



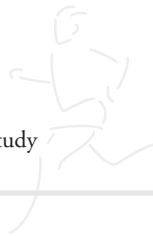
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The inaugural (and only) season of the Xtreme Football League: A case study in sports entertainment

Abstract:

The Xtreme Football League began play in 2001, but lasted for only a single season. It combined the marketing savvy of the World Wrestling Federation with NBC's broadcasting expertise to produce a distinctive sports entertainment product. This case study describes the events that lead to the introduction of the new league, and the league's only season. The factors that contributed to the demise of the XFL are discussed. Some implications of this short "experiment" with a new sports-entertainment league to sports marketers are provided.

Introduction

Sports entertainment is big business. Ticket revenue, food and beverage sales, seat licenses, athletic memorabilia and souvenir sales represent some of the lucrative opportunities in this industry. The U.S. Census estimated that spectator sports collected receipts of \$13.656 billion during 1997.

Lowry (2003) reported on the staggering size of the National Football League (NFL). In 2002, the league earned revenues of \$4.8 billion (this was double the revenue of just five years earlier). League offices estimate that revenues will climb by an additional \$1 billion over the next three years. Recently, the NFL signed a \$2 billion satellite-TV deal. It still has three years left on a lucrative \$18 billion network and cable contract.

Football team values have risen considerably. In 1960, the Dallas Cowboys (an NFL expansion franchise) cost \$600,000 to create. Almost forty years later, the franchise was valued at about \$1 billion (Lambert (2001)). Noll and Zimbalist (1997) estimate

that more than \$7 billion will be spent on new facilities for professional sports teams before 2006.

In 2001, a new professional sports league, the Xtreme Football League (XFL), began play. League developers devoted conscientious effort to avoiding the pitfalls of previous football league failures. In 1974, the World Football League (WFL) was established. It lasted until midway through the 1975 season before ceasing operations. A major factor in the league's demise involved financial difficulties. Created in 1983, the United States Football League (USFL) eventually folded after three seasons. Exorbitant salaries paid to attract collegiate stars, an overly restrictive television contract, and the decision to undertake direct competition with the NFL contributed to the USFL's downfall. Despite the attempt to avoid earlier league mistakes, the XFL failed. This case study analyses the specific events and particular environment that helped to form the league. We address the developments that occurred



during the league's short (12-week) run. We conclude with a discussion of some possible reasons why this new venture proved so disastrous.

The Pre-Game: A New League is Born

On February 3, 2000 (a full year prior to the league's first game), plans for the XFL were announced publicly at the World Wrestling Federation (WWF) entertainment complex in New York City's Times Square. Basil DeVito, Jr., league president, proclaimed this sport would be "pro football like you've never experienced it before." (XFL All Access (2001)). Indeed, the notion of combining the entertainment and marketing savvy of the WWF with professional football seemed intriguing. Under the leadership of Vince McMahon, the WWF was a global entertainment leader. It produced quarterly revenues of around \$100 million, with an estimated weekly global viewership of 500 million (www.wwf.com).

Less than two months after the league's initial inception, the WWF and the National Broadcasting Company (NBC) announced a strategic partnership to jointly own and operate the league. Regarding this new opportunity, Dick Ebersol, Chairman of NBC Sports, suggested that "we think of ourselves as the 'Xtra Fun League.'" (XFL All Access (2001)). Certainly, NBC's foray into this sports broadcasting venture was not surprising. It had lost its coveted NFL package after the 1997 season. Moreover, it had recently failed to put together a summer football league with the Turner Broadcasting System. Eventually broadcasting negotiations were completed, and three of the XFL's

four weekly games were to be televised: a Saturday evening game on NBC, with Sunday contests featured on up-start cable networks UPN and TNN. To enhance the image of the league's broadcasts, the XFL hired Mike Weisman, a seven-time Super Bowl television executive producer, as its broadcast consultant (McAdams (2000)).

With partnerships formed and television rights obtained, the next step involved determining locations for the league's eight franchises. On June 13, 2000, Chicago was introduced as the league's initial city. League officials were careful to balance the placement of teams. Some were located in cities or areas already home to NFL squads (Chicago, San Francisco and the New York/New Jersey area). Others were positioned in regions without NFL representation (Orlando, Memphis, Las Vegas and Birmingham). The remaining XFL team was situated in Los Angeles, a city without a current NFL team, although it had previously hosted two NFL franchises. In an effort to symbolize the anticipated ferocity and extreme nature of this sport, league officials purposely selected demonstrative team nicknames. These included, among others, Hitmen (New York/New Jersey), Rage (Orlando), Maniax (Memphis) and Enforcers (Chicago).

Any sports league requires credible front-office personnel. For the XFL, such individuals would be needed to bolster the league's reputation and to provide some measure of face validity. In keeping with the expected hard-nosed, "in-your-face" mentality of the XFL, the league made two noteworthy appointments. Dick Butkus, arguably the



epitome of football toughness, was hired as Director of Football Competition. He had played nine hard-hitting seasons as middle linebacker with the NFL's Chicago Bears. Drew Pearson, an important player during the Dallas Cowboys' reign as "America's Team", was signed as the inaugural member of the XFL's advisory committee.

Personnel are required to run the league, television stations to broadcast the events, but in the end, players are needed to do the actual running, catching and tackling. Initially, the XFL wanted to conduct pre-season training camps with roughly 70 players per teams (thus, the 8-team league would need 560 players). The original plan was to scour the ranks of mid-level collegiate teams, Arena Football League franchises and semi-professional squads to provide a pool of potential talent. As it turned out, the league was overwhelmed with the submitted number of player applications. Over 50,000 individuals posted their resumes on the league's web site. Roughly 4,000 players sent videotapes of their performances to the league's head offices. Consequently, the XFL had little trouble stocking its rosters.

After months of planning, the new league was set to commence. Various signs pointed to quick and continued future success. A promotional boost was even delivered by Hollywood. On November 13, 2000 (less than 3 months prior to the league's opening match-up), a futuristic movie entitled "The 6th Day" opened on theater screens nationwide. This film featured mega-star Arnold Schwarzenegger and his battles to expose a global human cloning conspiracy. The movie's beginning sequence depicted the

XFL championship game involving superstar quarterback Johnny Phoenix, the world's first \$300 million professional athlete!

Let the Games Begin

The XFL made great strides to separate itself from its professional football competitor, the NFL. To capture its aggressive and cutting-edge flair for players, fans and coaches, the XFL introduced some rule modifications. It did away with video instant replays, a true source of consternation in the NFL. In the XFL, the official's ruling was final – there were no challenges to a referee's call such as one may witness in the NFL. Further, there was no "fair catch" rule protecting the punt returner. This forced the player to receive the ball after it has been kicked. Along with this rule, once the ball has gone more than 25 yards when kicked, either team is allowed to recover it. This marked a definite switch from NFL rules.

Other rules changes sought to bolster offensive production. Teams were not permitted to kick extra points after a touchdown is scored. To receive the extra point, the team scoring the touchdown must either run or pass the ball into the end zone. Moreover, receivers were only required to get one foot in bounds when making a reception instead of the "two feet down" rule that exists in the NFL. Finally, after a play involving any type of clock stoppage, the team with the ball is given only 25 seconds to run the next play.

Perhaps the most intriguing development in XFL rules involved the action at the beginning of a game. In the NFL, a referee flips a coin and a captain from one of the teams calls "heads" or "tails". If the player guess-



es correctly (thereby “winning the toss”), his team has the option of kicking or receiving the ball, defending a particular end of the field or deferring this choice to the second half. If the player guesses incorrectly, a player on the other team must select between the above options. XFL officials, perhaps sensing that such a process was passé, adopted an alternative method. At the sound of a whistle, a player from each team would race 25 yards towards a football. The first player to retrieve the ball would be given (as above) the choices of kicking/receiving the ball, defending a specific end of the field, or deferring the option to the second half. This modification served to cement the aggressive mentality of the sport.

In an additional effort to distance its product from the NFL, and to make its brand of entertainment more palatable to the “average guy”, the XFL established a unique set of salary regulations. The NFL is replete with players earning multi-million dollar contracts; indeed, the league minimum is over \$400,000 per year. The XFL wanted nothing of this “prima donna” flamboyance. To wit, XFL players were all paid a base salary depending on their position. All quarterbacks were paid \$5,000 each week, kickers received \$3,500 a week, and all others earned a \$4,000 weekly salary. To enhance the notion that “winning isn’t everything – it’s the only thing”, players on each game’s winning squad earned monetary bonuses of \$2,500 per player. In the playoffs, the weekly payoff increased to \$7,500 for each of the winning team’s players. The league championship squad split a \$1,000,000 pot

amongst its players (roughly \$20,000 per player).

The XFL’s first games were played on Saturday, February 3, 2001. The specific timing of the season’s launch was by no means accidental. It was the consensus of McMahon, DeVito and Ebersol that such a date would provide maximum audience exposure to their brand of football. The NFL’s Super Bowl championship is generally held on the final Sunday in January. Up until that time, the American football junkie has been exposed to almost six months of professional and collegiate play. Kicking off XFL action one week after the completion of the NFL season suggests that an upstart league could fill the void of the fan suddenly devoid of their favorite sport.

McMahon’s marketing strategy was to obtain advertising support from several big name businesses. In fact, 1-800-CALL-ATT, Burger King, Honda, M+M/Mars and Quaker State/Pennzoil were some of the first companies to advertise during XFL games. XFL officials claimed that simply from these sponsors, half of their TV inventory had already been sold (Lefton [5]). A further element of McMahon’s strategy was to develop commercials that showcased the “smash-mouth” nature of his sport. Many of those commercials depicted the game of football involving war-like scenarios, with dirty and bruised players running through mine fields or avoiding cannon fire in potential training camp drills.

When the first league games kicked off in Las Vegas and Orlando, the television audiences were treated to a technological experience unlike nothing previously encoun-



tered in sports entertainment. Undeniably, a major competitive advantage for the XFL concerned the extent of fan involvement during the televised contests. Extra cameras and microphones were used to bring the fan onto the field, into the locker room, and (perhaps) into the heads of the players and coaches. The use of this uninhibited technology permitted observers to get a glimpse of pre-game pep talks or halftime speeches, something that NFL broadcasts fail to deliver. Further, it was not uncommon to see a camera operator (equipped with a helmet and padding!) on the field behind the huddle. The XFL even developed the "X-Cam", an innovative camera technique, to get a new angle of the game. This camera hung above the field on a pulley system and was able to directly follow game action.

Aggressive rule adjustments, marketing strategies and technological gadgetry produced a national hype for the league's first games. In fact, both of the opening contests were played in front of sold-out crowds. The attendance in Orlando was the largest home-opening crowd of any Orlando professional sports team (Drehs (2001)).

Initial television ratings appeared to support the view that America was prime for this smash-mouth brand of football. NBC was thrilled with their 10.2 Nielsen rating for their Saturday, February 3rd game. (One rating point corresponds to roughly 1,022,000 U.S. households, or 1% of the estimated number of U.S. TV homes). As it turned out, this was more than twice the television ratings expected by NBC officials. For purposes of comparison, the average Saturday night rating for NBC in 2000 was 4.2. Even its

National Basketball Association (NBA) Saturday night coverage garnered only a 4.0 rating.

Although NBC and XFL personnel were euphoric over the Saturday night ratings, a further examination of the data revealed a disturbing trend. Television viewership showed a steady decline during each half hour interval. Undoubtedly, the American audience was tuning in to catch an initial glimpse of the action, to see what all this fuss was about. They wanted to witness for themselves the promotional spectacle that was the XFL. Once the novelty factor wore off (and for some viewers, it did not take very long), television ratings nose-dived.

In fact, the weekly ratings underscored the difficulties the XFL was beginning to face across the nation. The ratings for the two games on Sunday, February 4, 2001 did fall to more "ordinary" levels, with UPN's contest between Los Angeles and San Francisco scoring a rating of 4.2. After the initial hype of week 1, NBC's week 2 television ratings fell by almost 50%. Moreover, the league enraged millions of Americans when NBC's week 2 contest between Chicago and Los Angeles went into double overtime, thereby pushing back the start of "Saturday Night Live" with pop-sensation Jennifer Lopez as guest host. This development motivated the XFL to tinker with its rules by instituting a running clock, ensuring that games would end faster.

During week 3, XFL broadcasts were the 89th ranked television show in the country. To add insult to injury, Honda (one of the league's original sponsors) withdrew its TV ads at the end of this week. In fact, by week



4, the league was providing free air-time for advertisers.

The ratings continued to plummet. The league earned an infamous distinction in week 7 by garnering a 1.6 rating. This was believed to be the lowest prime-time night among NBC, CBS or ABC in Nielsen Media Research history. Ratings in week 8 actually improved, although the 1.8 rating placed the broadcasts 94th overall among shows that week.

The XFL playoff games showed marginal ratings improvement, but nothing like the levels league officials hoped to earn. The first week of playoffs scored a 2.0 rating, while the "Million Dollar Game" on April 22, 2001 achieved a 2.5. In the end, NBC's average XFL rating was 3.3 (although this was bolstered by the huge ratings during the first week of league action). Perhaps more telling than the television ratings was the league attendance, especially at the championship game. A total of 24,153 fans attended this game in the cavernous Los Angeles Coliseum (capacity: 90,000).

The Post-Game: What Went Wrong?

The XFL ceased operations on May 10, 2001, less than three weeks after its championship game. Reportedly, the WWF lost \$35 million in this venture, with NBC losing a similar amount. League president DeVito succinctly surmised, "We didn't do everything well out of the gate" (www.espn.com, May, 2001). An analysis of the specific reasons contributing to XFL failure seems to be in order. The XFL failure will be compared to other failed football endeavors in the U.S. and contrasted with other football leagues

that have had some measure of success in the United States.

In an effort to be successful, the XFL wanted to avoid the pitfalls of a previous failure, the United States Football League (USFL). The USFL lasted for three complete seasons (1983-1985). Jim Byrne (1987), a former USFL communications director, indicated at least three reasons why the league ceased operations. It had an overly restrictive television contract with the American Broadcasting Company (ABC). Secondly, it paid exorbitant salaries to lure collegiate stars to the new league. Steve Young, Herschel Walker, Doug Flutie and Jim Kelly – each of whom would eventually earn NFL accolades – began their professional careers in the USFL. Finally, prior to the anticipated 1986 season, the USFL announced that it would play its games in the fall (rather than the spring-summer scheduling as was previously done). This move brought some of its franchises into direct competition with NFL teams in their respective cities. Eventually, the USFL filed an antitrust lawsuit against the NFL and, although the new league won the case, it was only awarded \$1 in damages!

The XFL observed these challenges and developed a strategy that sought to dodge these difficulties. Unlike the USFL, the XFL had a reasonably good television package with NBC, UPN and TNN. The fact that NBC helped to operate part of the league seemed beneficial. In addition, the XFL avoided lucrative contracts with its relatively modest salary structure. Finally, the XFL purposely opted to play its games during the NFL "down-time", thus steering clear of direct



competition with the NFL. The fact that both the USFL and XFL had diametrically opposed strategies, yet each failed, suggests that television packages, salary structures and league timing have little to do with eventual success.

Another failed football venture was the World Football League (WFL). Formed on August 2, 1973, this league played a full season (1974) before folding on October 22, 1975 (part way through its second campaign). Financial difficulties were cited as a major contributing factor in the league's downfall.

The Canadian Football League (CFL) has operated since the late 19th century with some measure of success in Canada. However, beginning in 1993, the league attempted to expand its operations into the U.S. San Antonio, Memphis, Birmingham and Baltimore were some of the cities that featured CFL teams. Ultimately, this move proved disastrous, leading American-based franchises to fold after the 1995 season. These teams had difficulties competing for the sports entertainment dollar with head-to-head competition from collegiate football and the NFL.

These failures notwithstanding, there have been relatively successful forays by professional football leagues into the American sports environment. The Arena Football League (AFL) began operations in 1987 and continues strong to the present day. This unique brand of football, played indoors on 50-yard fields with eight players per side, offers incredibly high-scoring games. This is appealing to fans and managers who obviously believe the adage that "offense sells

tickets". Indeed, this high level of scoring seems to translate into a reputable quality of play. In its advertising material, the league makes frequent mention of the "Miracle Minute". On June 19, 1992, Orlando defeated Detroit 50-49. The teams combined for three touchdowns, a pair of two-point conversions, three turnovers, a safety touch and seven different possessions in the game's final 46 seconds. Such an offensive exhibition would be impossible in the NFL. Arena football has definitely carved a niche for itself within the American sports industry. Its marketing efforts are not hurt by the fact that Kurt Warner, a current star with the NFL's St. Louis Rams, toiled as a quarterback for three seasons with the AFL's Iowa Barnstormers. This provides the AFL with some measure of credibility.

A secondary Arena League, known as af2, began operations in 2000 and has enjoyed reasonable success. The strategic purpose of this league is to bring the game of Arena football to medium-sized markets; in particular, Fresno, Scranton (Pennsylvania), and Norfolk represent some of the 35 franchises in this league. Recently, the NFL agreed to oversee and manage game officials, a move that would appear to further legitimize Arena football.

The analysis of failed and successful professional sports leagues seems to support the conclusion that the over-riding factor for success appears to be one of on-field attractiveness. If this is extant (as in the AFL and af2 with its high-scoring offensive explosions), then fans will embrace the sport. Inasmuch as it is lacking (witness the USFL and XFL), then such ventures wither. This is



not to suggest that Arena football leagues (and others down the road) will rival the NFL in pure size and revenue, but alternative brands may succeed in carving a niche in the sports entertainment industry. Indeed, the final product (in this case, football entertainment) must be viewed as having some semblance of attractiveness.

One additional contributing factor for the XFL's demise was the League officials attempt to "straddle the fence" between two groups of sports and entertainment enthusiasts. The league wavered between football and wrestling, instead of deciding to pursue either a strictly football strategy, or create a league that was more centered on a WWF environment with football as the backdrop. Neal Pilson, former CBS Sports President, felt that the XFL had no promise whatsoever (see Fendrich (2001)). Pilson mentioned "if they had pitched it closer to football, they would have lost the wrestling audience. If they had made a burlesque out of football to conform to the expectations of the wrestling audience, they probably would have lost NBC." By straddling this fence, the XFL created a division in its fan base and left both groups confused and unsatisfied, leaving them no opportunity to give loyal support to the league. Litke (2001) suggested "the XFL was doomed from the start. People were bound to tune in for only so long to see special effects and scantily clad cheerleaders, especially since there are cable channels devoted entirely to those subjects. **At some point, there has to be a game.**" (emphasis added). Perhaps this is what McMahon, Ebersol and DeVito failed to realize all along.

In conclusion, some of the lessons learned from the XFL fiasco can be applied to other

new sport ventures. Indeed, those attempting to build a new sport entity (whether it be a league, event or property) may appreciate some of these "do's" and "do not's" associated with establishing a new endeavor. In order to be successful, a new venture must have some type of name recognition, whether that involves coaches, athletes or front-office personnel. The XFL's decision to appoint Dick Butkus as its Director of Football Competition did provide the league with some measure of initial credibility. Moreover, any new undertaking must recognize that, in the seemingly crowded world of sports entities, one must articulate - then successfully reach - a specific niche.

The "do not's" involve the attempt to straddle two disparate groups of consumers. As the XFL discovered, adopting such a strategy leads to a product failing to meet any group's needs. Further, sports marketers ought to avoid sensationalized claims of league or event success in the face of competition from an established giant. The XFL's assertion that it would be "pro football like you've never experienced it before", notwithstanding the sheer appeal and magnitude of the NFL, may have struck some football fans as ludicrous. Finally, any new league developers should avoid the inclination to tinker with a particular sport's pre-established set of rules and procedures. The "race for the ball", instead of a simple coin flip at the beginning of a game, may have seemed too bizarre to be real football for the die-hard fan.

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Biographies

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