dichotomy?

John Kosner (23m 5s):

I see it the same way you do that they have this great engagement with young audiences, but they're not making any money off that, it's great for the platforms. And so, they're going to have to do over time. I believe what the game companies do is create virtual goods and other ways that one can interact with the sport. So, among other things, and you know, I think both of us are New York Knicks fans.

Mike Shields (23m 34s):

Yes.

John Kosner (23m 34s):

[crosstalk]

Mike Shields (23m 35s):

Yeah, you can do a whole hour that if you'd like. I'm up, for it.

John Kosner (23m 38s):

You know, and listen, I would probably pay, I probably pay, you know, essentially \$50 a year for some sort of subscription package around the Knicks that included customized highlights some sort of access into the team, connection to the team. There are products that are going to be created, you have the rollout of blockchain, social tokens, you have NFT [crosstalk] There are lots of things that are now sort of on the horizon that I think can come. One of the companies I work with is called WSC Sports. And there is [inaudible] based startup that uses computer vision and machine learning to generate and distribute sports video highlights.

John Kosner (24m 27s):

This is work that we had an army of people to do at ESPN. They still, you know, then and the army people still works at ESPN, but they now use WSC software. NBA uses WSC software. And so video highlights that you see today are being generated in new ways through artificial intelligence. And yet even with that going on, there's still to me room for new products that could be customized for Michael and John delivered at a

certain time, certain background, and potentially creating tears of ways for people to pay.

John Kosner (25m 10s):

You know, John Skipper, my former boss at ESPN. He used to say of certain departments that they were in their office aggressively watching the phone. And our industry sports has like been in his office aggressively watching the phone waiting for people to call with new sacks of cash, or different rights packages. And the industry has to now do a little more work. It has to be innovative, but in certain ways, while there's frustration that you have all this activity going on that you're not, you know, per se making money on, it also reflects the ability of the audience if you can create ways to engage them, and sort of pay products that are relevant for them.

John Kosner (25m 56s):

I believe that is possible and that will come. And with case of the NBA where the demographic is younger, that's an advantage. Just one little thing, just an example. I think, I mean, it's controversial, but to me, it's smart management is the NBA is playing tournament, which is going to happen next week, okay. So, this originated when the NBA does playoffs in the bubble, and they invited a set of teams, they essentially played down to create the 16 teams who played in the playoffs. And this year, they've refined it. So basically, 16 of the NBA is 30 teams make the playoffs.

John Kosner (26m 39s):

And the play in will involve 20 teams.

Mike Shields (26m 43s):

So, they want to keep things more interesting for a broader set of fandoms, right across the...

John Kosner (26m 47s):

Well, what's fascinating about what they've done is, they have simultaneously done a bunch of things. The play in essentially means that there are essentially 12 playoff teams, six in each conference, because four others then playoff to create two slots. And it's a real competitive disadvantage to have to play one and done games just in order to get into the playoffs against the rest of the team.

Mike Shields (27m 17s):

Right. You got to travel again, more [inaudible] energy, all that stuff.

John Kosner (27m 19s):

So you simultaneously expanded the number of teams who can play to get into playoffs. You've made it more valuable to be in the top six. So, you've actually improved the quality of games last couple of weeks because teams desperately—

Mike Shields (27m 36s):

People are mailing it in for that [inaudible] because these things matter.

John Kosner (27m 39s):

They are not mailing it in. You've also now totally squelched all the talk about tanking, which used to be a big fixture of the NBA regular season. Okay, well, like should they win or should they just lose to be get a lottery slot to hopefully get the next Zion Williamson? And, in their peculiar way, this all winds up playing out, it's quite possible that the play in tournament will include a game next week between the Lakers, the defending champion, and Golden State, and Steph Curry, you know, with a one and done game. And if that happens, they'll get a five rating for that game.

John Kosner (28m 20s):

And that's the kind of electric moment that sports needs to create. And what I love about, what they've done is they kind of created out of thin air, like it didn't used to be that way. So, that –

Mike Shields (28m 32s):

Oh, they weren't afraid to shake things up, but he got to shake things up, but you got to be willing to try things.

John Kosner (28m 35s):

They wanted to play to shake things up, and to me, that's what you have to do. Now, LeBron James says is a stupid idea. Mark Cuban says a stupid idea. I respect both of those people. I'm sure neither one of them would be looking forward to playing in it, but I happen to think it's a brilliant idea. And the kind of thing that not just the NBA, but all sports has to do.

Mike Shields (28m 55s):

Right. Creating moments, creating –

John Kosner (28m 59s):

More value, more electricity, more reason to care.

Mike Shields (29m 3s):

Yeah. I want to shift gears a little bit, but you, it's kind of related to what we've been talking about with younger people and Twitch. Where are you on eSports in general? Like, I can talk myself into it. You know, I will see some of the crazy numbers. And when we have people going arenas, they're packing places, and different parts of the world, it's humongous. And then I'll see, like, it seems like the buzz or there's a ceiling to some of these events, it's so fragmented. Do you think eSports is a professional spectator sport? Are we looking at like the next -- this the NFL in 20 years? Is it the X Games where it's a very niche thing for most of its life? Like where do you see this evolving?

John Kosner (29m 43s):

I think it's somewhere in between, and I think it's intriguing, and you know, like, I'd be a buyer. The eSports is a really interesting sort of combination of the virtual and the physical, right. You know, you go to these arenas, and people are watching, other people play video games, you have all the trappings of sports. It's frequently confused or confusing because games is a huge business, a stupendously big business, eSports is not. What? eSports is truly global competition among a ton of different games constantly coming up with new ones.

John Kosner (30m 25s):

And Rich Luker, who started the ESPN sports poll, which is now the SSRS sports poll, which to me is one of the sort of authoritative pieces of research every year, says that eSports is the third most popular sport among aged 13 to 35. So, it's already has hooks and followings. As you said, it's very fragmented, because your league of legends fan doesn't necessarily care about Dota or any number...

Mike Shields (31m 2s):

It isn't one sport to be honest.

John Kosner (31m 4s):

Right, it's not one sport, but it's truly global. I got to go to, two League of Legends events in North America, and I was struck by, you know, packed houses, you know, and in those cases, I think the tickets were like, \$10, but the audience was Co-ed and different, people dressed up as their heroes. It was happening. So, I definitely feel like it's happening and developing. I'm skeptical about the sort of league simulation games, whether it's the NBA 2K League or others, like I think they should all do them. But as a friend of mine said, like, "I can watch Steph Curry play live.

John Kosner (31m 48s):

I'm not sure why I want to watch someone simulating Steph Curry." To me, what's going to be really interesting is, you know, is there a development of something that looks and feels more like League of Legends say, than FIFA Soccer. And that may take, in or there's sort of hybrid games that kind of get developed. I believe that's a significant opportunity. This summer, the new Space Jam game comes out. You know, LeBron James, is taking Michael Jordan's role. There is a little company that I work with that David invested in called Bit Fry Games Studio.

John Kosner (32m 33s):

And there, they've developed a game for the Apple Arcade, which Space Jam I think is in certain ways based on, and the conceit of the Bit Fry Game is that any athlete can play any other sport. So, in their NBA game, Alex Morgan can play on your NBA team.

Mike Shields (32m 52s):

Oh, that's cool.

John Kosner (32m 54s):

J.J. Watt can play on your NBA team. And it's like, it looks like the kind of arcade games that I observed, you know, 20 years ago or more. And so, these things are going to continue to develop. It's also hard to, say where one development starts in one end. So, we look at Fortnite, and the creation of like the sort of metaverse experiences where you're playing the game, and, you know, Travis Scott is performing in the game. And it's a competition. Is that eSport? Or do we say that's a casual sort of, you know, game that people are playing?

John Kosner (33m 35s):

Some of these definitions will have to be adjusted in time. But last year, in part because eSports is virtual by nature, League of Legends set all kinds of audience records, at least for the legends, even excluding the audience in China. So, it's a real following. I'm bullish on the potential it may take a while to develop. And here's the thing, in streaming world where we have infinite amount of streams and capacity, if you and I don't care about it, it doesn't matter. None of these things cannibalize each other.

John Kosner (34m 17s):

They're just different choices.

Mike Shields (34m 20s):

Right.

John Kosner (34m 20s):

The scale of it could cannibalize sports and other entertainment, and I think we're seeing that. But when I deal with fans, is they say, "Who cares about watching people. Other people play video games. Who want to do that?" Well, obviously, some people don't, but a lot of people do and that's fine.

Mike Shields (34m 40s):

Yeah.

John Kosner (34m 42s):

In the sort of linear limited eco system that we grew up in, it would be a problem. Okay. Are you going to put the League of Legends game on? Are you going to put the Pro Bowlers Tour? But in swimming, they're all just choices.

Mike Shields (34m 56s):

Right. Yeah. And I've had that conversation with people while you know, I sit around and watch people I don't

know play basketball for hours. And I'm really into it. So, I mean, I can maybe it's not for you, but I there's, it's not crazy to sit there and watch amazing game –

John Kosner (35m 6s):

No, you gave me an important point too. When you and I sit and watch the Knicks and Clippers yesterday...

Mike Shields (35m 14s):

Yeah.

John Kosner (35m 15s):

We have no impact on the game.

Mike Shields (35m 18s):

Right.

John Kosner (35m 18s):

We, you know. Whereas, my children who might watch a streamer on Twitch, they can interact with a stream, or they can tip the streamer.

Mike Shields (35m 31s):

Yep.

John Kosner (35m 31s):

They can learn to play the game better by watching the streamer play a game. Like I'm never going to be Kobe Bryant.

Mike Shields (35m 36s):

No. It did not happen to me yesterday, as I was like, I got to know better.

John Kosner (35m 42s):

Yeah.

Mike Shields (35m 42s):

Shifting gears a little bit, I want to come back to your ESPN tenure because you're such an interesting time in digital media and digital advertising. And I just want to get your thoughts on... I think, you know, when you're running espn.com and those businesses, I think, if I remember correctly, you guys wrestled with at one point. Well, do we want to always sell everything ourselves? We want to get into programmatic that eventually that evolved, and had more to data and targeting, and yet you were early on first party. Now you have so many things changing all at once between cookies, and what Apple's doing, and regulation. If you

were running espn.com now, what do you hear from people in that world? Like, are we going to a world where it's going to be more contextual targeting, less precision, different winners and losers?

Mike Shields (36m 27s):

Like, what how do you think the landscape is going to shape up?

John Kosner (36m 31s):

It's fascinating to observe. I'm always like the student of the unintended consequence. So, will it be that the Apple AT&T, the tracking opt out or opt in, will that mean that Facebook just gets stronger because Facebook already has this wealth of data for its own audience, and everybody else is going to be more limited? At ESPN, even with a huge audience you had, you didn't have the scale and don't have the scale of digital platforms. I seen most of the growth going to digital platforms where they're all sort of installed base.

John Kosner (37m 20s):

You know, TikTok, Facebook, Instagram, Snap, we talked a little bit about Amazon. TV companies, including ESPN are so the last bastion of the direct sale. Advertisers, you know, very much want to be into major sporting events. So, you will see a lot of advertising on ESPN, including on ESPN Digital, because people want to buy these big broad sponsorships that include lots of other media, as opposed to just find the media for itself. We've largely seen magazines disappear. I grew up, my dad was a magazine editor. I love magazines. I ran ESPN The Magazine, five years, but magazines, with a couple exceptions are basically disappearing, and that advertising has been subsumed into digital media.

John Kosner (38m 10s):

You have podcasting, which is evolving with, you know, which is emerging as a new platform. So, I see it being a challenging time for television companies, because although they have a brand and some compelling programming, traditionally, this has been about scale, this has been about price, this has been about ease of purchase, and television has never sort of won on those three criteria. It's expensive.

Mike Shields (38m 44s):

Yeah.

John Kosner (38m 45s):

It's, you know, it doesn't have the scale of these emerging platforms. and it's not as easy to buy...

Mike Shields (38m 53s):

No.

John Kosner (38m 53s):

With some of it's still done. So, what, you do will it continue to have its dedicated audience and a logical

place for big events? Yes. But I think it's going to continue to be challenging and the innovation breakthrough market spanned I believe is going to move to these huge and ever-expanding digital platforms. Just I mean, just in the last year it's not an advertising platform yet I don't believe, but just in the last year look at all the discussion and activity on discord, which is basically a messaging platform, really started for gamers.

John Kosner (39m 34s):

Could discord be a player in advertising? I think so.

Mike Shields (39m 39s):

Yeah, [crosstalk] that's an audience people would love to get run of.

John Kosner (39m 45s):

Right. We saw the blog last week between Roku, and YouTube in Google, and YouTube TV. Roku is a big player in connected television advertising, which is relatively new. I mean Roku is a player there that's, you know, the last five to 10 years but they big, big player. I do believe that home screens on these apps, on these connected TV apps is a big and powerful portal going forward, because you know, it used to be, again, it used to be, why? Why was the tonight show so important? Because people watch the tonight show turn off their TV set, turn on their TV set in the morning, and there was a today show.

Mike Shields (40m 24s):

Yeah.

John Kosner (40m 24s):

And there was a sort of, there is this –

Mike Shields (40m 28s):

The Leading World especially. Yeah, it was a big deal.

John Kosner (40m 32s):

I did this presentation to ESPN before I left, and the presentation was entitled Input 2 as become Input 1. And the idea was that Input 2 is where you put Netflix. And we thought like Input 2 is death. Like, who could figure on inputs? But once people figured out the input, all of a sudden, they weren't turning on the set to see what was on ESPN. [crosstalk]

Mike Shields (40m 57s):

Now, you go right to Netflix, which is the problem.

John Kosner (40m 60s):

Yeah. So, I see lots of changes, but I believe that the platforms are growing, investing, and they're going to

be the key beneficiaries.

Mike Shields (41m 5s):

I want to make sure before we let you go here. Let's talk about some of the investments you're making into this group you're part of. Tell us about 890 Fifth Avenue. Why is this trend happening with all these different kinds of investment firms bubbling up? And then maybe like, what do you guys have your eye on?

John Kosner (41m 33s):

So, through David Stern, I met this fella named Adam Rothstein, who's a venture investor, and was a big investor in Israel, and was also the head of the board of a little company called Jackpocket, which we invested in. Jackpocket enables you to purchase a lottery ticket on your smartphone. And that's a big and growing business. And obviously, when you can, you don't no longer have to go down to the bodega, you can just, you can get to the mega millions on your phone, that's going to be a breakthrough. And Adams, a super smart guy. Last year in the middle of COVID, Adam participated in three successful SPACs.

John Kosner (42m 16s):

And I'm defining success here by, he was part of a syndicate that raised money, that then went public as a blank check company, that identified a target company, that then merged with that target company and did a D SPAC, and then that stock traded over \$10, which is \$10 is where SPACs start trading on the first day. So, he did that three times. And he called me, Adam did last summer and said that he had had an epiphany about SPACs. And the epiphany was that what if we created a SPAC that only had one financial person?

John Kosner (42m 57s):

That would be Adam. And the rest would be operating people, and former operating people, people like me.

Mike Shields (43m 3s):

Right.

John Kosner (43m 3s):

And so his idea was, if you had businesspeople, operating people, you'd automatically have deal flow because we're in the world, and we know...

Mike Shields (43m 10s):

Yeah, you hear about [inaudible] talk to people.

John Kosner (43m 14s):

Second, we actually like to work on like some of the financial people he was working with. And third, we could bring value to the dispatch to the target company. We could sit on boards. We could do business development. We could open doors. You know, we could be invested in making and helping making—

Mike Shields (43m 35s):

You are not just trying to checking going home?

John Kosner (43m 39s):

No. It's no, exactly. And it was super interesting to me, because of who Adam is, and the people that he might get involved. And the SPAC is called 890 5th Avenue Partners, and the conceit is that's the mythical office of the Avengers, and the Disney Marvel group.

Mike Shields (43m 55s):

Wow, that's a [inaudible] How can you pick up on that?

John Kosner (43m 59s):

He wanted to go and collect superheroes. So I was like his cartoon superhero for Sports Media. And so, he's gone, and I think we're up to like 20 people between the board and advisors. And they have a range of really interesting experiences and backgrounds. A bunch of them are international. For me, I thought there was so much froth, and BS, and SPACs last summer that my expectations were modest, but I felt like, "Okay, Adams really smart. He's going to put together a really smart group of people." And I've enjoyed the experience over the last six to nine months, much more than I thought I would, the quality of the people and the thought process.

John Kosner (44m 49s):

Were focused on TMT companies. And at the moment, we have identified a target. We're being that we're a publicly traded company. I can't say anything more about that. So that's where we are in the process. But what makes our opportunity I think unique, is that Adam is a wicked smart public company guy. Very, very disciplined in terms of understanding. "Okay, what do you have to look at? How do you have to structure these deals? What's the nature of a company that could perform better, you know, as a publicly traded company versus a private company?"

John Kosner (45m 32s):

And one of the real values of SPACs is that they can be quite effective as a roll up strategy. So, you have to have a company that is large enough to interest public company investors, but it doesn't necessarily have to be one company. You know, DraftKings really got this going, by combining with a tech company called SP Tech. And now, it's a big popular public company, but DraftKings wouldn't have been able to do that merger as part of an IPO. But they could do it as part of the SPAC.

Mike Shields (46m 9s):

So, this is a way to put together a bunch of pieces rather than just one big IPO one big deal or something?

John Kosner (46m 21s):

Correct. And unlike an IPO, you can tell a future story here. You know, it can be at least the way the rules exist today, you can talk about where this company is going to go with its earnings and next couple years? And why a roll up can make a whole bunch of sense? And I think we're in an era now, where media companies, the definition of a media company is going to be much different than what was before. And it's going to make sense to combine different companies that, if you looked at them individually, say, "Well, that's nice, it's cute or whatever." But combined with the right management could create something brand new.

John Kosner (47m 6s):

So, um, and, you know, there's obviously been you had this complete explosion of all these packs. And now that has really quieted. Now...

Mike Shields (47m 16s):

I was gonna ask, does that matter to you, that it was crazy or not?

John Kosner (47m 23s):

It actually might be better for us, in that we have a certain approach, we believe we have a compelling reason to exist. And there, you know, we've identified a market, and we're doing what we told our original investors we were going to do. So, it's possible that as the wheat separates from the chaff, it could be better for us. I always worry that, you know, you get this sort of boom-and-bust cycles, and you throw the baby out with the bathwater. But the nature of SPACs, and the ability to create new publicly traded companies, if everything about it is a good idea, and is done with quality people, I believe we have a real shot there.

John Kosner (48m 10s):

And if we're able to do the target company, we will likely announce the second SPAC immediately. There's –

Mike Shields (48m 18s):

Correct. So, the hype cycle won't matter if you execute well and [crosstalk]–

John Kosner (48m 23s):

Right, right. And frankly, that's the only kind of business that I'm comfortable with. The beauty of working at ESPN for years was great company, great product, and we could focus on trying to build something that we thought fans wanted. And we really tried, we get I got involved in a lot of different things, but we really tried to focus on, you know, what we saw, the market being. So, um, I wouldn't want to get involved with something I didn't understand or couldn't lend my name to.

John Kosner (49m 6s):

So, you know, I'm relatively confident that we are going to be successful. And the experience of working with a ton of other smart people has been really rewarding and is probably part of the new path going forward

because corporate jobs are not necessarily the same as they were. When we were getting started you have to, you know, the individual really has to be conscious of how you operate now. Like, I've taken an independent path. I don't think that's going to be that unusual. You know, my LinkedIn fills in every week with people who've loved other big jobs.

John Kosner (49m 49s):

So, you know, the ability to figure out like, what you're going to do, and how you can bring value, that's here to stay, I think.

Mike Shields (49m 56s):

Well, now we're all dying to know who you guys are buying, but it's gonna be fun to watch. Let's close it on this because this has been terrific conversation. We can go in a million different directions.

John Kosner (50m 8s):

I appreciate it.

Mike Shields (50m 9s):

Who is going to be the next Amazon to step up and grab some sports rights in a significant way? Lets... Apple, YouTube Facebook? I'll throw in even Epic Games for Fortnite or something like, what do you think who would you predict is next? Or maybe all of them?

John Kosner (50m 28s):

I kind of think all them. And although, people will disagree with me vociferously. I believe Netflix at some point will get in.

Mike Shields (50m 36s):

Interesting.

John Kosner (50m 37s):

And I also think that Netflix will also at some point offer advertising.

Mike Shields (50m 40s):

Ooh...

John Kosner (50m 40s):

And the one ad in a Netflix show will be among the most valuable real estate for marketers.

Mike Shields (50m 45s):

Yes, they will line up for that.

John Kosner (50m 48s):

Again, there's not a long line of people who agree with me on either of those things.

Mike Shields (50m 51s):

I like that, that's a controversial Mike dropped in the show here with.

John Kosner (50m 55s):

Yeah.

Mike Shields (50m 55s):

Fascinating. Well, John, awesome conversation. Love this stuff. Thanks for talking.

John Kosner (50m 58s):

Thank you Michael.

Mike Shields (50m 58s):

Thanks for giving the time out. Good talking to you.

John Kosner (51m 1s):

Okay, take care. Be well.

Mike Shields (50m 55s):

A big thanks to my guest this week, John Kosner, President of Kosner Media, and of course my partners at AppsFlyer. If you liked this episode, please take a moment to rate and leave a review. We have lots more to bring you so be sure to hit that subscribe button. We'll see you next time for more on what's Next in Marketing.