

UFC and ESPN Strike Monumental TV Deal

This morning, ESPN and The Ultimate Fighting Championship agreed on a five-year Television rights deal that amounts to a \$1.5 Billion price tag. The deal enables ESPN to start broadcasting and streaming UFC content starting January 1st, 2019. That means all UFC programming on the FOX family of networks will shift to ESPN next year. ESPN will undertake 30 fights annually on their networks; in particular, will carry 10 fight cards and 12 prelim cards for Pay Per View (PPV) events.

FOX held UFC TV rights for seven years before this unexpected deal with ESPN takes over in 2018. Jason Cruz from mmapayout.com reports that FOX offered the UFC \$175-\$200 million per year for media rights. However, ESPN beat them out with a \$300 million dollar offer.



Photo Courtesy: Esther Lin

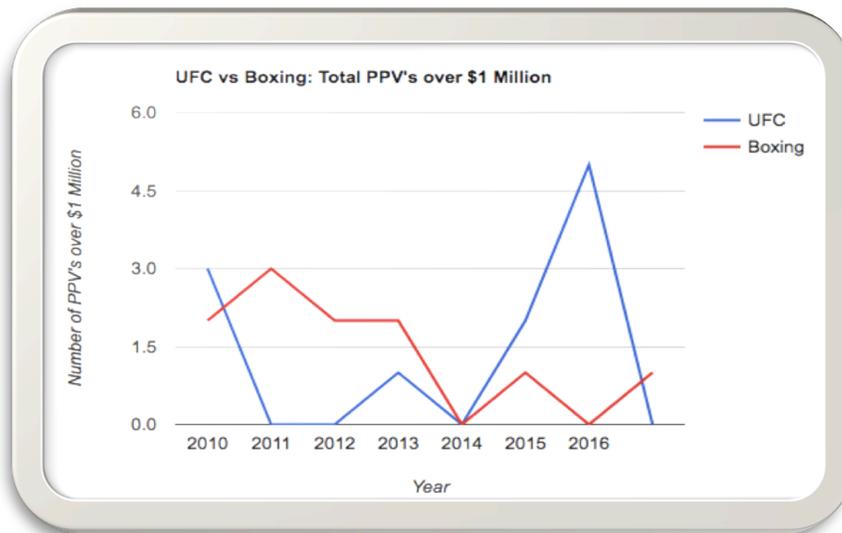
The agreement comes at an interesting time for the UFC. In 2017, the company saw a 55% percent decline in total PPV buys from the year before. This anomalous decrease in viewership can be directly attributed to a loss of star power on main cards in 2017. Conor McGregor, the UFC's biggest cash cow by far, was focused on Boxing Floyd Mayweather Jr. instead of the octagon. Jon Jones found himself mired in legal trouble and unable to fight. Additionally, Ronda Rousey and Brock Lesnar were nowhere to be found last year. ESPN is banking that a rebound is on the horizon in 2018 and beyond.

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Photo Courtesy: Jeff Bottari

ESPN is also looking at the entire fighting landscape in 2018. According to Andrew McDermott's [Article on bwin.com](#), the UFC is slowly gaining on boxing in terms of total PPV viewership. In 2016, UFC saw five PPV events haul in \$1 million or more in buys. Boxing's biggest year came in 2011 and saw 3 events totaling \$1 million. Boxing still rakes in a ton of cash from their biggest fights. The UFC still can't compare to the biggest money fights from boxing, like Pacquiao vs. Mayweather (4.6 million) and McGregor vs. Mayweather (4.3).



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ESPN isn't concerned with getting the biggest payouts though; they're more interested in the long game. The UFC can put together more events per year than boxing because the UFC's depth of notable talent is greater. In 2010, the UFC put on 24 events. In 2015, the number grew to 45 and can be attributed to depth available to UFC matchmakers. From that, the number of potential stars on the horizon grows yearly. The UFC is expanding its fan base with each worldwide event; they just finished a successful fight night in Santiago, Chile and will have a PPV event in Russia in September 2018. All these signs point to a bounce-back year in 2018 and a positive trend going forward.