Norwegian School of Economics

Bergen, Spring, 2021

Incumbent Responses to Disruptive Business Models

A Case Study from the German Sports Rights Broadcasting Market

Clemens Jakob Rosenbach

Supervisor: Professor Lasse B. Lien

Master Thesis, M.Sc. Economics and Business Administration,

Strategy & Management

NORWEGIAN SCHOOL OF ECONOMICS

Acknowledgement

I am especially grateful for the support of three persons in the writing process of this thesis. Firstly, I would like to thank my supervisor Professor Lasse B. Lien for his high responsiveness to any inquiries I had, the extremely helpful comments, and his understanding for whatever direction I took with my work. Secondly, I would like to thank my dad for all the time he took to review and give valuable input on my progress – having him as sparring partner to discuss my ideas and receiving his external view of the subject matter was a critical factor in the development of this paper. Lastly, I thank my girlfriend for her full consideration when I spent large parts of the Christmas break behind the computer. Thank you.

Abstract

When disruptive technologies become incorporated in new business models (BMs) by entrants, they pose a significant threat to incumbents. But how do established firms respond to the entry of disruptive BMs? This thesis explores the issue by drawing on qualitative data from a case study in the German sports rights broadcasting market. Analyzing how Sky Sport adapted its BM to the entry of OTT ("over-the-top") streaming service DAZN reveals that incumbents can respond with a threefold strategy of imitating the disruptive BM, defending the current BM, and creating new BMs. Moreover, the findings indicate that while these adaption strategies happen simultaneously, they are interlinked and depend on the resource complementarity from the incumbent's existing BM. The study further identifies the specific underlying BM elements that the incumbent changes, providing managers in the pay TV sector with a comprehensive list of tools to innovate their BMs. The results contribute to literature on disruptive innovation (DI) and BMs.

Contents

List of Figures

List of Tables

List of Abbreviations

BM(s): Business Model(s)

BMA: Business Model Adaption

B2B: Business-to-business

D2C: Direct-to-consumer

DACH: Germany, Austria, Switzerland

DFB: Deutscher Fußball-Bund

DFL: Deutsche Fußball Liga

DI: Disruptive Innovation

FTA: Free-to-air

ibid.: ibīdem; “in the same place” (see previous citation)

OTT: Over-the-top

TV: Television

UCL: UEFA Champions League

UEL: UEFA Europa League

1. Introduction

How do incumbents respond to the entry of new competition? Many scholars have studied this question by looking at price reactions (Bain, 1956), capacity decisions (Spence, 1977), or competition-driven repositioning (Wang & Shaver, 2014). However, a more refined way to understand incumbent responses is considering how firms adapt the underlying activities through which they create, deliver, and capture value hence, the changes incumbents make to their business model (BM) (Foss & Saebi, 2017; Massa & Tucci, 2013; Teece, 2010; Zott, Amit, & Massa, 2011). In the face of new competition, incumbents are forced to adapt one or more elements of their BM (Johnson, Christensen, & Kagermann, 2008; Ramdani, Binsaif, & Boukrami, 2019). One particular form of new competition emerges from *disruptive innovations* (DI), "a process whereby a smaller company with fewer resources is able to successfully challenge established incumbent businesses" (Christensen, Raynor, & McDonald, 2015, p. 4).

DI and subsequent incumbent failure are often associated with new technologies. However, there is common agreement in literature that disruptive technologies are not *per se* responsible for larger incumbents to fail; rather, it is the failure to adapt or create a new BM to incorporate the technology (Addo-Quaye & Fielt, 2019; Christensen, McDonald, Altman, & Palmer, 2018; DaSilva, Trkman, Desouza, & Lindič, 2013; Markides, 2006). In this light, Cozzolino, Verona, and Rothaermel (2018) recently made the important effort to disentangle the process of DI in the two stages of first, the emergence of new technologies and second, the advent of *disruptive BMs*.

Disruptive BMs radically differ from established BMs in the industry in that they can satisfy customer needs either at a cheaper price or through other superior features, posing an existential threat to incumbents (Christensen et al., 2018). Popular examples of incumbents who have been disrupted by disruptive BMs are abundant. For instance, Blockbuster was dethroned by Netflix in the media industry when Netflix used on-demand video streaming technology to offer customers a wide variety of movies online at monthly subscription prices, as opposed to the rental of physical DVDs (D'Ippolito, Messeni Petruzzelli, & Panniello, 2019).

Despite the interest in the topic and the high relevance for practitioners in an increasingly digital world, where DI and new entry is of constant threat, we still know little about how exactly incumbents respond to disruptive BMs (Addo-Quaye & Fielt, 2019; Christensen et al., 2018). Scholars who study incumbent responses in this context have suggested that incumbents can either explore the new BM or exploit their existing BM (Osiyevskyy & Dewald, 2015). However, most of the earlier research is either focused on the first stage of DI that is, the new technology as a driver for incumbent business model adaption (BMA), or does not make a clear distinction between the two phases (Addo-Quaye & Fielt, 2019). Yet, this is important because Cozzolino et al. (2018) show that response strategies differ depending on the stage of DI with incumbents using more defensive (exploitative) strategies in the second phase of DI. Focussing exclusively on the second stage of DI and the entry of new competitors can provide valuable implications for the competitive strategies of incumbents. Moreover, there is little research on the specific BM elements incumbents change when faced by disruptive BMs (Schneider & Spieth, 2013). Knowing which and how activities need to be connected to build superior interdependencies would yield important insights on how incumbents can make micro adjustments to their BM to form a corporate response strategy (Lanzolla & Markides, 2020). In addition, studying the process over which BMA unfolds has been a frequent call by scholars (Foss & Saebi, 2017; Massa & Tucci, 2013; Ramdani et al., 2019). Taking a longitudinal approach to assess incumbent BMA in response to disruptive BMs would further give us a better understanding of the extent to which incumbents can use and adapt existing resources to compete with the new model (Eggers & Park, 2018).

To address these gaps in current literature, this thesis sets out to answer the following research question and the related research objectives:

RQ: *How do incumbents adapt their business model in response to the entry of disruptive business models*?

RO$_1$: To find out how incumbents change specific elements of their BMs to create, deliver, and capture value when faced by disruptive BMs.

RO$_2$: To explore how the incumbent response unfolds over time.

RO$_3$: To investigate how the resources from the incumbent's existing BM affect the response strategy.

To explore these questions, the case of Sky in the German sports rights broadcasting market was analyzed. Sky has long been the exclusive distributor of football rights in Germany, enabling the firm to charge premium prices for their subscription packages that went along with expensive production processes in the value chain. However, since August 2016, Sky faces competition from entrant DAZN who challenges the incumbent with a low-cost BM centred around “over-the-top” (OTT) streaming technology. OTT bypasses traditional broadcasting distribution channels (“linear TV”), such as cable or satellite, by allowing users to stream content directly via the internet, resulting in lower production costs and higher access flexibility for users. Offering a broad scope of on-demand sports, availability on multiple devices, and significantly lower subscription prices than Sky, DAZN envisions to “democratize” sports and ultimately seeks to make profits from a large user base, following a similar approach as Netflix. To avoid the same fate as other incumbents disrupted by new entrants, Sky must find ways to adapt their BM in a way that allows the company to maintain their position in the market.

Studying BMA processes in this industry context is of particular interest because of two reasons. Firstly, the advent of OTT streaming has drastically lowered the entry barriers to the football broadcasting industry, putting established incumbents under siege. Taking a BM perspective can still help to identify sources of competitive advantages under these conditions, as it considers both the supply-side and demand-side thus, allows to account for both value creation and value capture mechanisms (Lanzolla & Markides, 2020). Secondly, even without new competition from low-cost OTTs, broadcasters have always struggled to make the distribution of costly sports rights profitable. Scholars agree that using the BM as unit of analysis is particularly useful to identify monetization strategies and will therefore be of relevance when studying Sky’s response (Bigelow & Barney, 2020).

There is no open access to internal company documents, figures and discussion papers that could report on the given research question. However, there are a large number of secondary sources. Drawing on qualitative data from 791 press releases from Sky’s news archive over the course of 4 ½ years allowed to systematically analyze and categorize the changes Sky made to their BM after DAZN’s launch. These findings were matched with the results of seven sports rights allocations, which created a picture of the incumbent’s competitive environment and enabled to assess Sky’s BMA over time. Results show that Sky responded to the entry of DAZN by simultaneously imitating the new BM, defending the existing BM, and creating a new BM. More precisely, it was found that Sky scaled up its existing OTT service to match the entrant’s offer, invested heavily in core capabilities to reinforce the current value proposition, and found new ways of value creation and capture via a gradual change from pay TV to free TV. All these actions were found to be classifiable to be of exploitative (defensive) nature. It was possible to compose an extensive overview of the changes Sky made to the elements of their BM and how they relate to these overarching response strategies. Moreover, the study reveals that although these directions of response happened in parallel, Sky’s investments to defend their existing BM were fundamental as the company was able to use these resources for their other two strategies to imitate DAZN and design a ‘free’ BM.

Despite these multiple defense efforts, the analysis also shows that Sky was unable to maintain rights for the most important competitions, with DAZN gradually taking over the market leadership. This development is reflected in three competition phases that underly Sky’s BMA. After an initial period of retaliation, Sky engaged in co-opetition with entrant DAZN when sharing sport rights and distribution channels. However, this strategic partnership could not protect Sky from the loss of further rights, eventually causing the incumbent to partially retreat from the sports rights market and pursue other entertainment offerings. As explanations for this outcome, the paper suggests the difficulties of managing the numerous and sometimes contradictory response strategies in parallel, signs of organizational inertia, as well as mistakes in Sky’s strategic partnerships and a lack of financial resources.

This thesis makes several important contributions. First, the study contributes to DI literature by confirming the recent findings of Cozzolino et al. (2018) who separate DI in the two phases of disruptive technologies and disruptive BMs. Indeed, it was found that in the second phase of DI, when competitors enter the market with disruptive BMs, incumbents tend to choose exploitative strategies to defend their current BM. Secondly, the findings of this thesis go beyond that in revealing that incumbents can employ various exploitative strategies simultaneously. By documenting several response strategies and how they function in parallel, this paper follows the call of Christensen et al. (2018). Thirdly, by taking a longitudinal approach on the process by which incumbents adapt their BM to the entry of competitors, the results contribute to our understanding of an underexplored pathway in BM research (Foss & Saebi, 2017; Schneider & Spieth, 2013). Fourthly, the case enriches research on industry change suggesting how incumbents can optimize their response strategy to emerging BMs depending on the resources from their existing BM (Eklund & Kapoor, 2019). Lastly, the results address practitioners in the pay TV and broadcasting industry in search for ways to compete with novel OTT entrants.

The remainder of this thesis is organized as follows. After stating previous research on BMs, DI theory, and incumbent responses, the sports rights broadcasting market will be introduced. The reader will be provided with a comprehensive description of Sky's traditional broadcasting model and how it differs to entrant DAZN's BM. In the following, the above-mentioned findings will be presented in detail. Implications and recommendations for future research will be discussed at the end.

2. Literature Review

The following section provides a theoretical foundation to this thesis. After briefly outlining research on BMs as a unit of analysis, the concept of DI will be introduced as major challenge to incumbents' BMs. The review will culminate in presenting existing suggestions from literature on how incumbents can respond to DI by innovating their BMs.

2.1 Business Models (BMs)

2.1.1 Concept and Definition

Research on BMs has attracted considerable interest from academics since the Internet boom of the 1990s which caused many firms to change the way they do business (Massa, Christopher, & Afuah, 2017). Despite this surge in literature, the concept of BM has only recently started to develop construct clarity and gain recognition for its contribution to strategic management literature.

Although scholars have interpreted BMs in multiple ways, depending on their interests and research goals (see Massa et al., 2017 for a recent review), there is common agreement that a BM explains the logic of how a firm creates and captures value from its activities (Zott et al., 2011). More precisely, Osterwalder and Pigneur (2010) define a BMs as "*the rationale of how an organization creates, delivers, and captures value*" (p. 14). Literature has also reached consensus with regards to essential components that a BM encompasses, which Wirtz, Pistoia, Ullrich, and Göttel (2016) summarize to be a firm's market offering (value proposition), its resources, as well as its structure and strategy.

Similarly, this thesis will follow the perspective of BMs as *formal*, conceptual representations of firms' activities, which suggests to structure BMs around essential core components that are considered to comprise the vital parts of business (Massa et al., 2017). Thereby, the study is oriented to Osterwalder and Pigneur (2010) who define nine basic building blocks to each BM that can be categorized along three dimensions: the firm's value creation activities (*value proposition, key resources, key activities, key partners*), the value delivery (*customer segments, channels, customer relationships*) and finally, the value capture mechanisms (*cost structure* and *revenue streams*).

Each of these building blocks in turn consists of typical elements to a BM. An overview of the building blocks and underlying elements according to Osterwalder and Pigneur (2010) is presented in table 1. Note that the table was adapted to those elements which were found to be relevant for the case studied. Importantly, all constituting parts must be in balance as it is the relationship of how these mechanisms are linked and their interplay with one another that ultimately shape the BM (Teece & Linden, 2017, p. 5).

2.1.2 The BM as Unit of Analysis

The concept of the BM has gained recognition among academics because it helps understanding performance variances between firms that cannot be explained by traditional theories used in strategy research such as the Resource-Based View (RBV) (Barney, 1997), or the Positioning School (Porter, 1996). Whereas these theories focus exclusively on the *supply-side* of business, BM theory recognizes that value can also be created on the *demand-side* hence, competitive-advantages may be multi-sourced (Lanzolla & Markides, 2020; Priem, Wenzel, & Koch, 2018).

This is important to understand, because it shows why organizations with similar resources and capabilities operating in industries with low entry barriers can still achieve superior performance by conducting certain activities in unique ways (e.g., customer interactions or relationships with other ecosystem stakeholders). In that sense, studying BMs from a 'component' point of view seems promising, as this can reveal insights on the specific origins of performance differences between firms (Sohl, Vroom, & Fitza, 2020). Hence, applying the BM as theoretical lens is of particular use for firms who find themselves in competitive markets and can provide guidance to design activities that are profitable to the firm.

Nevertheless, due to its close relation to strategy, the BM phenomenon still lacks construct clarity hampering it from establishing theoretical relevance, which must be taken into account when using the concept for research purposes (Prescott & Filatotchev, 2020).

Building Block	Description	Element
Customer Segments	The most important customers for whom the company creates value.	• Mass market (large customer group with similar needs) • Niche market (tailored to specific customers) • Segmented (segmentation, e.g., based on income of customers) • Multi-sided platforms (serve two or more *interdependent* Customer Segments)
Value Propositions	The bundle of products and services that create value for customers. Values can be *quantitative* or *qualitative* .	• Performance (improving a product/service) • Customization (tailoring products/services to specific individual customer needs) • "Getting the job done" (focussing on a core requirement of the customer) • Price (offering similar value at lower price) • Accessibility (making products/services available to customers who previously lacked access) • Convenience/usability (making products/services more convenient to use)
Channels	How the company communicates and reaches its customers to deliver value. Channels function to *raise awareness* about products, help customers to *evaluate* and *purchase them,* and enable *delivery* and *after-sales support.*	• Own channels (direct; e.g., web sales or own stores) • Partner channels (indirect; e.g., partner stores)
Customer Relationships	The types of relationships a company establishes with its customers. Relationships are motivated by *customer acquisition* , *customer retention* , or *upselling* .	• Personal assistance (focus on human interaction) • Self-service (no direct relationship, but necessary means for customers to help themselves) • Automated services (more sophisticated form of self-service with automated processes) • Co-creation (co-creation of value with customers)
Revenue Streams	Important part of the value capture mechanism (together with Cost Structure). Can be *transaction* (one-time customer payments) or *recurring* revenues (ongoing payments).	• Usage fee (customer pays per usage of a particular service) • Subscription fees (selling continous access to a service, e.g., monthly or yearly subscription plans) • Licensing (giving customers permission to use protected intellectual property rights for a fee) • Advertising (fees for advertising a particular product, service, or brand)
Key Resources	The most important assets required to create value for the customer.	• Physical (assets such as buildings, systems, or distribution networks) • Intellectual (e.g., brands, propietary knowledge, or patents) • Human (specially trained and experienced employees) • Financial (financial resources or guarantees required)
Key Activities	The most important activities a company must engage in to execute its value proposition.	• Production (designing, making, or delivering a product/service in high quantity and/or quality) • Platform/network (platform management and promotion)
Key Partners	The network of suppliers and partners that allows the company to focus on its key activities. Partnerships are motivated by *optimization of the BM and economies of scale* (e.g., reduce costs by outsourcing or sharing infrastructure), *reduction of risk and uncertainties* , or the *acquisition of particular resources and activities* from specialized firms.	• Strategic alliances with non-competitors • Coopetition between competitors • Joint ventures • Buyer-supplier relationships
Cost Structure	The costs incured to operate the BM. Broadly classified into *cost-driven* (minimizing cost wherever possible) and *value-driven* (focus on value creation).	• Fixed costs (remain constant e.g., rents, salaries) • Variable costs (vary proportionally with volume produced) • Economies of scale (cost advantage with increasing output) • Economies of scope (cost advantage with increasing variety of output)

Adapted from Osterwalder and Pigneur (2010)

Table 1 BM elements according to Osterwalder & Pigneur (2010)

2.2 Disruptive Innovation (DI) and Disruptive BMs

Research indicates that all BMs have finite life spans and need to be revised when external changes happen as upon emergence of new technologies, or alterations in the competitive landscape (Johnson et al., 2008; Teece & Linden, 2017). This process is often referred to as “business model innovation” in literature (Foss & Saebi, 2017), however, this thesis will follow Cozzolino et al.’s (2018) terminology of business model *adaption*, which is considered more accurate for incumbents who do not build new BMs from scratch. BMA is defined in accordance with Casadesus-Masanell and Zhu as “the search for new logics of the firm and new ways to create and capture value” (2013, p. 464). If incumbents fail to adapt their BM in response to dynamic changes in the environment, they risk losing the market to new entrants with superior BMs (Massa & Tucci, 2013).

Studying why large and apparently dominant incumbents can abruptly fail to smaller players who enter the market, Christensen (1997) formulated the theory on DI. At the core of this idea is that incumbents tend to focus on ‘sustaining innovations’ which improve current products and allow to increase margins from mainstream customers but overserve customers who are not willing to pay higher prices for features they do not need. This opens a gap to entrants who can provide the basic product at a lower price.

Incumbents may not react in the first place, because they do not see the necessity to develop a product or service that is less profitable, inferior, and appeals to smaller markets only (ibid., 1997). The key from an entrant’s perspective is that although their product may be inferior initially, they focus on optimizing BMs which enable them to offer solutions with unique and novel attribute mixes (e.g., the solution is smaller faster, more convenient, easier to access etc.) that cater these fringe customers who churn from the incumbent (ibid., 1997; Christensen et al., 2015, 2018). Over time, entrants will improve their solution so that it eventually causes traction in the mainstream market and ultimately ‘disrupts’ the incumbent.

DI is a threat to incumbents’ BMs, but scholars agree that disruption is less of an outcome than it is a process (Christensen et al., 2015; Petzold, Landinez, & Baaken, 2019; Si & Chen, 2020). This implies that there are strategies incumbents can employ to increase their chances of survival. In fact, understanding DI from a process point of view leads to the important notion that the entry of innovative, disruptive technologies is not *per se* responsible for the failure of large incumbents, but it is rather their incapacity to adapt the existing or create new BMs which incorporate the new technology (DaSilva et al., 2013; Markides, 2006).

Acknowledging that no innovation is inherently disruptive and that "DI must be evaluated relative to a firm's BM" (Christensen et al., 2018, p. 1050) marked a turning point in literature as it introduced the role of BMs to the concept of DI (Markides, 2006). Following this argument, Cozzolino et al. (2018) recently made the important effort to disentangle the process of DI into two parts which is first, the introduction of disruptive technologies and second, the subsequent entry of new players leveraging those to build disruptive BMs. Hence, the process of DI can be broken down into the two distinct components of disruptive technologies and disruptive BMs.

The distinction between disruptive technologies and disruptive BMs is important from an incumbent's perspective, because whereas the first stage of DI constitutes an *opportunity* for incumbents to experiment with the new technology, only the second stage poses a *threat* to incumbents and can ultimately lead to failure if incumbents fail to adapt to entrants' disruptive BMs (Cozzolino et al., 2018; Markides, 2006; Si & Chen, 2020).

2.3 Incumbent Response Strategies to Disruptive BMs

2.3.1 Explorative and Exploitative Response Strategies

When confronted by DI, incumbents can generally choose between proactive or defensive strategies. In that regard, literature considers the two generic directions of response for incumbents to either *explore* respectively develop new BMs, or *exploit* respectively strengthen or adapt their existing BM (Osiyevskyy & Dewald, 2015).

Recent findings from Cozzolino et al. (2018) suggest that incumbents tend to explore new technologies in the first stage of DI but act rather defensively once disruptive technologies become incorporated in disruptive BMs of new entrants. Similar evidence is provided by Habtay and Holmén (2014) who find that proactive strategies may be beneficial when incumbents deal with the first stage of DI, whereas when new, disruptive BMs emerge in the second phase, incumbents stand higher chances investing to defend their current business. This would predict that upon entry of disruptive BMs, incumbents choose exploitative rather than explorative strategies.

However, most of the research studying DI and incumbent response does not make this clear distinction between the entry of new technology and actual entry of new competitors. Therefore, many early findings must be classified, according to the latest research, in the category of proactive strategies during the first phase of DI. For instance, initial suggestions were that incumbents respond disruption by developing and launching disruptive BMs by themselves (Christensen, 1997), or alternatively, proactively retreat into profitable niches (Adner & Snow, 2010). Similarly, scholars argued that incumbents can respond swiftly by experimenting with the new BM in an autonomous business unit before integrating it with the core business to avoid conflicts (Mao, Su, Wang, & Jarvenpaa, 2020). Other recommendations in that line are organizational ambidextery[1] (O'Reilly III & Tushman, 2016), diversification (Verhoef et al., 2019) and the creation of new markets or solving existing customer needs in new ways (D'Ippolito et al., 2019).

Yet, to understand incumbent responses to disruptive BMs, one must consult literature on defensive strategies. When incumbents decide to exploit their existing BM, they were found to *aggressively invest* in their current capabilities to enhance the existing competitive advantage (Adner & Kapoor, 2016; Chen, Katila, McDonald, & Eisenhardt, 2010; Jin & Shin, 2020; Utterback, 1994). Firms which follow this strategy usually aim to extend their current performance-improvement trajectories, but it may at best slow or delay the onset of disruption (Adner & Kapoor, 2016). Casadesus-Masanell and Ricart (2011) confirm that exploitative strategies may mitigate the adverse effects of disruptive BMs, but in the long run, they also reinforce organizational inertia[2], making it more difficult to build a new BM.

Measures to protect the core business can also be the provision of more *value-adding services* and *multifunctional products* to existing customers as well as the creation of *new market needs* (Casadesus-Masanell & Ricart, 2011; D'Ippolito et al., 2019; Raffaelli, 2019). By doing so, firms can redefine the boundaries of the market they compete in that is, create new performance dimensions through a *technology re-emergence* strategy (Raffaelli, 2019). At the same time, *imitation* of the disruptive BM is considered a defensive act as incumbents do not take the initiative to create new BMs (D'Ippolito et al., 2019). However, simply matching competitors' moves risks getting caught in a tit-for-tat war with the disruptor,

[1] E.g., cognitively flexible executive teams and strong management skills.

[2] Defined as the tendency of a mature organization to continue on its current trajectory (Gilbert, 2005).

which does not result in any competitive edge to the firm (Argyres, Bigelow, & Nickerson, 2015; Bughin & van Zeebroeck, 2017, p. 83).

Studying growth strategies for platform firms, Verhoef et al. (2019) suggest that *customer co-creation* constitutes a further defensive strategy in the digital age to address and develop business within the existing customer base. Contemporary literature also indicates that incumbents respond to disruptive BMs by forming *alliances* to strengthen their market position (with incumbents), or to access external knowledge and accelerate the adaption process of the new BM (with disruptors) (Cozzolino et al., 2018).

Recent research which has investigated the relationship between incumbents and entrants more closely suggests that incumbents *co-opt* with disruptors by partnering, or licensing technology (Marx, Gans, & Hsu, 2014), by directly acquiring the disruptor (Cozzolino et al., 2018), or by introducing a new platform themselves (e.g., Eisenmann, Parker, & van Alstyne, 2006). However, such incumbent-entrant dynamics do not necessarily have to emerge from the incumbent’s side, since disruptors are equally motivated to secure the incumbent’s support which is crucial to establish their innovation in the ecosystem (Ansari, Garud, & Kumaraswamy, 2016).

Overall, most of these studies recommend rather generic directions of response and only few specify the precise elements of the BM that are innovated by incumbents. The latter can be found in the recent works by Rachinger, Rauter, Müller, Vorraber, and Schirgi (2019) and Jong and van Dijk (2015) who suggest incumbents to innovate their customer relationships (more personalized/co-creation), channels (more digital), resources (increased employee qualification, and focus on access- instead of ownership-based resources), activities (more intelligent/automated) as well as financial structures (find new ways to generate revenue and safe costs).

2.3.2 Resource Heterogeneity as Determinant for Incumbent Responses

Which response strategies incumbents eventually choose upon emergence of disruptive BMs depends on various internal and external facors (see Eggers & Park, 2018). Particularly the question of to what extent incumbents will adopt the new BM (i.e., imitation strategy) or select other defensive strategies to exploit their own BM is interesting in the context of disruptive BMs, given DI theory which suggests that the entrant’s disruptive BM is superior to the incumbent’s.

Ahuja and Novelli (2016) argue that it depends on whether the new BM *devaluates* the incumbent's existing assets. In that sense, the incumbent has to question the efficacy of the new BM and assess whether it will be significantly inferior or superior to its existing BM. When the latter is the case, incumbents will likely adopt the new BM, which will be facilitated if the company possesses *complementary resources*. Complementary resources, such as specialized capabilities along the value chain or unique advantages regarding certain activites, will help incumbents more easily adapt to technological change and new BMs and, in fact, can even provide a competitive edge over entrants without these assets (Ahuja & Novelli, 2016; Eggers & Park, 2018; Teece, 1986; Tripsas, 1997)[3]. However, this only holds when complementary resources themselves are not disrupted by the new BM (Ahuja & Novelli, 2016; Eggers & Park, 2018).

Ultimately, the extent to which incumbents will adopt an emerging BM will depend on the *adjustment costs* of the incumbent's resources that is, the feasibility with which incumbents can (re-)allocate resources from the old to the new BM (Eklund & Kapoor, 2019). Adjustment costs refer to the accumulation of specific assets tied to the existing BM, whereby incumbents with a high commitment of resources to the old BM will incur higher adjustment costs and are therefore likely to remain and even benefit from investing in their existing BM (ibid., 2019).

The concept of adjustment costs is closely related to both the uncertainty regarding the viability of the new BM and complementary assets because they "entail direct costs associated with the development of assets to support the new model, and indirect costs associated with the disruption to the existing business model" (ibid., 2019, p. 384). This thesis therefore considers adjustment costs as a qualitative indicator based on both concepts, expressing the dimension of the incumbent response strategy towards the new BM or related to the old BM. For example, a nascent competing BM may threaten to devaluate (some of) the incumbent's assets and the incumbent may have (some) complementary resources, but still decide to stay with their existing BM because the adjustment costs are high.

[3] Teece (1986) originally terms this concept complementary 'assets'. For this study, the description is interchangeably used with 'resources' to incorporate any physical and intangible assets across the incumbent's BM elements (such as key resources, activities, customer relations, partnerships etc.).

Hence, following this strand in literature, incumbents confronted by disruptive BMs must first question if the new BM devaluates existing resources and subsequently assess whether they have complementary resources for the new BM and how costly it would be to adjust them. These considerations from an incumbent's perspective ultimately determine the strategic choice of response with regards to the two dimensions of extent of adoption of the new BM and extent of commitment to the existing BM (Ahuja & Novelli, 2016).

2.3.3 Incumbent – Entrant Relations and BMA in the Course of DI

Besides from the incumbent's internal resources, literature also provides insights with regards to how the competitive dynamics between the incumbent and entrant determine a response strategy. When faced by new entry, incumbents typically have three alternatives to react; they can retreat, retaliate, or collaborate (Schumpeter, 1934). As stated above (2.3.1), incumbents may proactively retreat, but this rather happens at the first stage of DI. Focusing on the emergence of disruptive BMs, it is therefore relevant to determine whether the incumbent may choose a more aggressive strategy (e.g., extending existing capabilities to marginalize the entrant), or collaborative strategy, or both (Giustiziero, Kaul, & Wu, 2019).

We saw earlier that recent research does provide evidence for cooperation between incumbents and entrants in the light of DI. This is interesting since cooperation suggests that both players must expect gains for collaborating with the rival, which may be more obvious in the case of the entrant seeking access to the incumbent's resources, but less so for the incumbent since DI theory holds that incumbents initially consider the entrant's solution as inferior to their own (Marx et al., 2014). Moreover, a central assumption of DI theory is that entrants with disruptive BMs will eventually displace incumbents, which points to a hostile scenario in which competition is more likely than cooperation (Christensen, Anthony, & Roth, 2004; Marx et al., 2014).

Based on this, Marx et al. (2014) argue that while a competition scenario is likely at the beginning when disruptive entrants emerge, incumbents may in fact be inclined towards cooperation at a later stage once they observe how the disruptor's solution gains traction. Through collaboration, the incumbent can then learn from the entrant's BM, catch up on the technology, and eventually build on it and surpass it (Giustiziero et al., 2019; Nelson & Winter, 1973). This would also predict that when incumbents cooperate, DI must not necessarily mean that they lose market leadership (Marx et al. 2014).

The following overview summarizes literature's findings on incumbent responses to disruptive BMs (figure 1).

2.4 Summary and Research Gap

Drawing on the literature cited above, three important research gaps were identified.
Firstly, the recent findings by Cozzolino et al. (2018) highlight the difference in response strategies depending on the stage of DI, suggesting that incumbents are more inclined to employ exploitative strategies once confronted by entrants with disruptive BMs. This thesis will build on these novel insights and assess their generalizability by studying specifically the second phase of DI in a different industry context.

Secondly, despite these recent advances and the presented previous responses to DI, research still lacks documentation of alternative response strategies to disruptive BM that are oriented towards concrete solutions for incumbents (Christensen et al., 2018). Doing so from a component perspective on BMs seems especially promising to guide our understanding of how specific BM elements interact, allowing us to infer from micro adjustments to an overall corporate strategy. Hereby, the BM lens will further facilitate a contemplation that considers the incumbent's unique resources and enables comprehension about the available response options based on the existing BM.

Lastly, both in the context of DI and BM literature, process has been identified as an important, yet underexplored variable. A prolonged observation period is interesting because it can show how the incumbent response evolves over time and relates to the disruptor, as this may have implications for the market leadership (Marx et al., 2014). This study will therefore take a longitudinal approach to BMA that includes the dynamics in terms of external drivers in the competitive environment.

In order to address these intriguing paths, this thesis analyzes the case of Sky in the German sports rights broadcasting market. The following part will introduce to the research setting.

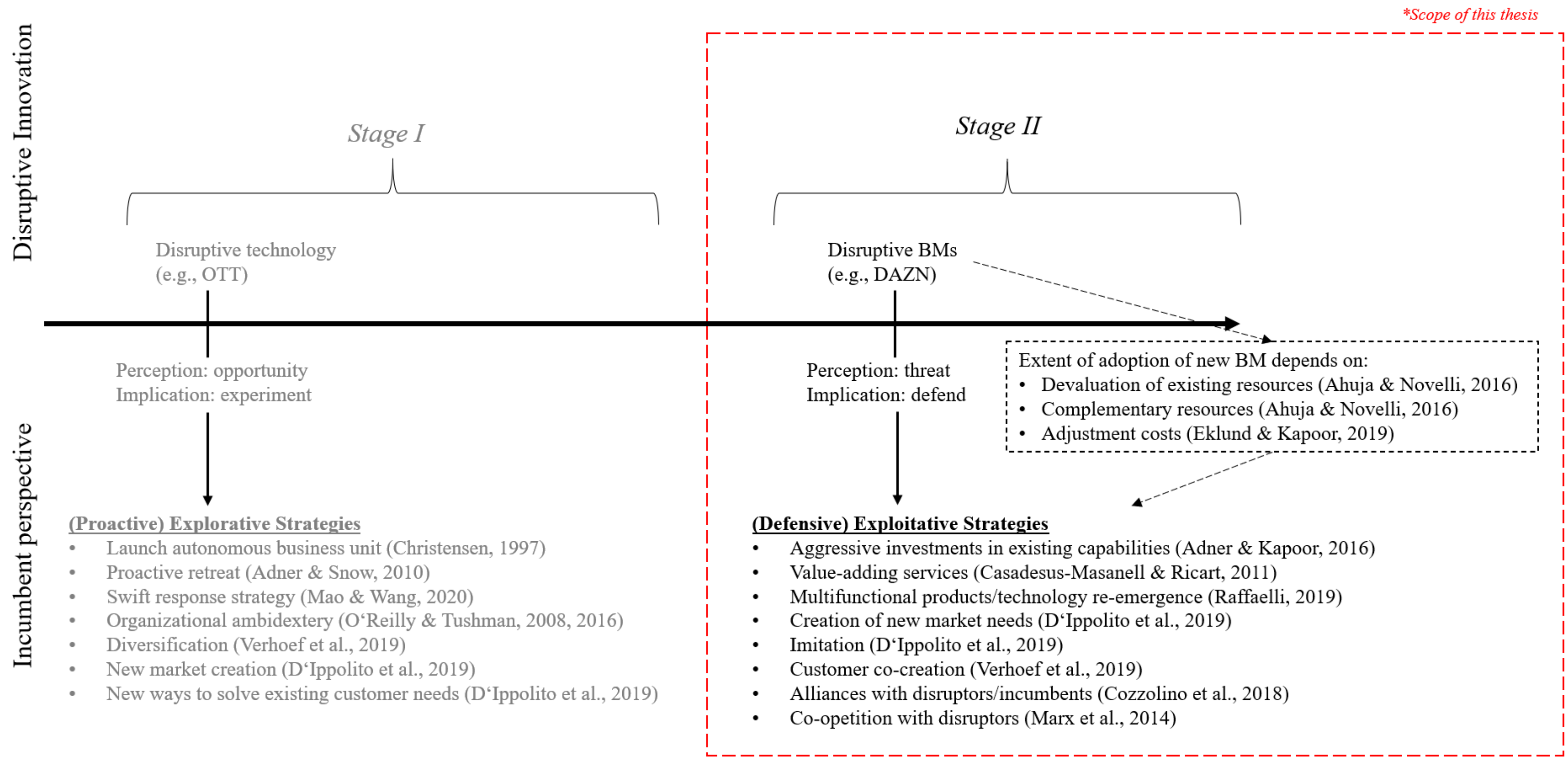

Figure 1 Incumbent BMA in the process of DI

3. Research Setting

'Sky Sport Deutschland' (in the following 'Sky') has long enjoyed a monopolist position as exclusive pay TV broadcaster of major football sports rights in Germany. This was until novel OTT streaming technology lowered barriers to entry by enabling new players to distribute content directly via the internet, bypassing traditional network infrastructure. Embedded in a radically different BM, entrant DAZN leverages OTT to challenge Sky since 2016, with the incumbent now having to find new ways to justify premium prices and survive in the vicious circle between successful bidding on rights and the retaining of viewership.

This study will focus on the distribution rights of sports content of professional men's football in the German broadcasting market. That includes broadcasting rights for both domestic and foreign European competitions (league/cup) as well as international club competitions. In terms of which specific broadcasting rights were included, the study considers allocation of the most important domestic and international rights. Domestic sports rights for the German market are first league's men's football *1. Fußball-Bundesliga* (Bundesliga) and the German cup competition *DFB Pokal*. On international level, UEFA club competitions were included, namely the *UEFA Champions League* (UCL) and *UEFA Europa League* (UEL), as well as the most important foreign league in terms of brand value, which was the British *Premier League* (Lange, 2020). The rights for these five competitions are the most valuable ones in Germany; nevertheless, they differ significantly relative to each other. Figure 2 shows the total market volume calculated as combined annual TV rights revenues for each of the five competitions, suggesting that the domestic Bundesliga accounts for the largest share, followed by the UCL.

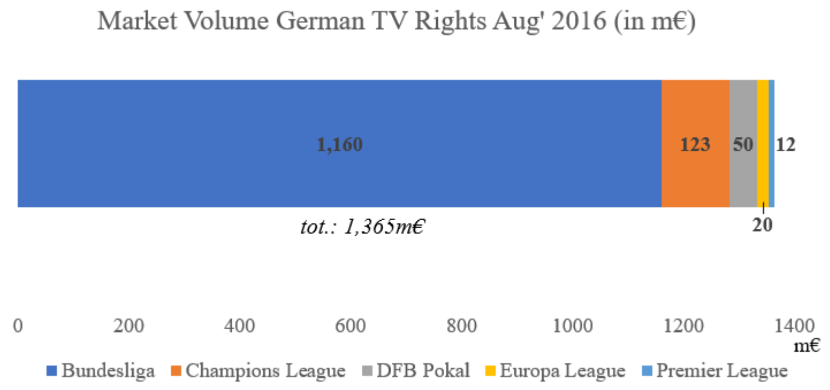

Figure 2 Market volume German TV rights as of August 2016

There are two reasons why this market scope constitutes an interesting unit of analysis. Firstly, from a theoretical perspective, the sports rights market, which has monopolistic structures as will be illustrated in the following (3.1), is an interesting context to study BMA. Studying BMA in different industries and with unique institutional factors is an important step to advance the field (Daspit, 2017). Moreover, using BMs as a lens to analyze incumbent adaption seems particularly useful in markets that are not (anymore) protected by high entry barriers or heterogeneous resources, forcing firms to employ other mechanisms to achieve competitive advantages (Lanzolla & Markides, 2020). Secondly, from a practitioner's perspective, to concentrate on sports rights in the broader sense and football in the narrower sense is reasonable, considering studies which show that live sports have been a key factor for growth in the pay TV landscape and with football being a major driver behind this (Pay TV Innovation Forum, 2019b). Hence, studying this trend promises important insights to a large field of business opportunities.

The following section will commence by providing a background to value creation and capture in the sports rights market and elaborate on incumbent Sky's BM prior to entry of competitor DAZN. Subsequently, the introduction of DAZN's disruptive BM will be described and how it altered the market dynamics and forced Sky to adapt their BM – which will mark the starting point of this case study.

3.1 The Sports Rights Ecosystem

3.1.1 Overview

The sports rights market consists of six major parties: clubs, rights holders, broadcasters, consumers, advertisers, and the taxpayer who is represented by the government (figure 3). From a broadcaster's perspective, the market can be contemplated as two-sided, with clubs and rights holders as suppliers in the upstream (sports rights) market and fans respectively consumers, in the downstream (sports programming) market (Evens, Iosifidis, & Smith, 2013).

On the supply-side, value originates from individual *clubs* who market the rights to broadcast their matches via live television in return for a broadcasting fee. Rights are usually allocated to broadcaster who compete for them in 3-5-year bidding cycles. The average broadcast revenue is significant for the clubs, as it accounts for 33-65% of their total revenue[4] (Ajadi, Burton, Dwyer, Hammond, & Ross, 2020).

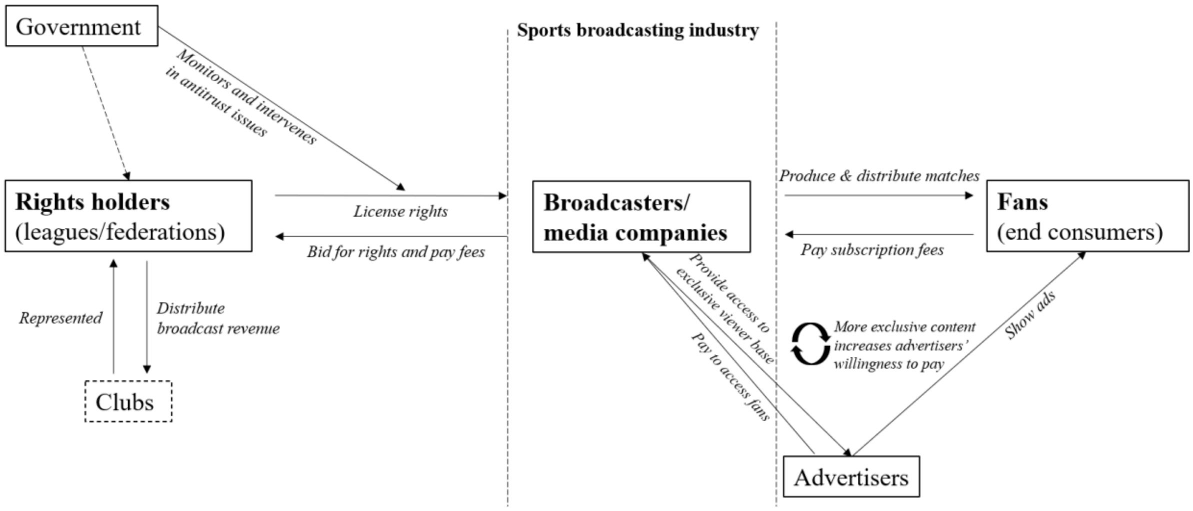

Figure 3 Sports rights ecosystem

Deregulations in the European market have allowed clubs to sell their rights collectively by means of the organization they are associated with, putting clubs in the position of “supplier” of the overarching institution authorized with selling their rights (Gratton & Solberg, 2007). This is unlike in the US, where some sports associations distribute rights directly to consumers (D2C), or in Spain and Portugal, where major clubs can independently negotiate rights deals with broadcasters (Evens et al., 2013). In Germany, joint selling of rights by a central organization has been practice since 1966/67 (Elter, 2002).

The *rights holders* can therefore be referred to as national leagues and club associations, which is for Germany ‘Deutsche Fußball Liga’ (DFL) as well as ‘Deutscher Fußball-Bund’ (DFB) and on international levels federations such as the UEFA which organizes the European competitions UCL and UEL. Collective bargaining limits the availability of rights and creates a supply-side monopoly, turning the sports rights into a “sellers” market and allowing holders to drive prices up (Evens et al., 2013). In Germany, domestic TV rights for professional men’s football (Bundesliga) have risen sharply from €0.41bn in 2008 to €1.2bn in 2018, which is an increase of 192% (Pay TV Innovation Forum, 2019b). Some mechanisms to back this growth have been the augmentation of the total volume of matches

[4] The share of broadcasting revenue relative to total revenue is greater for less popular clubs because popular clubs make more money from other areas of their business such as commercial and matchday revenues (Ajadi et al., 2020).

and competitions (Collignon & Sultan, 2014), or increasing fragmentation of the matchdays and the spread of kick-off times across different time schedules, to maximize the number of views each game can potentially get (Sport1, 2015).

To further exploit their monopoly power, rights holders would be naturally interested in selling rights exclusively. Given the multi-year period between two rights allocation cycles puts rights holders in a dominant position and indicates that broadcasters would bid even harder with the prospect of securing exclusive long-term contracts (Brandenburger & Nalebuff, 1996). For *broadcasters*, exclusive dealing is advantageous as well, because it allows them to benefit from two-sided dynamics in their role as intermediary between rights holders and end-consumers by realizing network effects in the advertising finance model (Eisenmann et al., 2006; Evens et al., 2013). That is, owning exclusive content realizes demand-side economies of scale by attracting more *advertisers* to a unique audience the more exclusive content is owned. In that sense, securing exclusive content bolsters two revenue streams for broadcasters which is first, attracting customers willing to pay subscription fees to access exclusive sports content and second, advertisers willing to pay to reach viewers during the channel's commercial breaks. These effects are self-enhancing and increase with the amount of exclusive content that a single broadcaster can offer.

Broadcasters who were early to recognize these favorable dynamics invested in exclusive rights and network infrastructure and leveraged first mover advantages to establish a strong viewer base (Evens et al., 2013). Over time, these initial commitments put them in a competitive position to cope with the ever-increasing demands by rights holders, making financial resources and network effects barriers to entry for other prospective bidders. Ultimately, this has led to monopolistic structures in the broadcaster market as well, allowing both rights holders and broadcasters to charge premium prices on their products.

This development raised antitrust concerns from the *government's* side. Competition authorities argue that broadcaster's exorbitant bidding for rights results in market inefficiencies, as it deters entry to competitors, leads to double marginalization, and ultimately deprives public access to major sports coverage (ibid., 2013). In fact, the increasing subscription prices have led *consumers* to churn, leaving large parts of the market unserved (ibid., 2013). In Germany, Sky has been in possession of exclusive sports content since 2000 and was able to build a BM around the exploitation of the distribution of rights at premium prices. This will be elaborated in the following (3.2), after a brief digression to explain the BMs prevailing to date in sports rights broadcasting.

3.1.2 Broadcasting Industry: Historic Development and BMs

The evolution of the broadcasting industry must be contemplated in correlation with available technologies. Until 2016, operators in Germany deployed three main types of BMs to distribute sports rights: ‘free to air’ (FTA) channels financed by government or through advertising revenue, pay TV channels charging subscription fees to viewers in addition to advertising, and major telecom companies who used sports rights to attract customers to their core business.

Sports events were originally transmitted by local TV stations in free TV, before advents in cable and satellite infrastructure allowed broadcasters to increase transmission quality (Encyclopedia, 2021). More importantly, owning access to this infrastructure enabled operators to charge prices from recipients, which marked the beginning of pay TV (Jeanrenaud & Késenne, 2006). While in the US viewer numbers are still large enough to finance FTA channels through economies of scale from advertising revenues, in the European broadcasting market, pay TV channels have largely outbid FTA channels, which can only be sustained by governments, partly through regulations motivated to grant public access to certain events (Evens et al., 2013; Collignon & Sultan, 2014). In Germany, the most prominent FTA channels for sports are the government-owned channels ARD and ZDF.

Although the above-mentioned relationships between exclusive content and network effects imply that sports rights are extremely valuable to pay TV broadcasters, they have not necessarily been profitable for all firms in the past. For example, the German media conglomerate ‘Kirch Group’, whose channel ‘Premiere’ preceded ‘Sky’, failed to make profits out of a €315m Bundesliga rights deal, leading to bankruptcy in 2002 (Evens et al., 2013). Similarly, Sky’s short-term competitor Arena, who won rights in 2006/7 for three seasons, did not manage to attract enough subscribers to make profits and had to withdraw from the market and pass on the rights back to Sky after one year (Reuters, 2007). Hence, overbidding for sports rights is a serious threat to operators unable to create a profitable BM.

Yet, sports rights remain a key driver for growth in pay TV and are particularly attractive due to two strategic reasons (Pay TV Innovation Forum, 2019b). First, media companies seek to build audience through the cross-promotional effect of sports content and resulting spill-over effects for other channels, ultimately increasing advertising revenue across programs (Evens et al., 2013). Secondly, the acquisition of exclusive rights denies competitors access to attractive content and thus acts as a barrier to entry (ibid., 2013). The (temporary) competitive advantage can be used to lock subscribers in and attach them to the company's core business. When sports broadcasting is not the acquirer's main business, unprofitable rights can be cross subsidized from other business units.

This last strategic rationale has been particularly pronounced by major telecom and broadband operators that have employed new channels such as 'Internet Protocol Television' (IPTV) to distribute sports content since the mid-2000s (Smith, Evens, & Iosifidis, 2016). These players have threatened pay TV channels by placing the acquisition of sports rights at the core of a triple-play strategy that aims to expand the organization's market by cross-selling services for internet, digital TV, and telephone (ibid., 2016). Although in some countries telecom operators were successful in establishing a leading position (e.g., BT Sport in UK) (Anheuser, 2017), in Germany, 'Deutsche Telekom' failed to become exclusive broadcaster and surrendered to Sky in 2012 deciding to share their IPTV infrastructure from thereon (n.a., 2012).

3.2 Sky until 2016: Pay TV Rules the Market

Sky's corporate origins can be traced back to 1990 and the foundation of 'Premiere AG' by the two largest German media conglomerates 'Kirch-Gruppe' and 'Bertelsmann AG' as well as the French pay TV channel 'Canal Plus'. From 1999, the company belonged only to Kirch-Gruppe, but after their bankruptcy in 2002 and several organizational restructurings, Premiere changed names to Sky on 4th of July in 2009 (Sky, 2009a). In the following, Sky was merged with the British company and then pan-European channel Sky plc., partly owned by Rupert Murdoch's 21st Century Fox (Allgemeine Zeitung, 2014).[5] The German division 'Sky Deutschland' bases its program on three main pillars which is 1) recent movies from cinemas before shown in free TV, 2) an increasing series production, and 3) sports.

[5] Since September 2018, Sky belongs to U.S. media group Comcast (Redaktion Quotenmeter, 2018).

'Sky Sport' is a group of channels that offer various kinds of sports events, but the focus is on live football broadcasting, which will be analyzed further.

At the core of Sky's BM is its *value proposition* of exclusive live broadcasting content of the most attractive domestic and international football competitions. With exception of the year 2006, Sky had owned rights to show all live matches for Germany's men's Bundesliga first division football since 2000/01 (Hofmeir, 2000; Sky, 2008, 2012) and the German cup competition DFB Pokal since 2008 (DFB, 2018). Since 2006/07 Sky further owns live broadcasting rights for the prestigious European competition UCL (Sky, 2006a) and also counts the UEL since 2009 to its portfolio (Mantel, 2009).

Sky serves two main *customer segments* which are private and business customers. Private customers can directly subscribe to the service and watch games at home. Sky also contracts with partners from the hospitality industry which is mainly sports bars that can acquire licenses to show matches in their location to visitors. The associated bars can signal their affiliation to fans by attaching a Sky logo on their entry door. As of 2016, Sky had 4.6 million customers in Germany and Austria (#2).[6]

Sky can be received via traditional broadcasting *channels* (linear TV) that is cable, or satellite. Required is a special receiver that decodes the transmitted content, and which is installed by a service worker of Sky at the customer's house upon commencement of a subscription. Since 2006, Sky can also be received via IPTV, which is a private network server operated by telecom company Deutsche Telekom (Sky, 2006b). Hereby, the physical receiver at the customer's house acts as set-up box which is required to access IPTV data. In 2011, Sky also introduced its own OTT streaming service 'Sky Go', which lets private customers stream content from any device, independently from their receiver (Sky, 2011).

On both the private and business customer site, Sky follows a *customer relation* strategy that prioritizes the acquisition of new customers over the retention of existing ones. For instance, prospect customers are attracted with low try-out prices, but once the initial trial is over, Sky charges substantially higher monthly fees tied to long-term subscription plans. Customers

[6] Note that subscriber numbers are not considered a primary performance indicator for this study because first, there is no publicly available data on the breakdown by entertainment segment and region for Sky (i.e., the sports, particularly football, division in Germany). Second, disruptor DAZN has never disclosed such data and Sky has stopped publishing the figures since taking over of the parent company from Comcast in 2018 (by then ~5.2 m.) (Seewald, 2019; Sky, 2018d).

who churn or threaten to cancel the subscription are once again bound to the company with favorable return discounts. Sky has experienced a negative backlash to this practice when it rose prices to its partner sports bars substantially in 2013. Bar owners felt exploited and pointed to the low transparency behind Sky's procedure according to which monthly licensing fees were charged depending on factors like population density of the bar's area, or proximity to football stadiums (Kruse & Scheper, 2014). Sky has further strained its customer relationships by advertising additional product bundles via telephone, which is illegal in Germany (Ashelm, 2019).

Sky manifests its position as exclusive sports broadcaster by giving the product a premium appeal, which is supported by several *key resources* and sophisticated production processes (*key activities*). For any given matchday, Sky sends one commentator along with an expert to report live from the booth of the stadium. The on-site team is in interplay with a specially designed Sky studio which is responsible for pre-match coverage, half-time break analysis as well as post-match reporting. The studio team consist of a moderator and several popular football experts, often former players, or trainers. Overall, these multiple features lead to an extensive event schedule so that for instance, the broadcasting of a Champions League game with kick-off at 21:00 starts at 19 and lasts until midnight (n.a., 2013). Sky has continuously advanced its image as premium content distributor by investing in technologies such as HD (Sky, 2009b), 3D (Sky, 2010), and UHD (Sky, 2014) quality, seeking to provide its customers with a unique viewing experience.

As previously indicated, Sky's main *revenue streams* derive from its two customer segments (sports bars and private customers) through monthly subscription fees. Thereby, the products of Sky are rather complexly bundled. As of September 2015, there were 8 different packages that combined Sky's other entertainment contents with 'Sky Sport' (UCL, UEL, and DFB Pokal) or Sky 'Fußball Bundesliga' (domestic league football) (see Schmoll-Trautmann, 2015). Customers only interested in either domestic league or international/cup football can buy a package priced at 19,99€ monthly for the first 24-month subscription plan and 35,99€ from thereon. Sports fans willing to watch all international and domestic sports content must buy the bundle of 'Sky Sport' + 'Sky Fußball Bundesliga' for a monthly fee of 29,99€ the first 24 months and afterwards 48,99€. To watch content in HD, subscribers have to pay additional 10€ per month, resulting in a total monthly subscription price of 58,99€ for football fans of all competitions in the long run (ibid., 2015). In addition to the subscription revenue streams, Sky also shows advertising during half-time breaks. During matches, Sky commentators frequently promote other Sky products to the viewer to leverage cross-promotional effects.

Sky's *cost structure* can be referred to as value-driven, focusing on enabling the premium football experience to customers. This involves high fixed costs for the bidding of sports rights, expenses for human resources and studio production, as well as the maintenance of network infrastructure.

Overall, Sky builds its competitive advantage on being a first mover to foreclose the market for exclusive rights. High initial investment costs for linear TV infrastructure have constituted barriers to entry for competitors and switching costs for customers were created through transmission via in-house receivers, private networks, and long-term subscription contracts. Sky's investments in excess capacity to deliver premium viewing experience (popular TV experts, HD quality etc.) can be further regarded as strategic barriers, locking subscribers in, and deterring entry. Ultimately, Sky's position as exclusive broadcaster of sports rights has allowed to charge customers high prices which are reinvested in these key resources. Table 2 provides a summary of the elements of Sky's BM and figure 4 visualizes the logic of Sky's BM.

Customer Segments	• Mass market: football fans in general • Segmented: private and business customers (Sky sport bars)
Value Proposition	• Performance-oriented: providing exclusive live broadcasting in premium quality
Channels	• Own channels: linear-TV (cable & satellite) • Partner channels: IPTV (Telekom, Vodafone, Net Cologne), sport bars
Customer Relationships	• Personal assistance: mainly focused on customer acquisition and upselling
Revenue Streams	• Monthly subscription fee: domestic league or international/cup package (35,99€) or bundle (48,99€)* • HD "add-on": 10€ per month • Advertising: during half-time breaks and matchday sponsoring
Key Resources	• Physical: Sky studio, production infrastructure (e.g., HD) • Human: popular experts and commentators
Key Activities	• Production: extensive event reporting (e.g., pre-, post-, in-match coverage)
Key Partnerships	• Buyer-supplier relationships: shared infrastructure with IPTV partners
Cost Structure	• Value-driven • Mainly fixed costs: sports rights bidding, HR & production overheads, network maintenance

*full prices for private customers after initial 24-month period

Table 2 Sky BM overview as of 2016

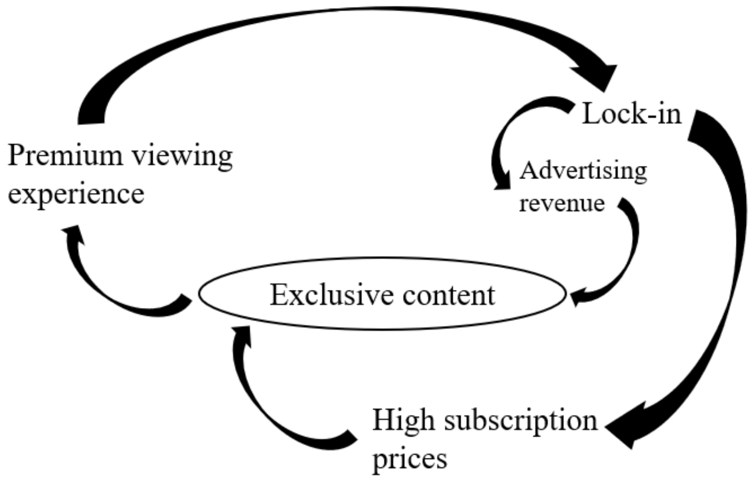

Figure 4 Schematic representation of Sky's BM as of 2016

3.3 DAZN

3.3.1 Over-the-top (OTT): The Streaming Media Service as DI

Although possibilities to stream content via the internet existed since the 1990s, initial hardware and software solutions were not mature enough to provide reliable and high-quality transmission of live sports events until the advent of OTT technologies at the beginning of the 21st century (Nachman & Bennett, 2011). Earlier internet-based streaming options were given with above-mentioned IPTV, where content is shared only to connected devices in a private, closed network.

OTT streaming differs in that it delivers content to end-users through using publicly available internet infrastructure. By using open internet, OTT bypasses traditional broadcasting requirements such as cable or satellite networks and does not require the costly set up of private servers as in the case of IPTV (Polson, 2020). Many third-party internet companies use OTT as modern way of making content available to anyone via platforms; popular examples are YouTube, Netflix, Hulu, and Amazon Prime.

The obvious advantages of OTT are the ease of access to users and its price. Content is available on any device with connection to the internet and viewers can be charged much lower prices as no prior investment in additional network infrastructure is needed. The disadvantages of using OTT streaming are that the transmission quality is dependent on the user's internet speed and the capacity of public internet infrastructure, which can result in inferior viewing experience. Also, content, and intellectual property rights are more difficult to monitor, causing losses in security and service quality for OTT operators (Polson, 2020).

OTT relates to DI theory in that it constituted a disruptive technology that was an opportunity to explore by incumbents in the first place. In fact, it was noted before that Sky already launched their own OTT player Sky Go back in 2011. However, this was rather an add-on to Sky's traditional pay TV business which relied on physical receivers in customers' homes supplied by cable and satellite. It was DAZN who fully embraced OTT streaming and leveraged the technology to create a disruptive BM.

3.3.2 DAZN: Live and On-demand Streaming as Disruptive BM

DAZN was launched on 16th of August 2016 in Germany, Austria, and Switzerland (DACH) as part of the 'Perform Group', an organization which already owned the online sports news portals 'Goal', 'Spox' and 'Sportal.de' as well as 'Opta Sports', a provider of sports data for analytical purposes to B2B customers (clubs and betting companies). Perform Group's majority owner is the US investment company 'Access Industries' with chairman and billionaire founder Leonard Blavatnik (Davidson, 2017). The first non-European markets served by DAZN followed with Japan in late 2016 and Canada in 2017.

The company was promoted as "the first real live sports streaming service" promising to broadcast over 8000 live events per year via OTT on "one single platform" (DAZN, 2016). Differently to Sky, which focused on offering domestic league football and the most important international competitions to mass customers, DAZN tailored its initial offer more towards committed and niche sports fans in the DACH region that were also interested in watching matches from other European top leagues. The strategy to buy up licenses from foreign leagues and broadcasting them outside their home countries is cheaper and allowed DAZN to build up its original portfolio with Spanish *La Liga*, Italian *Serie A*, French *Ligue 1*, and the popular British Premier League, which they secured in a remarkable coup in the 2015 bidding process over Sky (Weis, 2015). DAZN further provided US Sports such as NBA and NFL, that were growing in popularity in Germany (MacFarlane, 2018), and a wide range of niche sports such as boxing, darts, and tennis (DAZN, 2016). In addition to streaming live and on-demand events, DAZN featured documentaries, interviews, and analyses on its platform.

Although this approach suggests that DAZN placed stronger emphasis on second-tier events, there were indicators for Sky that this was only a means to build audience and later go after top-tier domestic and international rights. On the one hand, the fact that DAZN won the bidding for Premier League football over Sky demonstrated that they were willing to compete for attractive rights. On the other hand, while Sky owned Bundesliga rights for four more years since 2016, DAZN entered a strategic partnership immediately upon launch with German media conglomerate Axel Springer (Bild) who owned rights to show all highlights of Bundesliga matches. Bild agreed to share this right with DAZN in exchange for allowing Bild to show highlights of the other top European League matches on their platform (Schlüter, 2016).
From the very beginning, DAZN's management did not conceal their intent to circumvent direct competition for the most sough-after rights in one country, but rather establish a strong customer-base worldwide before tackling main markets (Byford, 2020). Avoiding head-to-head conflicts with large incumbents is also shown exemplary in Canada, where DAZN soon offered U.S. NFL matches that catered to a large audience but were not as heavily fought over as in their domestic country, with major player ESPN. The newcomer also underpinned its ambition to become a leading sports broadcaster through significant marketing efforts from early on, such as collaborations with well-known athletes, or by announcing that it would match incumbent Sky's current subscriber base five years after launch (Badenhausen, 2019; Krei, 2017b).

DAZN is attractive to customers for several reasons. Firstly, the package comes along with a significant price advantage compared to Sky's traditional broadcasting services. Monthly subscription prices were at 9,99€, allowing customers to access all content on the platform from up to two devices at the same time. Secondly, the service is tied to a flexible contract that can be terminated monthly, in contrast to the long-term binding subscription plans from incumbent Sky. Also, DAZN allows customers to test out the service by means of a free trial month. Further flexibility is granted through the compatibility of the application that lets viewers follow sports events from a smartphone, smart TV, Tablet, PC, or gaming console (Lagace, 2017). The setup of the account is furthermore relatively easy and quick, as it requires only internet connection and no waiting period as for Sky, where customers need to install a TV receiver (Wigmore, 2017). Lastly, one of DAZN's main objectives is to provide as much variety of content to the consumers as possible (Davidson, 2017). The scope of content, the transparent and simple product offering as well as the low cost branded DAZN to be the “Netflix of sports” (Winehouse, 2017).

This value proposition is made possible by a *no-frills* approach that is pursued by DAZN. The company employs various strategies to offset the high investment costs associated with the purchasing of sports TV rights. First and foremost, this is centred around the OTT streaming model, which avoids major cost factors for the production and delivery of content (Arthofer, Kon, Lee, Rose, & Hardarson, 2016). The delivery itself is supported by content delivery network (CDN) partners that provide scalable solutions regarding server capacity and quality streaming (Limelight Networks, 2019). Aside from that, several characteristics complement the low-cost model. That is for one, DAZN does not send commentators physically to the stadiums, which saves travelling and on-site operating costs (Wigmore, 2017). Rather, commentators and experts, who are not expensive big-name pundits, stay at the headquarters of the respective country and often moderate two games in one day (ibid., 2017). Moreover, DAZN does not provide a studio in the arena or elsewhere, but has commentators talk off-screen through the break and show graphs with data (ibid., 2017). In fact, DAZN consciously decides to follow this strategy based on a thorough research of consumer behavior, which revealed that viewers turn the TV on just shortly before kick-off and switch off not soon after the game ends (ibid., 2017). Thus, DAZN argues to concentrate its efforts on the actual value from the customer’s perspective.

DAZN has harnessed this no-frills approach to football broadcasting to establish a name for itself as a channel that puts the sport and the fans at the centre of attention (“Fans First” (DAZN, 2016)), which is a differentiating factor to the incumbent’s extensive reporting activities. The experts and commentators, unlike the celebrities on Sky, appear more grounded, use colloquial language, do not wear suits, and call viewers by their first name (German “Du” instead of “Sie”) (Spiller, 2020). Together with the new OTT form of transmission, this style appeals in particular to the younger audience (Weis, 2018a).

In summary, DAZN’s BM focuses on leveraging OTT technologies that enable the distribution of a large variety of content at low cost while radically simplifying the product offering. Over time, DAZN seeks to finance its operations through a large (global) user base that will be sufficient to also acquire top-tier content which in turn attracts more subscribers. DAZN’s BM constitutes a disruptive threat for Sky, because it circumvents the necessity of traditional broadcast infrastructure such as receivers that are at the core of the incumbent’s

BM. Moreover, DAZN's no-frills reporting strategy indicates that Sky's perception of customer preferences for premium viewing experience may be outdated. By overcoming these barriers to entry, DAZN challenges not only Sky's premium prices, but also their established way of doing business. Table 3 provides an overview of DAZN's BM.

Customer Segments	• Mass market: (especially young) football fans of major foreign leagues • Niche market: fans of niche sports
Value Proposition	• "Getting-the-job-done": no-frills sports reporting • Price: one cheap price for all contents • Accessibility: OTT-based easy access via internet, broadcasting attractive niche content previously not covered • Convenience/usuability: transparent and flexible contracts, one platform for all sports, streaming from any device
Channels	Own channels: • free test month trial for customers to evaluate product • web sales (all online integrated service for payment and after-sales support) Partner channels: • CDN (content delivery network) partners for server infrastructure
Customer Relationships	• Semi-personal: chat with agent function • Mix of self-service, and automated customer service: FAQs and pre-selected categories for mail-inquiries
Revenue Streams	• Monthly subscription fee: 9,99€
Key Resources	• Intellectual: global market knowledge (organizational heritage) • Human: sports experts and commentators, IT specialists • Financial: back-up from owner
Key Activities	• Production: ensure seamless streaming quality, high-quality reporting • Platform/network: platform management
Key Partnerships	• Strategic alliances: securing marquee athletes as brand promoters • Coopetition: exchange of rights to show highlight clips with Axel Springer • Buyer-supplier relationships: using Limelight's CDN
Cost Structure	• Cost-driven • Mainly fixed cost through rights aquisitions • Economies of scale: OTT enables decreasing costs for each additional customer • Economies of scope: using same infrastructure for a variety of content (e.g. delivery network, platform management, marketing)

Table 3 DAZN BM as of 2016

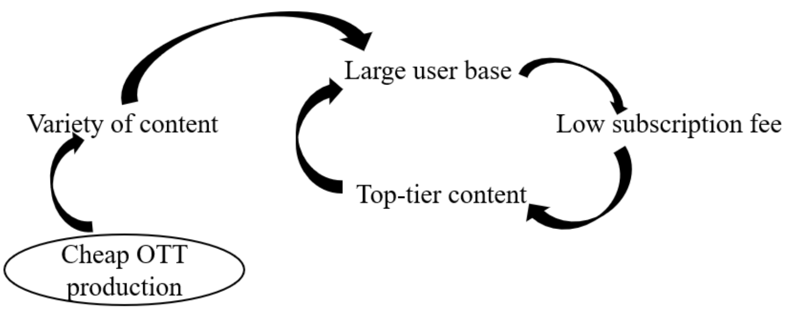

Figure 5 Schematic representation of DAZN's BM as of 2016

3.4 Starting Situation at the Time of DAZN's Entry

At the time of DAZN's market entry on 10th of August 2016, Sky was already exposed to initial dynamics that came along with OTT technology. Two notable events which put the incumbent's market leadership under attack were first, the above-mentioned Premier League coup of DAZN in 2015 – an early market share win before the streaming service even launched. Second, in June 2016, Sky had to forfeit exclusivity status for Bundesliga rights for the first time when Discovery purchased 40 out of 306 rights (~13%) (DFL, 2016). Discovery would show the matches via their Eurosport division, more precisely, via its new OTT service *Eurosport Player* (Mackevicius, 2016). Table 4 summarizes the competitive constellation in Germany for the five considered contests in terms of the rights hold per operator upon DAZN's entry in 2016.

Competition	Broadcaster (live matches share)	Allocation Date	Rights Period
Bundesliga	Sky (87%) | Eurosport (13%)	June 2016	2017 - 2021
Champions League	Sky (100%)*	Dec 2013	2015 - 2018
Europa League	Sky (100%)**	Feb 15	2015 - 2018
DFB Pokal	Sky (100%)***	May 2016	2017 - 2019
Premier League	DAZN (100%)	Dec 2015	2016 - 2019

Not all live matches were exclusive as other broadcasters showed them in parallel:
** ZDF owned 18/137 matches per season (~13%)*
*** Sport1 owned 15/197 matches per season (~8%)*
**** ARD owned rights for 9/63 matches per season (~14%)*

Table 4 Rights owned per broadcaster as of August 2016

However, the loss of the Bundesliga rights must be attributed to exogenous factors because the German competition authority forced a "no-single-buyer-rule" on rights holders (Bundeskartellamt, 2020). This rule prohibited the DFL to allocate all rights to one single broadcaster. The intention behind this was to break the dual monopoly between rights holders and broadcasters and create more competition among the latter which should ultimately benefit consumers.

Yet, the measure was fiercely criticized because it would not achieve full market competition either as rights holders can still grant exclusive rights for matches, only now to various broadcasters. In other words, rights holders could exploit their monopoly power now even further and drive prices up, having multiple broadcasters bidding on their rights, while the broadcasters, in turn, are not directly competing for viewership in the programming market against other broadcasters who also hold exclusive (but different) rights. As a result, consumers now complained about the rights fragmentation that required them to subscribe to multiple services and rights holders criticized the increasing difficulty to reach all fans via one channel (Ashelm, 2020). Note that this rule applied only to the Bundesliga. However, Bundesliga rights constitute the largest share of Germany's market volume (figure 2) and facilitating the market entry here threatens to weaken Sky's position as a rival can grow up and become known to a wider audience.

With the erosion of entry barriers due to OTT and government's new legislation for the most important domestic competition, Sky faces increasing rivalry in the upstream market for rights, likely resulting in higher costs of acquisition. This also puts pressure on Sky's strategy in the downstream market for viewership, regarding alternative ways to make the distribution of sports rights profitable. In addition, Sky may not be able to charge monopoly prices any longer, since the emergence of disruptive, low-cost OTT BMs as DAZN could be preferred by customers and in turn, become the partner of choice of rights holders, who may ultimately look at factors beyond pure financial bidding power and favor those broadcasters who are able to establish and maintain a strong viewer base. The incumbent is therefore required to strategically reconsider BM activities both on the supply and demand side. In the following, it will be analyzed how Sky addressed these challenges. Before doing so, the reader is familiarized with the methodology underlying this case study.

4. Method and Data Collection

To determine BMA in response to the entry of disruptive BMs, this thesis followed a qualitative case study design (Yin, 2003) and examined incumbent Sky after the entry of competitor DAZN. Using a case study is particularly useful to enrich the scant theory on the process of BMA by inductive research (Eisenhardt, 1989), but it also serves to test existing frameworks on incumbent response to DI (Løkke & Dissing Sørensen, 2014). Yet, it should be noted that employing a single case study design bears important limitations with regards to the generalizability of the findings. As described earlier, broadcasting contexts may differ substantially depending on factors such as local legislation and therefore, the implications of this study's results must be considered with caution regarding their significance for other pay TV incumbents.

Two types of documentary secondary data were used for this study. First, in order to identify the changes Sky made to their BM, data was collected in the form of written materials (i.e., press releases) from the Sky 'sports' news archive (see Sky, 2021). Second, to contextualize Sky's internal adaption mechanisms with the competitive environment, this thesis draws on newspaper and media articles published in connection with each of a total of seven rights bidding cycles falling within this period under review. Using secondary data has two main advantages for approaching this research question which is first, it enables a historical longitudinal design (Van de Ven & Poole, 1990) and second, it provides comparative and contextual data, allowing to place the findings within a more general context (Saunders, Lewis, & Thornhill, 2009).

However, with regards to the use of secondary data sources, validity concerns must also be addressed. Specifically, the data that was retrieved from Sky's press release archive is accompanied by the risk of bias and incompleteness which may hamper the preparation of a comprehensive analysis of Sky's BMA. Naturally, Sky would publish press releases in a way that reflect the firm's activities positively, which also means that important occurrences may be omitted if they do not serve that goal. For instance, announcements of investments in customer relationships may give the impression that the company effectively differentiates in this BM element while in reality, Sky customers would rate the company's services poorly.

One measure to at least somewhat mitigate these drawbacks of the methodology was the above-mentioned inclusion of media reports on right allocation cycles. For each of the seven bidding periods, a 'Google' search was performed, and entries were considered if they contained information on bidding procedures, outcomes, or other comments on the competitive situation. The selected articles come from a variety of different sources, but mainly sports news websites, competition associations, newspapers, and fan blogs. These articles were usually characterized by a journalistic form of presentation and often shed light on what was going on at Sky in the background to the bidding process, which made them suitable for inclusion as indicators for BMA. Further, they frequently included statements from officials aside from incumbent Sky, such as DAZN executives or league representatives, which provided the view of a third-party commentator and allowed the researcher to look at the same issue from several angles.

The starting point of the considered time series was the moment entrant DAZN launched its OTT streaming service on 10th of August 2016 and the end was the last available data up to date which was the 31st of December 2020. This 4 ½ year period resulted in a total of 791 press releases in Sky's sports news archive. As a first step, each press release was screened for relevancy for this study. That is, the precise suitability to answer the research question and objectives was assessed. Press releases that reported any strategic change to Sky's BM such as the launch of new programs or investments in new resources were considered relevant. Not included were transfer or other club news as well as announcements of scheduled matches and invited talk show guests. An intermediate step was taken in which Sky's other two news archives ('program' and 'corporate') were screened for releases that might be relevant to understand BMA but were not listed in the sports section. Then, the selected results were compared against each other to avoid duplicate mentions. Next, the remaining 78 press releases were analyzed in-depth and subsequently extracted into a data table that contained the date, headline, short summary, and link to the announcement. At this point, each news was further categorized into the respective BM element they refer to (Osterwalder & Pigneur, 2010)[7]. A complete overview of the data table can be found in Appendix A. Findings will be cited by a diamond symbol in the text (#).

For the mapping of the external environment, this study considered the initial entry of DAZN as well as seven rights bidding processes of the most important football broadcasting rights in the German market (figure 2) to be drivers of Sky's BMA. Data on the rights allocation shares won by Sky, respectively its competitors, were retrieved from online media reports of established sports institutions. Note that for some rights allocations, several articles had to be accessed and shares had to be calculated individually. The outcomes of the rights allocations are summarized in table 5.

The identified data was now processed in two ways. First, to determine the changes Sky made to the specific underlying BM elements and how they relate to an overall response strategy, the sources were categorized by content. The outcome of this are three overarching directions of response that will be presented in the following findings part. Second, to depict the process of BMA, the BM changes were chronologically visualized in a timeline that contains the major events from the data table on the one hand and the changes in Sky's competitive landscape that is, the bidding cycles, on the other hand (figure 6).
In the following, the findings on how Sky adapted its BM upon the entry of DAZN in the context of competition for rights over the course of 4 ½ years will be presented.

[7] Note that many press releases address several BM elements at once, which complicated a clear classification. However, the focus was on the elements they most refer to.

5. Findings

Findings reveal that Sky employed a variety of response strategies upon the entry of DAZN. In particular, three main trends were identified. First, Sky scaled up its online offering to match DAZN's OTT service (imitate). Second, Sky heavily invested in existing capabilities to maintain and enhance the premium entertainment value proposition at the core of its existing BM (defend). Third, Sky has partially moved away from pay TV and towards free TV by launching one FTA channel and two online platforms (create).

The findings also show that despite these adaptation mechanisms, Sky was not able to maintain a large part of its rights previously owned. More precisely, Sky's market share for the top rights in the German sports broadcasting market declined from 71% to 40% over the period observed, with DAZN gradually becoming a new market leader (1% - 32%) (figure 7). This indicates that eventually, the entrant successfully implemented its disruptive BM against the incumbent.

Considering Sky's BMA in relation to the competitive environment across seven rights cycles allowed to distinguish between three underlying, partially overlapping competition phases. In the first phase, Sky launched its threefold response strategy, mainly targeted at marginalizing the entrant. In a second phase, we observe how Sky becomes more collaborative and focuses on key partnerships by introducing Sky Q, an entertainment platform that allows the integration of media partners, and by co-opting DAZN when bringing them into a UCL deal. Though these partnerships succeeded in helping Sky to maintain its value proposition of being a premium rights broadcaster at least temporarily, Sky's BM was not able to withstand the emerging streaming model, ultimately leading to the loss of all UCL rights in 2019 and a significant share of Bundesliga rights in 2020. The last phase is therefore characterized by investments to substitute for the loss of the rights, suggesting a partial retreat from the football sports rights market.

Figure 6 visualizes the critical milestones in Sky's BMA process. The horizontal line represents the period starting on 10th of August 2016 and ending on 31st of December 2020. Vertical lines above the timeline stand for the most important internal events of Sky's BMA. The different lengths of the lines symbolize the accordance to the three principal strategies of imitation, defense, and creation.

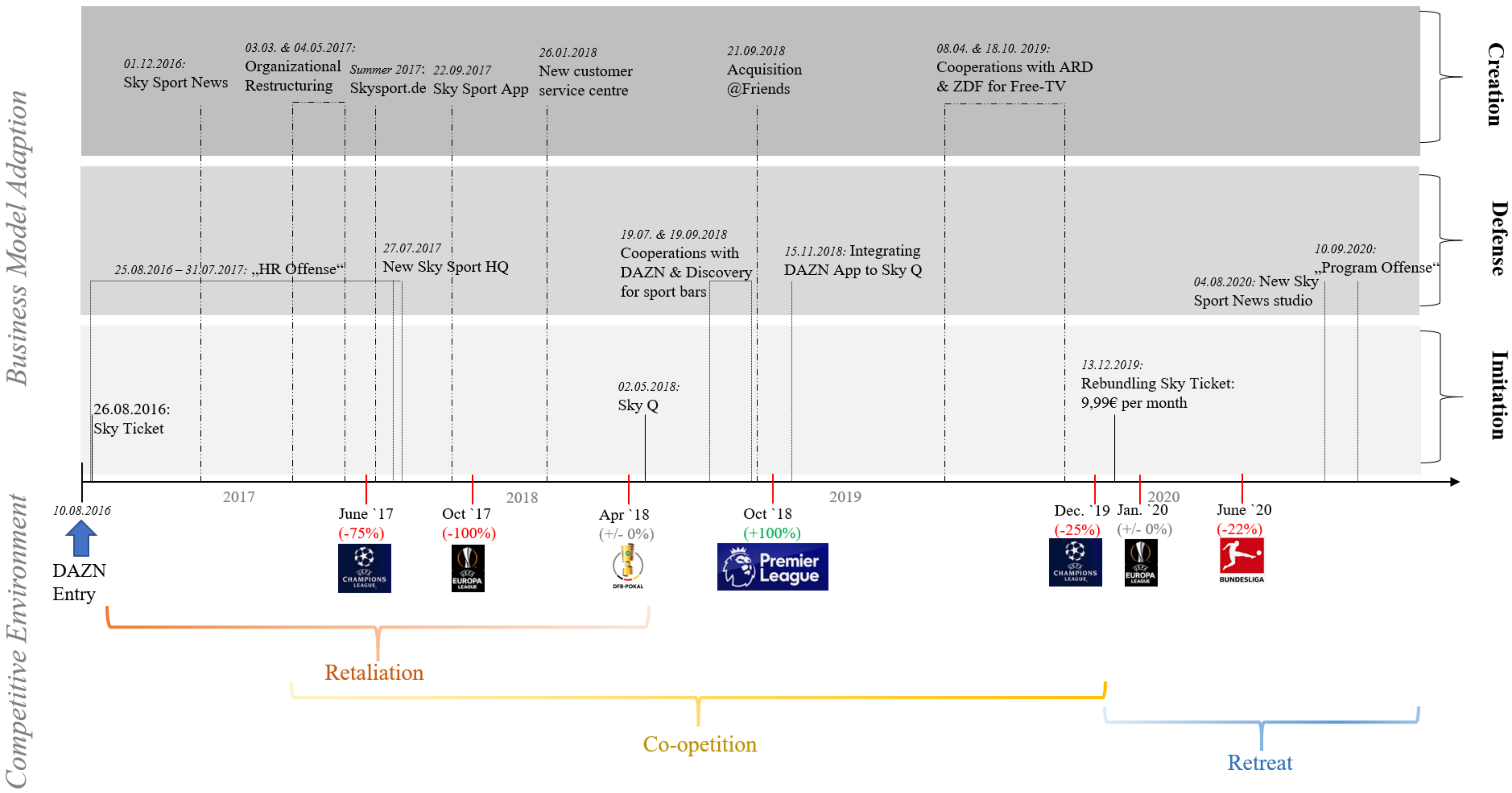

Figure 6 Timeline of Sky's BMA in relation to the competitive environment

As the overview indicates, it is difficult to disentangle the response strategies from a chronological perspective. Rather, the increased efforts towards online business and the move towards free TV were accompanied by simultaneous investments in existing key resources. Drawing specifically on this latter finding enabled to position this study more generally in literature and craft a framework that indicates how incumbents can respond to disruptive BMs depending on their available resources (see section 6.2).
While it was not possible to draw any conclusions about Sky's BMA over time from the strategic actions alone, taking the competitive environment into account allowed such a classification. The competitive environment in terms of rights allocation periods is displayed on the lower part of the graph. Synchronizing the outcomes of these rights competitions with the incumbent's adaptation strategies allowed a chronological understanding of three phases in which Sky's BMA unfolds.

Rights bidding periods and the outcome for the incumbent are summarized and shown more explicitly in table 5, respectively figure 7. Table 5 presents the outcome of the seven rights allocations that are comprised in the observation period from the perspective of Sky. Specified is the allocation date (date of the auction), the sports competition on which was bidden, the term of the rights cycle, and the market share (change) in terms of (non-exclusive[8]) live matches hold. For instance, at the UCL rights allocation in June 2017, 138 UCL matches per season for three terms were allocated, of which Sky sublicensed 104 to DAZN, leaving the incumbent with 34, or ~25% of all matches, which equalled a 75% loss from the previous cycle in which Sky owned all rights. This overview is therefore suitable to indicate the product portfolio, respectively the quantity of content that Sky effectively offered to its customers. Figure 7 depicts Sky's market share development based on the total rights volume for a given period. That is, for a given interval between rights allocations, the total value of TV rights in Germany for all the five sports competitions considered in this study was calculated. For example, until the first bidding cycle in June 2017 the value of all TV rights combined was 1,365m€ (total market volume; see 3.), of which Sky held right packages in the sum of 965m€ (~71%)[9].

---

[8] Non-exclusive means that some of the matches were also shown live on other channels (see also table 4). This resulted in rights costs for these "co-holders" as well and explains part of market shares not displayed in figure 7. Since the idea of this overview is to indicate the overall content Sky provided, the factor of exclusivity was not considered.

[9] Note that the shares for Sky and DAZN do not add up to 100%. The other (minor) rights holders are briefly mentioned in the text (and Appendix B.) but were not included here since this study focuses on incumbent Sky and disruptor DAZN.

Allocation	Competition	Term	Market Share (Δ)*	Co-bidders
Jun 17	UEFA Champions League	2018-21	25% (-75%)	DAZN: 75% (+75%)
Oct 17	UEFA Europa League	2018-21	0% (-100%)	DAZN: 100% (+100%)
Apr 18	DFB Pokal	2019-22	100% (+/- 0%)	n.a.
Oct 18	British Premier League	2019-22	100% (+100%)	DAZN: 0% (-100%)
Dec 19	UEFA Champions League	2021-24	0% (-25%)	DAZN: 88% (+13%) Amazon: 12% (+12%)
Jan 20	UEFA Europa League	2021-25	0% (+/- 0%)	RTL Nitro: 100% (+100%)
Jun 20	1. Bundesliga	2021-25	65% (-22%)	DAZN: 35% (+22%)

*of live matches shown per year (compared to previous rights period)

Table 5 Rights bidding outcomes and Sky's shares of rights for live matches

This method was considered preferable for showing Sky’s performance reflected in their ability to spend money on important rights. The first method of taking shares of live matches as a metric would deliver biased results because the values of certain live matches differ from one another (e.g., Bundesliga or UCL matches are worth more than DFB Pokal, UEL, or Premier League, which is reflected in widely varying TV revenues generated by these contests; see also 3.). Note that there exists no centralized data source for broadcasters’ rights expenditures, not least since operators usually do not share these numbers publicly. Therefore, for this study, all available numbers from credible reports were gathered and estimated if needed and customized in own work. The complete calculations with references can be found in Appendix B.

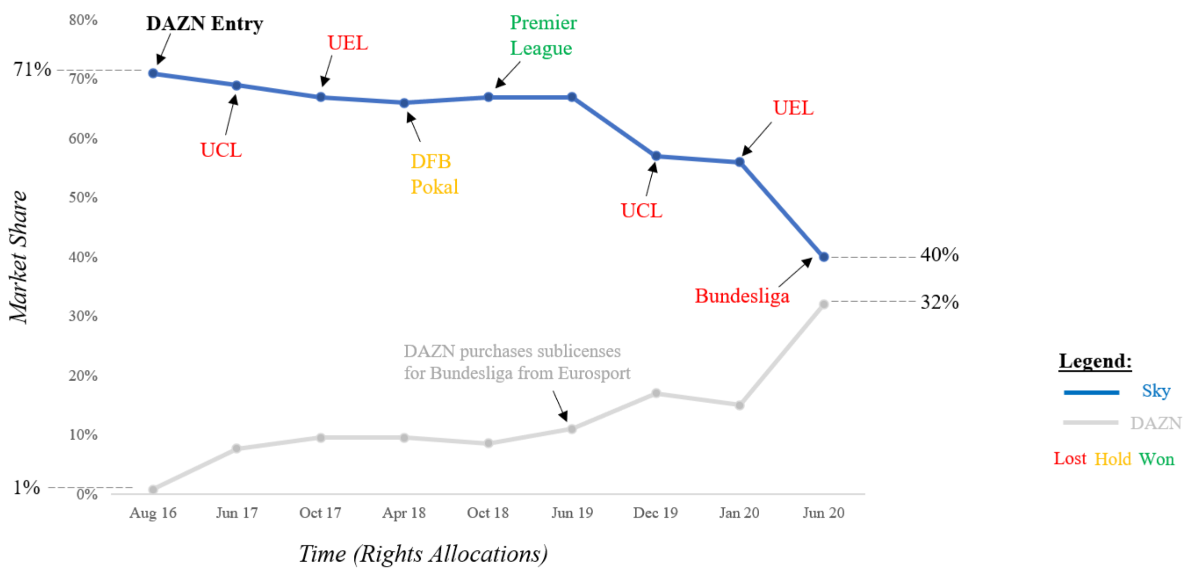

Figure 7 Market share development of Sky and DAZN

The following part will start by presenting the findings structured along the three competition phases and show how Sky responded to the entry of DAZN through changing the ways to create, deliver, and capture value by imitating the disruptive BM, defending the existing BM, and creating a new BM.

5.1 Retaliation Phase: Sky’s Threefold Response Strategy (Aug. ’16 – May ’18)

In this first phase, Sky deployed its three-part response strategy, with the focus at this point being on fighting the entrant.

5.1.1 Imitation of Disruptive BM: Increasing Focus on OTT

As immediate reaction to DAZN’s entry on 10th of August 2016, Sky replaced its existing OTT offer (Sky Online) with the new *Sky Ticket* on the 26th of August 2016 (#2). Sky Ticket allowed customers to purchase the ‘Supersport’ package containing all of Sky’s sports content on daily (9,99€), weekly (14,99€) and monthly (29,99€) basis. Although the monthly Supersport Ticket still came at a higher price than DAZN’s 9,99€ offering, the new product was similar to DAZN’s in multiple ways. The service was immediately accessible via internet and could be purchased and terminated flexibly without binding contracts. By providing a variety of high-quality content, flexible prices, and access from multiple devices, the new brand aimed to address an even larger target group, which can be related primarily to younger, digital users. Sky Ticket thus complements the existing ways of viewing Sky through cable and satellite or IPTV.

The new OTT streaming service was promoted via two partnerships. First, Sky partnered with German telecom company Telefónica to grant customers of their brand O2 reduced prices for Sky Ticket (#12). This was an attractive partnership for the newly targeted mobile streamers since O2 provided customers with unlimited data volume. Secondly, and based on a similar strategic rationale, Sky cooperated with the Chinese hardware manufacturer Huawei to provide Huawei MediaPad customers with direct access to Sky’s OTT program as well as two free Supersport day tickets (#16).

Scaling up the OTT service was a logical first step to counter DAZN. If Sky managed to provide users with the same offer, they would close the niche for the DAZN’s BM early on, reduce the risk of customer churn, and marginalize the entrant's value proposition. By updating its online offer, Sky was able to gain parity with DAZN, at least as far as the technical part of the BM was concerned. The higher flexibility with regards to subscription plans and the targeting of the younger, mobile streaming segment further approached DAZN's offer. However, as shown above, Sky's OTT products still came at a premium price, which is mainly due to the expensive resources and activities that underlie Sky's value creation processes.

5.1.2 Defense of Existing BM: Reinforcing Core Capabilities

Almost simultaneously to its imitation of DAZN's OTT offer, the incumbent started investing heavily in existing capabilities. In fact, throughout the period observed, Sky engaged in a range of activities that strengthened their original value proposition of being a premium entertainment provider. Classifications can be made for Human Resources (HR), technology, and production site investments.

Human Resources (HR)

Between August 2016 and April 2017, Sky hired ten new experts, respectively moderators to add up to their line of renowned personalities from football and TV. Six of the hires were specifically secured for Sky's FTA channel that will be described further in 5.1.3. Over the whole course of 4 ½ years, a total of 15 HR investments were identified (#1, 7, 8, 9, 14, 17, 18, 19, 21, 29, 55, 68, 69), which shows that particularly at the beginning of DAZN's entry, Sky responded by a wave of new hires. Taking a closer look at the persons contracted indicates that they fit Sky's value proposition and function to add value to the customer's viewing experience. Sky hired four popular ex-players or managers for their expert team (#18, 68, 69), extended contracts with one former German football star and marquee expert (#29), signed nine prominent moderators for new shows or as sports commentators (#7, 8, 9, 14, 17, 19, 21, 55), and employed one medical expert who was supposed to give viewers new insights by explaining typical football injuries (#1).

Technology

In addition to investments in HR, Sky extended premium viewing experience by continuously exploring new ways to offer viewers additional value via technological innovations. A total of eleven technological innovations were observed in the respective time frame (#3, 5, 25, 31, 32, 51, 56, 63, 66, 69, 77). Six of these innovations directly refer to in-match entertainment experience to consumers while five focus on improving image resolution and broadcasting quality.

In-match entertainment innovations include the function of receiving video highlights during live matches via the Sky Sport App (#32), the option of a ‘Scoutingfeed’ that lets customers view the game from a more tactical perspective (#51), in-house produced stadium and fan sounds for ghost matches during Covid-19 (#66), and a pilot project for audio descriptions for visually impaired viewers (#31). Two of the innovations were achieved in collaboration with external firms, that is, a partnership with software company SAP providing penalty analysis during matches (#3) and a cooperation with electric entertainment company Sony to show the UCL final 2017 in virtual reality for Sky customers owning a PlayStation (#25).

Innovations to improve image and broadcasting quality included further investments in HD quality by launching the new Sky+ Pro receiver with two exclusive UHD channels (#5), extending the matches shown in UHD per matchday (#63), broadcasting Premier League matches in Ultra HD/4K (#56), and enhancing resolution by HDR (High Dynamic Range) that provides more details and higher contrasts (#69). In the following years, Sky continued to invest in technology features; especially noteworthy is a partnership in late 2020 with telecom provider Vodafone to test 5G media broadcasting which would enable more flexible match recording and optimize image quality for mobile streaming (#77).

Production Site

In order to fully leverage key human and technological resources, Sky invested in new production sites. In July 2017, after ten months of building time, Sky officially inaugurated the new broadcasting centre “Sky Sport HQ” that allowed Sky to “offer the entire world of sports from their own hand” (#28) on modern and 4.600 m2 large office spaces that count with four studios and extensive features such as an 84 m^2 large LED screen to display match graphics and analysis. The incumbent continued to invest in production infrastructure beyond the initial phase when introducing a new studio for its FTA channel in August 2020, which came along with modern technology and a flexible structure to enable interactive moderation as well as a unified design to match other Sky Europe studios (#65).

All the above-mentioned investments reinforced Sky’s self-conception of being a premium quality broadcaster and made the differences to the entrant, which directed its full focus on the core product of football reporting and dispensed with all additional event features, even clearer. Findings suggest that Sky deliberately followed this defense strategy because of three reasons. Firstly, Sky frequently cites itself as “innovation leader” that puts customer experiences at the centre (e.g., #25, 41). The hiring of the most popular commentators, the advancement of technological features for viewing quality, or the reporting from modern studios is therefore seen as consequent to deliver the best entertainment possible. Thus, Sky managers cited in press releases often express their belief that these innovations will be received with delight by customers (e.g., #21, 29). In other words, Sky simply expects that its reporting style and value creation activities are backed by customer preferences. Secondly, the decision to reinforce core capabilities was certainly also a bet against the OTT streaming model, which was unproven on scale. Indeed, playback and transmission quality (e.g., smooth HD rendering) were major struggles for DAZN in early markets (Lagace, 2017). Hence, by purposefully accentuating its territory in this domain, Sky would aim to demonstrate the superiority of its own model for consuming football, to dominate the entrant and lower the attractiveness for the new BM. Lastly, Sky also saw the urge to maintain its investments in quality features in order to justify its premium prices (Kaindl, 2020).

5.1.3 Creation of New BM: From Pay TV to Free TV

Aside from taking steps to imitate the disruptive and defend the existing BM, Sky found new ways of value creation, delivery, and capture upon entry of DAZN. Specifically, Sky launched three platforms available to the public from December 2016 to September 2017 which were namely, the free TV channel *Sky Sport News HD*, the online portal *Skysport.de*, and the *Sky Sport App*. As the respective descriptions below suggest, these mediums shared two strategic goals and one commonality related to the existing model. First, by offering free content, Sky would be able to increase its audience for both linear and - more importantly - the previously neglected mobile and online user customer segment. Second, Sky could explore new ways of monetization and generate new revenue streams through advertising. These creations of new BMs were, however, strongly linked to Sky’s resources from the traditional linear TV broadcasting model. This is most obvious in the linear, yet free, TV channel, though the online portal and the app likewise were created with the objective to leverage Sky’s ‘premium resources’ from the core business.

Sky Sport News HD, Skysport.de, and Sky Sport App

On 1st of December 2016, four months after DAZN’s entry, Sky launched Sky Sport News HD, later only ‘Sky Sport News’ as the company’s first free TV channel (#10). Sky Sport

News had previously existed for five years in pay TV but was now opened to the public. The opening was accompanied by a large-scale ceremony with circa 200 guests from sports, politics, business, and media in Sky’s HQ. Sky Sport executive Steuer was cited to consider this a further milestone in the firm’s history, being convinced that “the channel will also enjoy great popularity beyond the circle of Sky customers” (#10). Sky Sport News offers 24h-available sports news that follow a “rolling-news” format. The program can be accessed via all transmission channels Sky employs (cable, satellite, IPTV, OTT) in free TV and is financed through advertising.

In summer 2017, Sky introduced Skysport.de as a new free and ad-financed sports portal (#4). Skysport.de was announced as a standalone platform that would complement Sky’s pay TV and free TV offering by focusing on high-quality video content and providing individuals interested in sports with news on the internet. The platform was also linked to the FTA channel Sky Sport News since it provided digital users with live-stream access. Executive Steuer called Skysport.de a crucial pillar for the Sky brand, which would now cover all sports-relevant content in pay TV, free TV, and the digital world. Specifically, the new portal was aimed to target the broad segment of young sports fans that can be reached online (according to Michel, managing director of Sky Media, #4). Skysport.de was thereby intended to leverage the fast, modern, and exclusive quality resources of Sky to establish a new benchmark for online sports reporting. Sky Media’s other managing director Deissenberger also stressed that Skysport.de increased the scope of creative and integrative advertising possibilities for partners (#4).

The third service to complete the move to a “free” BM was the Sky Sport App that could be downloaded for free from late September 2017 (#32). The new app essentially follows a “freemium” approach, bringing benefits to both Sky customers and non-customers. Non-customers can receive sports news, high-quality video content, and access to the live stream of FTA channel Sky Sport News. For Sky customers, the app contains innovative functions such as personalizable in-match highlight videos of Bundesliga matches that can be received via push notification from the ongoing match. According to Sky executive Steuer, this new service is particularly tailored to delivering sports entertainment to customers watching on mobile devices.

Overall, these moves opened additional revenue streams and intended to grow the customer base, particularly with regards to the younger online segment on which DAZN focused and attract audience to Sky's offering by drawing on core resources. The orientation towards free TV and digital services indicated early success as Sky could expand the outreach of its Sky Sport News channel by 36% in mid-2018 compared to the previous year, whereby 55% were free TV (thus "new") users (Sky, 2018c). The Sky Sport App was downloaded more than one million times by November 2018 and received positive ratings, especially due to its velocity and quality reporting (Sky, 2018b).

Organizational restructuring and the beginnings of cooperative strategy

In spring 2017, Sky Germany engaged in organizational restructurings by first, expanding its strategy division in general (#15) and then, reorganizing the sports division in particular (#23). While the modification of the company's strategy division can be regarded as the groundwork for the subsequent partnership-based focus that Sky employed on a corporate level, the reorganization in the sports division mainly supported the altered way of doing business via the novel mediums described above. However, the strategic reorganization also underscores that Sky's simultaneous responses and retaliation measures in three directions increased the complexity to manage them in parallel.

The development of the strategy division of Sky aimed to improve cooperation with external channels, providers, and platforms by adding 'partner channel management' as new activity. The responsibilities were given to Sky executive vice president Henkel, who was previously in the lead of launching Sky Sport News to the free TV and was now expected to "contribute significantly to the achievement of our ambitious growth targets" (CEO Schmidt, #15).

Only two months later, Sky modified its sport division in two ways. First, a new chief editor was installed to centralize sports news previously crafted from three separate departments (pay TV, free TV, and digital) onto one cross-editorial office. The project called "One Sky Sport" meant to consolidate responsibilities for a specific piece of content. In other words, there would only be one editor or expert in charge of one 'story' as for example a live match commentator who would later also comment the highlight clip. The idea behind this initiative was that "storytelling from a single source" improved adaptation of content to a particular target group and distribution channel (#23). Secondly, Sky introduced a new area called 'program and business' to its sport division that was responsible for program planning and development of the new sports portal as well as its conception and distribution.

Content creation as new key activity

The organizational restructuring processes of the sports division facilitated the creation of content, which became a key activity to feed the newly developed channels and attract audiences to the free services.

For instance, Sky Sport News was found to be mainly promoted through live Bundesliga matches made publicly available for free TV and the launch of new show formats. In the first 18 months after launch, three Bundesliga matches were broadcasted via the FTA channel (#6, 20, 39) in addition to multiple training matches (#11). Another addition to create attractive content for free TV started in August 2018 when Sky launched “Champions Corner”, a show in which UCL matches that run in parallel on the pay TV channel were live commented, but not shown (#45). New show formats such as the matchday analysis discussion “Wontorra Talk” (#8, 30), an entertainment/sports quiz show (#24), a biographic show about footballer’s private life (#71), and a new tactics format (#73) were introduced to create content. Two new TV formats were found to be created in collaboration with external partners: a documentary series with HISTORY channel in advance to the World Cup 2018 (#38) and a show about football highlights outside the stadium sponsored by VW (#74).

Aside from new content to promote their FTA channel, Sky engaged in a range of innovative productions for the Skysport.de online portal. Specifically, Sky was found to launch weekly sports columns (#42) and podcasts about football (#33).

For both, new content on the FTA channel and the sports portal, Sky consistently built upon resources from the pay TV segment. For instance, the matchday talk show and the entertainment quiz series were moderated by popular German sports TV hosts and the columns and podcasts for Skysport.de were written by a popular German ex-football star and Sky expert. The quantity and style of new formats introduced, such as the tactics or biographic show, further centre around Sky’s value proposition to deliver exclusive premium entertainment content to the customer.

5.2 Co-opetition Phase: Bringing in the Disruptor (May ’18 – Dec ’19)

5.2.1 Rights Allocations until October 2018

Streamlining to top-tier tights: UCL deal with DAZN and UEL abandonment

In June 2017, Sky partnered with DAZN to jointly acquire the exclusive rights for all UCL matches in the seasons from 2018 to 2021 (#26). The outcome of this bidding was a novelty in Germany as for the first time, there would be no UCL matches shown on free TV (Tagesspiegel, 2017). Previously, the publicly sponsored FTA channel ZDF held rights for 18 out of 138 matches per season (~13%) (ibid., 2017). Excluding the free TV competitor promised benefits to Sky as it forced fans into pay TV hence, increasing the potential customer base for Sky’s products (Jörgensen, 2019; Mantel, 2017). However, Sky could not afford the financial resources for this venture on its own (~200 m€ per season) and it came in handy that they found a collaborator in the aspiring OTT streamer DAZN (Krei, 2017a).

By then, DAZN was still a newcomer and largely unknown to many, especially older viewers, since their program consisted mainly of other foreign football leagues and niche sports that were not comparable in their attraction potential with the UCL. Moreover, many observers were concerned about the reliability and viewing experience DAZN could provide with its OTT streaming (Pahl, 2017). Hence, DAZN expected to profit from this deal by increasing its brand awareness through the broadcasting of premium rights on a large scale and ultimately demonstrate the viability of its BM to move customers from linear TV to OTT. Indeed, incumbent Sky had to balance the gains from securing UCL rights exclusively in pay TV and the risks from bringing in a new competitor to the consumers’ attention (Pahl, 2017). Given the concerns about DAZN’s model and relying on its own reinforced capabilities (see section above), Sky agreed on the deal with DAZN, which was received with great satisfaction from both parties (Spox, 2018).

The deal itself included a complicated picking system that decided over the allocation of rights. While DAZN would get the majority of the rights (104/137), Sky reserved the first picking right, allowing the incumbent to select those top matches that would generate the highest viewing numbers (Krei, 2017a). As Sky was the official rights holder, they sublicensed the rights to DAZN (Sportbuzzer, 2018). This exact allocation procedure was not revealed until the beginning of the UCL season in August 2018, however.

Only four months later, in October 2017, Sky lost all UEL rights for the same rights period (2018-2021) to DAZN (Mantel, 2017). Many commentators saw this as a further setback for the incumbent, who seemed to be weakened in their market position, after they already had to share UCL rights with the newcomer (Spiegel, 2017). Yet, considering the UCL deal as a deliberate decision on Sky's behalf as done above may also explain why Sky officials were cited to be "not very surprised" by this result (ntv, 2017). In fact, business news magazine "WirtschaftsWoche" reported that Sky did not even submit a bid for the UEL (Steinkirchner, 2017). Statements from the incumbent indicate that Sky wanted to save costs by refraining from an offer for this secondary international competition:

> *"Sky went into the bidding processes for the UEFA Champions League and the UEFA Europa League from summer 2018 with a clear strategy. Our priority was clearly to bring the UEFA Champions League exclusively to pay TV for the first time from the next season. We succeeded in this - together with our sublicensee DAZN." (Mantel, 2017).*

This view can be confirmed considering that the previous rights holder for the UEL, private free TV channel Sport1, was by its own admission not particularly disappointed by the loss of the rights to DAZN because of the rather low attractiveness (ntv, 2017). Hence, Sky left the field for the UEL to DAZN, consolidating its own investments to top-tier rights.

Preserving the DFB Pokal and regaining the Premier League

In April 2018, Sky was able to maintain all rights for the German cup competition DFB Pokal, retaining their lead for the important domestic rights market along with their core product of the Bundesliga (#40). Later that year, in October 2018, Sky managed a remarkable counterattack against the disruptor when winning back the British Premier League, by far the most attractive foreign league, which was lost in a surprising coup to DAZN before the streaming service even launched in 2015 (#48).

According to Jörgensen (2018), the competition between Sky and DAZN in this bidding process was intense, with Sky ending up paying an exorbitant sum for the rights. While Sky had previously paid 3-4 million per season in the 2013-2016 period, and DAZN outbid them with 12 million per season from 2016-2019, DAZN now went up to 15-17 million, trumped by the incumbent's offer of estimated 18-20 million. Thus, Sky paid up to five times the sum for the Premier League than they had done four years before. For their part, DAZN expressed disappointment over the loss, nevertheless, they said that in the end they decided not to go along with the high bids from Sky since this would deter them from keeping their low prices and being affordable for customers (Jahn, 2018; SID, 2018).

Interestingly, the outcome also received great appreciation from the rights holder's side. This was when Premier League chairman Scudamore indicated his satisfaction of having with Sky once again a media partner that would transmit the league via classic distribution channels and with high quality:

> *"Sky has been known for many years to deliver the best football to fans in Germany. We know they will do great work when it comes to distributing the Premier League in Germany on large scale and we are looking forward to our collaboration."*
> *(Weis, 2018b)*

Sky's efforts prove the importance this allocation had for the incumbent who felt pressure from their discontent subscribers due to prior losses on the one hand and wanted to show DAZN its limits on the other hand, underpinning their ambition to stay the number one football channel in Germany. The rising competitive pressure is also reflected in yet another internal changeover, this time not explicitly mentioned in the press releases, when Sky laid off several management positions in its German office with the goal of eliminating hierarchy levels to make the structure "more agile and flexible" (spokesman Wetter; Seewald, 2019).

5.2.2 Maintaining Value through Partnerships with Competitors

Although Sky was not able to retain all previously owned rights due to the compromises for the UCL and UEL, they engaged in numerous efforts to maintain sports content for their subscribers. In particular, Sky secured partnerships with competitors that enabled Sky sports bars to stream matches from other broadcasters using their Sky receivers. Thus, after having shared UCL rights with DAZN in July 2018, Sky cooperated with the entrant to allow Sky sports bars to show selected DAZN UCL matches in their establishment (#43). In addition, top matches from the UEL, for which Sky did not have any rights on their own, were agreed to be provided via two specially set up linear cable channels (#43). A similar deal was struck with Discovery, parent company of the Eurosport channel, in September 2018, allowing Sky sports bars to show all matches from Eurosport which, at that point, owned 40 Bundesliga matches per season (#46). Sky's senior vice president for business solutions Sexton-

Chadwick highlighted that these agreements “strengthen our position as the most important TV partner for the hospitality industry” (#43. 46).

Along with these major decisions, it was found that Sky took further efforts towards their sports bars as key channels when launching a quarterly magazine in March 2019, which provided bar owners with product and marketing information (#53), as well as restructuring their portfolio for sports bars in October 2019 (#59). The increased focus on business partners was argued by Sky executives to be based on preferences from hospitality for more flexible offers and the fact that Sky wanted to help bars boost revenue by leveraging football broadcasting content as “customer magnet” (#53). In fact, the strengthening of customer relationships with their partners can also be considered as reaction to DAZN’s entry threat since it was not unlikely that at some point, hospitality stakeholders would approach the increasingly important newcomer for partnerships. Given the strained relationships from the past (see 3.2), Sky saw the need to catch up and reinforce the ties.

5.2.3 Linking Linear TV and OTT with Sky Q

An important milestone in its BMA marked the 2nd of May 2018 when Sky launched ‘Sky Q’: a platform that can be accessed via an app, available on mobile devices or the Sky receiver, which aims to integrate Sky’s online, linear-TV, and on-demand offerings (#41). CEO Schmidt introduced the platform as the “new Sky”, created based on customer preferences and particularly aiming to improve user experience by simplifying interfaces, products, and services.

Sky Q was announced as the beginning of a new “innovation offensive” that centred around facilitating access of a variety of content on one single platform and increasing parallel watching on different devices (up to 5) (#41). In addition, Sky Q enabled new functions such as replay options and personalized search algorithms that customize content to viewers. In this context, Sky slightly lowered the price for their linear TV package (49,99€ to 44,99€) and updated the OTT product, promising customers faster access through a simplified user interface, innovative design, new functions, and increased functionality across devices.

One critical innovation is that Sky Q created the foundation for partnerships with external providers. For instance, upon launch, customers could access the media libraries of FTA channels ARD and ZDF via Sky Q. Not long after, in November 2018, Sky cooperated with DAZN by integrating the competitor’s app on the platform (#49). While the previous deals were focused on cooperation for broadcasting in sports bars, this offer was now extended to private households. This allowed Sky customers, who also subscribed to DAZN, to access the competitor's content via the same Sky receiver. Sky reasoned the intention behind this to cater to their sports interested customers and further expand Sky Q as an all-in-one platform (#49). These partnerships were consistently expanded and by end of 2020, Sky Q users had access to further popular apps such as Netflix, YouTube, Spotify, Disney+, and Amazon Prime[10], making Sky Q "the worldwide leading all-in-one platform" (#64, 78).

This thesis classifies the introduction of Sky Q as part of Sky's imitation strategy. That is because Sky Q primarily underlines a movement towards modern distribution channels and because the new platform matches parts of DAZN's value proposition by simplifying and integrating products and offering improved functionality across devices. However, Sky Q also does not abandon the incumbent's existing BM but rather, it makes the traditional product, which is still based on the core key activities and resources for value creation, available in a new way.

In that regard, it becomes obvious that Sky Q is an initiative that reaches beyond the sports market and blends Sky's sports offer with entertainment content from the other divisions. This is interesting since by integrating all entertainment offers on one platform, sport becomes less of a standalone product and plays an increasingly subordinate role in Sky's portfolio, serving as one attraction to the overall entertainment package. The fact that the incumbent partnered with DAZN to implement solutions to maintain the availability of football, even if not itself as a rights acquirer, further underpins this thought. The finding of Sky Q may therefore transcend the three general strategic directions of Sky's response and offer clues about the future the role of sports rights in Sky's portfolio. Section 6.5. will elaborate on these implications.

Customer co-creation

With Sky Q being the "result of customer's requests" (CEO Schmidt, #41), a further development observed was that Sky increasingly engaged customers to find ways to create new content since 2018. In that regard, Sky established customer proximity both indirectly and directly.

---

[10] Amazon Prime was only connected with its (non-sport) entertainment package (#78).

Indirect forms of customer focus were the launch of an innovative self-service app that allowed customers to easily manage their subscription details but also facilitated simplified purchase of additional product packages (#27). In addition, Sky acquired @Friends, a leading telemarketing specialist to manage customer contact (#47). The clearest indication of growing customer centricity is reflected in Sky's investment in a new, 4.000 m2 large customer service centre for 300 employees in Berlin (#35). CEO Schmidt describes this as a critical step to address subscriber needs and thus foster future growth (#35).

Direct customer engagement was created by actively integrating Sky viewers in the program. This was done via a "player of the month" voting online for users of Skysport.de (#36) and later, during Covid-19, a daily voting option for fans to influence the Sky Sport program (#62), including fans as co-commentators (#63), and an interactive football quiz show connecting Instagram users with a live show on Sky Sport News (#75).

5.2.4 Cooperation for Content Distribution

Finally, the co-opetition phase is marked by Sky's endeavor to foster the strategic direction of its new free services. In order to increase brand awareness and attract audience for its free TV content, Sky employed various distribution channels in cooperation with competitors and non-competitors. Free TV audience was targeted through two special offers with German FTA channels ARD and ZDF (#54, 58). The offer allowed each channel to broadcast a live Bundesliga match to the public. According to statements of two Sky executives, these collaborations were meant to advertise Sky's production and reporting competence to the large established audience of ARD and ZDF (#54, 58). Similar to their own free TV channel, Sky leveraged key resources in the form of popular experts who were assigned to analyze the match on the partners' channels (#54, 58). Further free TV and linear TV viewers were addressed by granting competitor sports channel Sport1 the right to show highlights of Germany's second division (2. Bundesliga) in parallel to their airing on Sky Sport News (#34). Executive Enßlin states that this cooperation makes the brand of Sky Sport News even better known and increases outreach. To fill the content gap during off-season, Sky further cooperated with "Onside Sports" in March 2018 to broadcast live training matches (#37).

Special efforts were undertaken to grow the digital outreach and cooperate with partners that had expertise with young audiences. On the one hand, this was achieved by a cooperation between Sky and Snapchat to publish customized sports content as "stories" in German language (#22). On the other hand, Sky partnered with "Onefootball", the most popular online media platform for young football fans worldwide, catering to over 30 million monthly users (#57). Although the cooperation agreement did not build on Sky's free TV content and instead offered pay-per-view DFB Pokal matches accessible via livestream at low prices, it follows similar strategic intentions with targeting young, price sensitive customers and attracting them to the brand Sky (#57).

5.3 Retreat Phase: Evading Towards Non-live Content (Dec '19 – Dec. '20)

5.3.1 Rights Allocations 2019 & 2020

The bidding year 2019 again intensified the competition for rights with newcomer DAZN. A first declaration of war was DAZN's takeover of the 40 Bundesliga rights from Eurosport in June 2019, which was not able to sell this minor package of rights profitably (Bundesliga, 2019; Redaktion Quotenmeter, 2019). While for Sky, this technically did not constitute a loss in market share, for DAZN, this deal was a welcomed springboard to also stake a claim in the domestic league market after gaining recognition in the recent years through its presence in the UCL (Gerth, 2019). The transaction came at a critical time when rights allocations for the UCL were due in winter 2019 and for the Bundesliga in summer 2020.

Defeat in the Champions League bidding 2019

In December 2019, Sky lost all rights in the UCL bidding process (seasons 2021-24) against DAZN (121/137 matches; ~88%) and Amazon (16/137; ~12%). This outcome was received with great media attention since the incumbent had been the broadcaster for UCL for almost 20 years (ran, 2019). Sky CEO Schmidt was cited to deeply regret the loss of their long-term partnership with the UCL. He said that they fought intensively to secure the rights until the last moment but were unable to do so.

> *"We have an economically clear and responsible view of the value of sports rights. However, also in the interests of our customers, we were not prepared to go beyond the high value we attach to this right".*
> *(ran, 2019)*

This statement indicates that Sky either could not win the process due to a lack of financial means or did not want to join the high offers submitted by competitors (estimated total of 300m€ per season, up from 200m€ for the previous cycle (Spitz, 2019)). In either case, from this can be inferred that Sky considered its current BM not viable to monetize these rights and offset the high prices.

In turn, the victory of DAZN and newcomer Amazon, who would distribute rights via their Amazon Prime online platform, was titled to manifest the increasing trend towards online streaming of sports rights (Zeit Online, 2019). Though some reporters still expressed doubt about the switch from linear TV to OTT, considering that internet connection is not equally good everywhere in Germany, it was clear by now that the future of sports distribution would be online (Stresing, 2019; Zeit Online, 2019).

In fact, DAZN had increasingly gained recognition for its approach to football reporting in the fan community. The streaming service was not only valued for its low-cost and transparent approach to subscription contracts, but it was also praised for its enthusiastic and sympathetic commentators (Spiller, 2020). This is noteworthy considering that quality reporting has actually been a main focus of Sky's. After playback quality was a major critique point in the early years, DAZN seemed to have learned quickly and improved in this aspect as well (Kryk, 2019; Madeo, 2019; Schranner, 2021).

On the contrary, Sky was frequently accused of “ripping customers off” with its high prices and long-term contracts - despite the numerous re-bundling activities since DAZN’s entry (Dettmer, 2018). For example, Dettmer (2018) complained that although Sky had forfeited a significant part of their status as broadcaster of exclusive matches in the past years, the prices were largely left unchanged. This is true when comparing the price performance ratio of Sky Ticket (29,99€ per month since August 2016 (#2)) with DAZN’s subscription costs (11,99€[11] per month since August 2019). Instead of adjusting prices to the shrinking live rights portfolio, Sky has reportedly increased the share of advertising during match broadcasts (Dettmer, 2018). While formerly, a proper halftime break analysis done by the studio experts was a main point of justification for the premium prices, this time was now reduced to a minimum (ibid., 2018). These cutbacks of live viewing experiences were

[11] DAZN had increased monthly subscription fees to 11,99€ (or 119,99€ per year) to the 1st of August 2019 after taking over the rights for the 40 Bundesliga matches from Eurosport (DAZN, 2019).

received unkindly by fans who pointed to the fact that they already paid a significant monthly fee to the pay TV incumbent (Sky Community, 2018a, 2018b). Even more, viewers felt deceived by Sky's promotions that presented the company's value proposition in a way as if the offer had increased – although it was effectively decreasing in value to viewers (Dettmer, 2018). This can be attributed to campaigns that advertised the "numerous football matches" with the slogan "I want it all" although the incumbent had significantly fewer live sports offerings than it did in 2016 (Sky, 2018a).

At the same time, it was objected that Sky's reporting quality did not raise, despite the pressure from the competition. In contrast to DAZN's young commentators and experts, who were less well-known but displayed both élan and football expertise, Sky's reporter team, made up of former stars from the 90s and 00s, seemed increasingly outdated and was described as artificial, apathetic, and unconstructive in its analyses (Dettmer, 2018; Stellmach, 2019). This critique may seem surprising at the first glance as Sky, as opened under 5.1.2, has consistently solidified its premium approach over the years since DAZN's entry by investing in core competencies. Indeed, Sky executive Jacques Raynaud said that they looked at the competition but decided to keep their premium approach to football reporting, which shall justify the high subscription prices (Kaindl, 2020). However, this contradictory perception of the value proposition from the fans on the one hand and the incumbent on the other hand can be illustrated by the example of reactions to an interview with Raynaud. After the UCL loss, he was asked about the strengths of the incumbent with regard to the important upcoming bidding cycle for Bundesliga rights and answered that Sky had set new benchmarks in terms of quality and that:

> *"We set ourselves apart with professional quality of the commentary and (...) the role of our experts is also very important for viewers"*
> *(Kaindl, 2020)*

These claims provoked negative backlash in social media with users saying that Sky was "out of touch with reality", "self-indulgent" and "arrogant" to think that anyone would subscribe to them because of their experts (Kaindl, 2020). In fact, Dettmer (2018) recommends Sky, referring to competitor DAZN, "fewer experts, fewer sideshows, more format". The case thus shows a strong divergence between what Sky thought about the value they added to customers versus what customers were perceiving.

Therefore, Stellmach (2019) summarized opinions from the fan community in which a certain joy is reflected over the incumbent’s defeat after the UCL bidding outcome. Particularly remarkable in this report are also customer voices that complain about Sky’s poor OTT quality. For instance, the incumbent was overwhelmed by the demand of users wanting to access a top match in late 2019 via Sky’s OTT streamer Sky Ticket, causing a temporary breakdown with little support service for upset fans, pointing to a lack of capabilities regarding OTT.

Strikingly, just one day after the announcement of the UCL bidding results, Sky again re-bundled their OTT products and adapted the prices for their new Sport Ticket - a scaled down version of the Supersport Ticket which was monthly flexible and allowed customers to view all Sky conferences at 9,99€ per month (#60). At this price, Sky undercut DAZN’s offer for the first time. Note, however, that the 9,99€ package only included the option to watch matches in a conference format. Fans who wanted to watch single matches (as possible via DAZN) still had to buy the more expensive Supersport Ticket (29,99€ per month), or day passes (14,99€).

Loss minimization in the Bundesliga bidding 2020

In January 2020, a change to Sky's board can be recorded when CEO Schmidt was replaced with Devesh Raj (Meedia, 2019). The new manager was immediately under pressure to compensate for the impact of the UCL loss by restoring at least some power in the upcoming Bundesliga rights allocation. It was expected that here too, there would be a vicious fight between the incumbent, DAZN, and the new player Amazon (FAZ, 2020b).

Before this major showdown in June, UEL rights were allocated in January 2020 (period 2021-2025). However, just as in the previous UEL period, Sky did not participate in the bidding process. More telling, however, was the observation that DAZN lost all rights to yet another entrant: German private channel RTL (Niemeier, 2020). RTL is an established television group which recently launched multiple niche projects with one of them being the OTT streaming service *TV Now*, over which a large part of the UEL rights would be distributed (ibid., 2020). This finding confirms three patterns which is first, an increasing fragmentation in the competitive landscape, with fans now needing four subscription channels for all major competitions[12], second, a further confirmation for the trend towards digital distribution channels, and thirdly, an increasing attractiveness of top-tier rights and a decreasing attractiveness to compete for secondary rights. Thereby, second-tier rights continue to be attractive for new OTTs to gain foothold in the market, while more established players tend to go after top-tier rights.

Despite expectations of another significant defeat of the incumbent, Sky could minimize losses in the Bundesliga rights allocation in June 2020, being able to secure the most important matches and a total of 65% of the market (200/306 matches; -22% compared to the previous period) (Beyer, 2020). The other share of the rights was won by DAZN. While DAZN was titled yet again as the winner of this bidding, having almost tripled their market share for Bundesliga matches, the outcome was at least decent for incumbent Sky given the accompanying situation in which this process took place.

Due to the Covid-19 crisis, Bundesliga matches (as were most EU football competitions) were on hold and could only be continued under the exclusion of fans in late spring of 2020 (Redaktion Sportbuzzer, 2020). The large break and the economic conditions caused many revenue streams to break away for broadcasters. DAZN was heavily hit since their flexible subscription plans allowed many customers to cancel their subscription until football would return (Panorama audiovisual, 2020). Likewise, there would be fewer advertisers contracting with operators during that time, which eventually caused broadcasters to try to claim money back from rights holders, arguing that their “supply” was on hold (FAZ, 2020a). The latter, however, were faced with struggles of their own as many individual clubs were being threatened by insolvency (ibid., 2020a).

All this caused a lower total rights sum for the league for the period 2021-25. In fact, the sum paid by Sky and DAZN slightly decreased compared with the previous cycle (4,64bn€ to 4,4bn€), which certainly played in favor of Sky (DFL, 2020). Lastly, it was surprising for many observers that Amazon did not participate in the bidding after having made a first move into rights distribution in Germany with the UCL and recorded strong performance during the pandemic (Beyer, 2020).

[12] Sky for Bundesliga, DFB Pokal & Premier League, DAZN for Bundesliga & UCL, Amazon for UCL, RTL for UEL.

5.3.2 Sky's 'New Era' of Non-live Content

As the share of live matches in Sky's portfolio decreased, having lost 2 important competitions entirely over the past 4 ½ years and suffering a market share reduction from 71% to 40% (decrease of ~44%) of the total German sports rights market value, the company increasingly invested in high quality non-live sports content. Shortly after the last rights allocation, in July 2020, a "new era of Sky" was proclaimed by new CEO Raj that came along with major program innovations to enhance entertainment experience to customers (#64). Essentially, this strategy followed the beginnings of Sky Q in 2018 and pronounced increasing flexibility, inclusivity, and a variety of content. In that line, existing Sky customers were now able to switch from an ongoing subscription plan to a monthly subscription and HD quality was now included in the standard offering. The variety of content mainly refers to new investments in the entertainment packages (series and original content) as well as non-football related sports. A further milestone was the announcement of a "program offense" on 10th of September 2020 in the context of an ongoing integration to the Sky Q platform, which included showing more documentaries as for example of clubs, or popular players (#69, 70, 72).

Sky aimed to add some value by forming several partnerships with non-competitors. With regards to sports coverage, the incumbent collaborated with the popular British club FC Liverpool as well as German club Werder Bremen (#50, 67). Those agreements allowed Sky customers to access the weekly club magazines containing documentaries, trainings, press conferences, and inside stories. Such behind-the-scenes contents have increasingly become popular and are distributed by clubs' in-house OTT services to fans for monthly subscription prices. Prior Sky CEO Schmidt used to criticize clubs to cut out broadcasters from attractive content through this (Handelsblatt, 2014). These partnerships were therefore now praised as "first mover" initiatives from Sky, which can "serve as a blueprint for further partnerships of this kind" (Gabbe, Senior Vice President Sports Rights & Commercialization, #67). Finally, Sky added value to their program by extending a cooperation with Discovery for their documentary and non-football sports channels (#13). The agreement lets Sky customers access these channels from their receivers.

The program offensive and the "new era" of non-live content are primarily classified as mechanisms to defend the existing BM in this study. While it is true that here, too, we see parts of imitation of DAZN's model (flexible contract options, variety of content on one platform), the main idea was to somehow maintain value to subscribers and substitute the significant quantity of live sports lost. On a corporate level, it was also observed that Sky invested more in their other divisions to create original contents such as series and films, which were all integrated on Sky Q, making the platform an entertainment ecosystem with decreasing relevance of live sports events.

5.4 Summary

It was found that incumbent Sky responded to entrant DAZN by simultaneously imitating the disruptive BM, defending the current BM, and creating a new BM. For each of these overarching categories, specific elements were identified which Sky manipulated to adapt their BM. From a consideration of the competitive environment, it was possible to determine three underlying competition phases in which Sky first responded the entrant on all three levels in a more aggressive way, before switching over to a collaborative strategy that placed increasing focus on partnerships, particularly with DAZN, and ultimately substituting its significant losses of rights through non-live entertainment content.

Mechanisms to imitate the disruptive BM were intensified efforts to innovate and promote Sky's existing OTT streaming offer. More precisely, Sky re-bundled their online product and introduced a new service which offered flexible subscriptions, easily accessible via internet from multiple devices. Partner channels from hardware and telecom industry were used to promote the new product. Sky's efforts to match DAZN's value proposition of a large variety of content at one place ultimately culminated in Sky Q, a platform that integrates Sky's traditional linear and new online offering. Sky Q functions as entertainment ecosystem incorporating not only all Sky content (sports and non-sports), but also provides access to complementor and competitor services by linking their apps to the platform. The novel fields of operations require Sky to engage in platform management activities and bear potential to align cost efficiency with the disruptive BM, as the platform realizes economies of scope (e.g., through joint marketing efforts).

Sky defended their BM by heavily investing in core capabilities and core resources. That is, Sky expanded their performance-oriented value proposition of being a premium sports broadcaster by ongoing investments in high-quality personal, technological innovations, and production sites. Though it was found that Sky lost most of the live sports rights previously hold, it was observed that they consolidated the expenses towards top-tier rights.

Temporarily, Sky managed to maintain its original value proposition to customers through strategic alliances with competitors. Coopetition with entrant DAZN was done through joint buying of rights, respectively sublicensing, and sharing infrastructure in Sky sports bars and via Sky Q. Despite these endeavors, Sky suffered further defeats in the rights bidding processes and subsequently acquired increasingly attractive non-live sports content to compensate for the losses and retain customers.

A distinctive response to DAZN was found in Sky developing new ways to create, deliver and capture value by shifting their BM from pay TV to free TV and creating free content. This was done through opening a sports news channel to the public, launching a new sports website, and an app. By doing so, Sky sought to extend its audience, addressing all paying and non-paying, online and linear, as well as young and traditional sports consumers. The new mediums were promoted by augmenting the quantity of new content produced, building on quality resources from the pay TV segment, and forming strategic alliances with other FTA channels. In addition, findings suggest that Sky established stronger customer relationships to engage viewers and in turn, attract more advertisers.

Table 6 provides an overview of the underlying adaption mechanisms to each element of Sky’s BM and the overarching strategy they refer to. Below that, table 7 summarizes the adaption strategies in a more general way to illustrate how incumbent pay TV broadcasters can alter specific elements of their BM when faced by disruptive OTT entry.

	Overarching Strategy		
BM Element	**Imitate**	**Defend**	**Create**
Customer Segments	• Mass market: football fans in general, specifically young audience	• Mass market: football fans in general • Segmented: traditional pay-TV users, increased focus on Sky sport bars	• Mass market: football fans in general • Segmented: free and paying users, online and linear consumers, young and traditional audience • Multi-sided platform: move to free-TV and launch of online platforms
Value proposition	• Price: flexible pricing & contracts with Sky Ticket • Accessibility: easy setup & access via internet, multiple devices (Sky Ticket) • Convenience/usability: all-in-one platform Sky Q (linear-TV, OTT, on-demand), simplification of user interfaces (Sky Ticket)	• Performance: premium viewing experience, focussing on top-tier football rights, non-live football content (e.g., documentaries, club insights)	• Customization: personalized content, customer co-creation (e.g., innovative show formats) • Price: free content through online platforms and FTA channel • Accessibility: making quality sports content freely available
Channels	Own channels: • Sky Ticket, Sky Q Partner channels: • O2 (awareness, delivery) • Huawei (awareness, evaluation, purchase)	Own channels: • New Sky+ receiver Partner channels: • DAZN and Eurosport (to deliver (existing) value proposition to customers in bars and on Sky Q)	Own channels: • Sky Sport News, Skysport.de, Sky Sport App Partner channels: • FTA (ZDF, ARD, Sport1) • Online platforms (Onefootball) • Social media (Snapchat, Instagram)
Customer Relationships	–	• Personal assistance: Sky sport bar magazine	• Personal assistance: high level of customer centricity (new service center) • Self-service: "Mein Sky" app to manage user account • Co-creation: interactive show formats
Revenue Streams	• Subscription fees: Sky Ticket on monthly (9,99€ for conference package, 29,99€ for all-matches-package) or daily (14,99€) basis	• Subscription fees: joint deal with WERDER TV (19,99€ for first year)	• Advertising; increased focus on ads through launch of FTA channel and free content mediums • Usage fee: Pay-per-view (via Onefootball)
Key Resources	• Physical: server/platform for Sky Q	• Physical: ongoing investments in technology innovations and production site • Human: hiring and securing exclusive personal	• Physical: online platform, apps
Key Activities	• Platform/network: platform management (e.g., user interface optimization, search algorithm coding), product re-bundling	–	• Production: content creation (e.g., podcasts, new show formats) • Platform/network: platform management, partner channel management
Key Partnerships	Strategic alliances: • sharing infrastructure with partners integrated on Sky Q • sharing infrastructure with O2 and Huawei	Strategic alliances: • technology innovations with non-competitors (SAP, Sony, Vodafone) • content creation with non-competitors (Liverpool, Bremen, Discovery) Coopetition: • reducing costs through joint buying of rights with DAZN • sharing infrastructure in bars and on Sky Q with DAZN and Eurosport	Strategic alliances: • content creation with non-competitors (HISTORY, Onside, VW) • increase customer knowledge through acquisition (@Friends) • distribute content with competitors (ARD, ZDF, Sport1, Onefootball)
Cost Structure	• Economies of scope: integration of Sky Sport to entertainment 'ecosystem' Sky Q facilitates joint management (e.g., marketing efforts)	• Fixed costs: remain high, but spending is concentrated on top-tier rights	• Economics of scale: increased outreach per produced piece of content (e.g., centralized "storytelling", interconnectivity of free mediums)

Table 6 Underlying adaption mechanisms of Sky's BM in relation to overarching strategies

BM Element	Adaption strategies	*Examples from the case*
Customer segments	• Target younger customers (non-traditional linear TV)	*Sky Ticket for OTT mobile streaming; Skysport.de online portal; Sky Sport App*
Value proposition	• Re-bundle OTT products: offer flexible subscription plans and prices	*Sky Ticket with daily, monthly, and weekly access options*
	• Consolidate portfolio to top-tier rights	*Letting go of UEL rights to focus on UCL*
	• Invest in high-quality, exclusive non-live content	*Liverpool Club Magazine; "Doku-Donnerstag"*
	• Provide free content	*Sky Sport Podcast; free live matches*
	• Personalize content	*In-match highlight notifications*
	• Simplify user experience (accessibility, interface design, convenience, usability)	*Sky Ticket re-bundlings; Sky Q*
	• Integrate linear and online offering	*Sky Q; live stream access to Sky Sport news via Skysport.de and Sky Sport App*
Channels	• Offer own infrastructure (linear TV channels) to competitor	*Showing DAZN matches in Sky Sport bars; Integrating DAZN App on Sky Q*
	• Partner with (non-) competitors to increase outreach and maximize audience	*Allowing ARD/ZDF to broadcast Bundesliga matches*
	• Use digital channels	*Publishing "stories" on Snapchat*
Customer relationship	• Reduce distance to customers	*Customer service center investment; acquisition of telemarketing specialist @Friends*
	• Enable co-creation	*Interactive show format "#Königfussball"*
	• Enhance self-service	*"Mein Sky" Self-Service App*
Revenue streams	• Facilitate micropayments	*Single-match purchase option via "onefootball" (pay-per-view)*
	• Monetize free content through ads (or use them as attraction to the main product)	*Sky Sport News; Skysport.de; Sky Sport App*
Key resources	• Extend core capabilities to produce high quality content	*HR, technology, and production site investments*
Key activities	• Master platform management (user interface optimization, search algorithms etc.)	*Sky Q*
	• Focus on content creation	*Cross-editorial office "One Sky Sport"*
	• Emphasize partner channel management	*Organizational restructuring of strategy division*
Key partnerships	Form strategic alliances with non-competitors to:	
	• Access infrastructure for content creation	*"History of Football" cooperation with History channel*
	• Realize technological innovations	*Sky and Sony enable UCL final in Virtual Reality via PlayStation*
	• Gain customer knowledge	*Acquisition of telemarketing specialist @Friends*
	Strategic alliances with competitors (coopetition) to:	
	• Exclude other broadcasters	*Sky and DAZN jointly acquire UCL rights and push out ZDF*
	• Reduce rights costs	*Sublicensing of UCL rights to DAZN*
	• Distribute content	*Showing DAZN/Eurosport matches in Sky Sport bars*
Cost structure	• Create economies of scope	*Integration of Sky Sport to Sky Q platform facilitates joint management of activities such as marketing*
	• Create economies of scale	*Increased outreach per piece of content produced through "One Sky Sport"; Interconnectivity of free mediums*

Table 7 BM adaption strategies for pay TV incumbents

6. Discussion

This thesis used qualitative data from a case to investigate how incumbents adapt their BM in response to the entry of disruptive BMs. The example of Sky shows that incumbents can respond with a threefold response of imitation of the disruptive BM, defense of their existing BM, and the creation of new BMs. Each of these overarching response strategies entails multiple underlying BM elements that can be adjusted. Importantly, it was found that several key components of the BM can be redeployed in a way to support the imitation and creation strategy hence, a strong link was observed between the incumbent's existing BM and its defense, with regards to the adjacent strategies.

The findings further show that despite these efforts to fight the entrant, Sky was unable to retain its leading position in the German sports rights distribution market, with DAZN, and OTT streaming models in general, gradually gaining market share. This is in line with DI theory which suggests that once technologies become embedded in disruptive BM, they outperform the existing BM of established players, forcing them to adapt (DaSilva et al., 2013; Hwang & Christensen, 2008; Markides, 2006).

Although the focus of this study was more on the question *how* Sky adapted its BM instead of asking *why* a certain outcome occurred, several indicators can be determined that point to potential explanations. Specifically, this thesis suggests three main reasons for Sky's failure, which will be presented in the first part of this discussion section. Subsequently, in an attempt to test the findings in terms of their generalizability, a framework for incumbent responses to disruptive BMs is derived from this case. The study is then positioned in the contemporary literature and connections are made to current developments in the pay TV market.

6.1 Explanations for the Incumbent's Losses

The findings of this case study implicate three main reasons for Sky's failure to maintain prior market share through its BMA: conflicting strategic directions in the overarching responses, mistakes in partnership management, particularly with regards to the collaboration with DAZN, and the lack of financial resources.

(1) Conflicting Directions of Response Strategies

Firstly, Sky lacked focus in its strategic direction. In the initial phase upon DAZN's entry, Sky retaliated by fighting on several fronts. In a simultaneous effort, the incumbent tried to imitate the value proposition of DAZN by scaling up its OTT service, started a hiring process to add up to their line of TV experts and constructed a new studio, and finally also launched new free services. Essentially, Sky tried to pursue new BMs while maintaining the old one. However, theory indicates that this balance is difficult and likely results in conflicts and managerial challenges regarding resource allocation (Markides & Oyon, 2010). Indeed, the case shows how Sky's multitude of actions ultimately proved too immature to form a clear competitive strategy.

Consider the incumbent's imitation strategy by which Sky scaled up its existing OTT service to match part of the entrant's value proposition. Yet, Sky has never *completely* matched DAZN's offer. Sky focused mainly on re-bundling its OTT products and slightly adapting prices while, however, never reaching prices as low as DAZN and never being as all-inclusive and flexible. For example, Sky's latest *Ticket* update lowered the prices to 9,99€ per month, but only allowed fans to view matches in a conference style and not as individual matches, as possible with DAZN for 11,99€ per month (or 119€ per year, which equals Sky's monthly price). Moreover, it was found that DAZN's approach to football broadcasting increasingly appealed to young customers who praised the reporting style, where lavish coverage was substituted with proximity to the sport.

Therefore, Sky's imitation strategy only encompassed adaptations at a superficial level, without truly exploring the underlying resources and activities that made DAZN successful. Prior research, by contrast, indicates that if incumbents want to succeed with the imitation strategy, they must learn from the new model and extend it to ultimately surpass the entrant (Giustiziero et al., 2019; Nelson & Winter, 1973), suggesting that Sky might have been well-advised to calibrate their commitment to this response strategy differently.

Moreover, findings from practice also suggest that companies who boldly embrace DI and BMA on a large scale perform on average better than incremental innovators, and that the speed of adaption matters (Bradley & O'Toole, 2016; Zach, Nicolau, & Sharma, 2020). Sky's intent to imitate DAZN through Sky Ticket was neither an act on scale, nor an aggressive shift of resources but rather an incremental approximation over more than three years (#2, 44, 60). It is therefore hardly surprising that it was not only impossible for the incumbent to prevent the development of the competitor in the early stages but also that they ultimately lost out in terms of technological maturation. This was expressed in the frequent critique on the functionality of Sky's OTT service, whereas DAZN consistently emphasized to optimize its capabilities to ensure high viewing quality (Bassam, 2019).

The repeated argument that, aside from higher prices and inflexible products, Sky failed to live up to the "sympathetic" reporting style of DAZN commentators, raises further questions on the incumbent's defense strategy and suggests that Sky's value proposition was outdated overall. However, this constituted a dilemma for the incumbent who had bound significant resources in its existing BM. Abruptly switching to an OTT model with flexible, cheap subscription plans and thus completely abandoning linear TV was not economically feasible when considering the expensive long-term contracts with TV experts, fixed investments in studio and production sites, as well as the network infrastructure. Those assets that once made Sky successful and constituted barriers to entry for competitors had become barriers to change.

Sky's decision to proactively reinforce precisely these assets, instead of choosing a deliberate divestment strategy, was still understandable in one respect. That is, Sky strengthened its core capabilities to leverage them when imitating the disruptor and creating new, free BMs. For instance, Sky's technology features were also available on the OTT service and TV experts contributed free content. This made sense because playback quality and viewing experience were initial weaknesses of OTT compared with traditional transmission channels (Bassam, 2019; MTM, 2018d). Hence, providing customers with premium viewing experience was still a point of differentiation.

However, Sky was unable to use this competitive edge decisively. On the one hand, we saw how fans recently complained about the functionality of Sky's OTT service, demonstrating once more that following a simultaneous response strategy requiring efforts towards both the old and the new BM is difficult. This put the incumbent on a disadvantage towards DAZN who could focus solely on improving the OTT offer and build strong capabilities for server and platform management.

On the other hand, the case also provides some evidence that Sky's defense strategy was born out of a certain sense of complacency. While continuously investing in their prior value creation activities, it appears that Sky suffered misperceptions regarding viewing preferences as DAZN managed to appeal to fans even without expensive personnel and production facilities. This observation aligns with Casadesus-Masanell and Ricart (2011) and the notion that investments in the existing BM may lead to organizational inertia and ultimately make it more difficult to switch to a new BM. One could argue that by more aggressively switching to a lean sports reporting concept like DAZN, Sky could have saved a lot of money on non-value-adding resources, which could have been invested in the bidding for rights. It was presumably difficult for Sky to overcome and even realize this corporate slack since they had been in a monopolist position for a long time which did not require them to reflect on the way they did business and catered to customer needs. Although this study recorded investments to increase customer proximity, this seems to not have impacted Sky's philosophy of football reporting, yet.

Lastly, investing in core resources and activities from linear TV to produce quality free services may have helped Sky to address new customer segments and generate advertising revenues. However, this was not scalable enough as that it could help to stem the ever-increasing rights costs, opposed to DAZN's approach, which used the internet-only distribution channel to quickly become established in many markets around the world, allowing for a rapid user growth and ultimately greater financial leeway[13].

The bottom line is that Sky seems to have fallen victim to its multitude of response strategies that simultaneously steered in different directions. Sky took many actions but was not able to enforce the existing BM against the newcomer and the efforts to defend it, driven in part by organizational inertia, kept the incumbent from mastering and outcompeting DAZN on OTT.

(2) Strategic Partnership Mistakes

Second, Sky made two strategic mistakes with regards to its partnership management.

The first critical point can be traced back to the Bundesliga rights allocation in June 2016, before DAZN even entered the stage. At this time, Sky lost their status as exclusive broadcaster for all Bundesliga rights for the first time, leaving 40 matches to Discovery's *Eurosport Player*. Sky's CEO Schmidt mentioned that they would explore opportunities to

[13] Starting with the initial goal of reaching Sky's subscriber numbers of 5 million (Germany & Austria) by 2020, DAZN was estimated to count about 8 million subscribers across nine countries worldwide in early 2020, making it the world's most profitable sports app (Boorstin, 2020; Dixon, 2019; Krei, 2017b).

cooperate with Eurosport so that Sky could show these matches as well (Krei, 2016). This was evident since after all, Discovery already collaborated with Sky by including their channels Eurosport 1 & 2 in Sky's offer. However, Sky failed to strike a deal[14] and observers suggest that Sky was unwilling to pay the share of the rights cost which Eurosport requested (Goßen, 2017). In the following, Eurosport was unable to monetize the rights successfully and, in consequence, passed them on to DAZN before the 2019 season (Bundesliga, 2019; Redaktion Quotenmeter, 2019). This was a big win for DAZN, proving to their ambition to take foothold in the domestic rights market (Gerth, 2019). Sky could have closed this opportunity to DAZN if they had been able to find an agreement with Eurosport before. It can be argued that extending their alliance with co-incumbent Discovery on towards these Bundesliga rights would have been preferable to letting the previous partner down and opening the gap for DAZN.

The second critical decision was bringing DAZN on stage in the first place with the UCL deal in 2017. As shown in 5.2.1, Sky's rationale behind this was to gain exclusivity over UCL rights in pay TV by pushing out the free TV competitor ZDF. This could only be achieved by combining Sky's and DAZN's investments. Clearly, Sky had to balance between the wins they expected from this move and the risks of making DAZN visible to mainstream customers for the first time. The case reveals that the latter happened and DAZN was able to gain significant reputation in Germany over the following years. Owning rights for the attractive UCL was therefore certainly a large boost for the newcomer. It is worth considering whether it would have been more rationale for Sky to not pair up with DAZN but leave ZDF in the race. Not least, ZDF was much more predictable in their actions as their share of UCL rights remained rather consistent in the years before and it was unlikely that they would expand it too, given the channel's financial limitations due to public funding (Tagesspiegel, 2017). Hence, there was much less of a competitive threat originating from ZDF than from DAZN. From the sources on which this work is based, however, it is not possible to infer the bargaining power DAZN already had at that point, thus calling into question the extent to which Sky had any choice to reject the deal at all. Nevertheless, the co-opetitive relationship ultimately benefitted more the entrant, allowing it to demonstrate the viability of its BM, rather than allowing the incumbent to retain the upper hand.

[14] Note that they did form an agreement in late 2018 regarding distribution in Sky sports bars (#46), but this did not include access for private customers, and it was also rather late after negotiations were broken off in 2017.

(3) Importance of Financial Resources

Finally, it should be reminded that the market for football sports rights is highly dominated by the financial resources of the players. While the aspects of their BMs are crucial for monetizing and distributing the rights effectively, having deep pockets is still a major factor. Especially Sky's reaction to the final UCL bidding in December 2019 indicate that they simply could not keep up with the money offered by DAZN and Amazon, even if they wanted. DAZN does not publish financial statements, but it is known that they are backed by the billionaire investor Blavatnik, which certainly contributes great part to their ability to absorb short-term losses and persistently invest to win the market in the long run. This is to say that even if Sky did not adapt their BM, they could still compete with DAZN if they could only draw on more financial resources. In the end, current legislation allows rights holders to sell exclusive rights to broadcasters, meaning that each right can only be sold once and provides the operator with a temporal competitive advantage. To make the BM 'factor' more relevant, rights holders would have to be forced to sell the same matches to multiple broadcasters, who would then compete in the programming market for greater viewership.

6.2 Generalizability: Towards a Framework for Incumbent Responses to Disruptive BMs

Given the nature of the applied research method, the findings from this case analysis are unique and context-dependent in many ways. However, it was also found that the incumbent's resources from the existing BM significantly impacted the chosen response strategy, which is in line with Eggers and Park (2018) and the call for the consideration of incumbents' resources heterogeneity when studying response strategies to disruptive BMs. The following part will therefore take a step towards this relationship and intend to illustrate how Sky's response to DAZN can be placed on a more general level - also taking into account that these very strategies in their mix specific to this case were not able to strengthen the incumbent's market leader position.

Sky's threefold response to DAZN can be subsumed in a framework that reflects on Sky's decisions with regards to (1) the impact of the new BM on the value of the resources in the existing BM respectively, the viability of the new BM, (2) the complementary resources the incumbent possessed to operate the new BM and (3) the adjustment costs to allocate these resources.

Figure 8 depicts how Sky's strategies to imitate, defend, and create BMs followed the incumbent's judgements along these three decision points. Note thereby that the path decisions are not mutually exclusive but instead they can build on each other. This becomes obvious when observing how Sky strategically reinforced core capabilities (defend) that are subsequently used to attract viewers to the free content (create) and transferred to the OTT segment (imitate). For example, popular experts and moderators were deliberately placed in the new FTA channel to attract audience (#8, 30). Similarly, improving technological features or enhancing viewing quality (e.g., 5G investments, #77; in-match highlights, #32) served to cater mobile users accessing the content through OTT streaming via Sky Ticket.

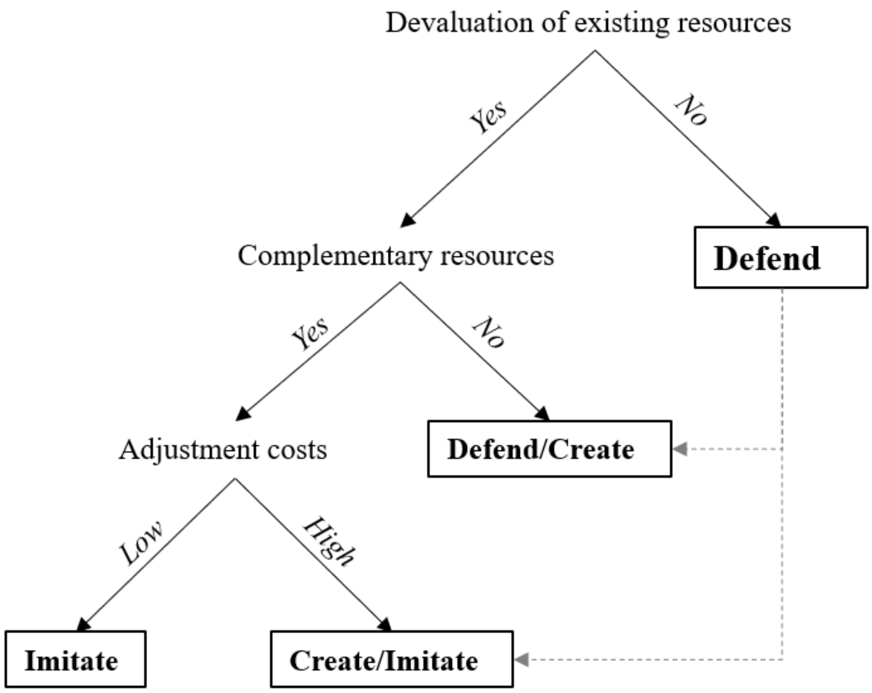

Figure 8 Incumbent response framework to disruptive BMs

The first decision Sky had to make was to assess the viability of DAZN's new BM. In fact, it was critical to assess whether the disruptive BM devaluated Sky's existing assets and consequently, would hinder a coexistence of both BMs. The fact that Sky invested heavily in existing core capabilities that manifested its position as premium broadcaster right after DAZN entered the stage, is a sign that Sky at least not fully considered its resources to be inferior to DAZN's. While DAZN intended to undermine superfluous reporting features and focus on delivering the core product, we saw that Sky deliberately stuck to their premium approach because they thought it would create value to viewers and thus enhanced existing resources as a means to strengthen the own BM and fight the entrant. Though it was established that this decision was also driven by organizational inertia, Sky's sophisticated production capabilities were in fact not threatened directly, but instead even suited to counter the OTT streaming model which initially suffered in terms of viewing quality.

Yet, Sky's early imitation moves also suggest that they anticipated the advantages of the flexible OTT streaming service, or at least wanted to marginalize the entrant's value proposition by taking measures to address the new BM more actively. At this point, it was critical that Sky had complementary resources which would allow to imitate the new BM. Indeed, Sky owned not only their own OTT division prior to DAZN's entry, but they also had broadband partners from their IPTV business that could be leveraged to promote the OTT services (#12, 16). As mentioned above, Sky's innovation competences such as for technological features were also valuable and transferable assets for the OTT business.

The results of this study also have implications for incumbents who do not possess complementary assets to incorporate the new BM. In this case, incumbents can respond by a combination of 'defend' and 'create' strategies that is, using existing resources for new ways of value creation. At this stage, a pure 'defense' strategy will not be sufficient anymore to fight because it was already determined that the entrant's BM is superior and will steal sales from the incumbent. Sky followed this approach when moving from pay TV to free TV, taking advantage of existing linear broadcasting capabilities to expand their business. The case also suggests other strategies to survive in the light of viable, disruptive BM and in the absence of complementary resources. For example, Sky decided to co-opt the entrant when losing UCL matches in order to maintain the value proposition originating from these rights. At the same time, Sky consolidated investments to top-tier rights and dodged to other high quality, non-live content to substitute the losses.

If incumbents possess complementary resources that enable them to match the disruptive BM, their final decision as to what extent they will adopt it will depend on their adjustment costs. Incumbents incur high adjustment costs if they have a high accumulation of assets with the existing BM which, as a result, relates negatively to their inclination to adapt the new BM (Eklund & Kapoor, 2019). Low adjustment costs would mean that incumbents will succeed in competing with the entrant by switching completely to the new BM hence, imitating it.

Looking at Sky, we can observe that this is not the case but rather, the incumbent operates the new BM and the old BM simultaneously. This can be explained by the significant adjustment cost the incumbent faces. Sky never switches completely to the low-cost BM of DAZN because they have too many accumulated resources bound with their premium model. For instance, the linear broadcasting infrastructure including receivers and production sites are barriers to change and Sky's profit margin expectations resulting from their previous monopoly position are not compatible with the idea of discarding their old BM.

Consequently, and not least because some of Sky's resources were not entirely devalued by the new BM, the incumbent found a hybrid approach between imitating the entrant's BM and finding new ways of value creation. This is a scaling-up process of the OTT offering Sky Ticket on the one hand, and an extension to digital services such as Skysport.de and Sky Sport App on the other hand, whereby these latter products are interlinked with Sky's FTA channel which, again, is built upon existing resources. This synthesis of a simultaneous response strategy of imitating the disruptive BM while at the same time creating a new BM based on existing resources becomes most striking in Sky Q, which integrates both OTT offering and linear-TV and, beyond that, (non-)competitors' apps onto one platform. Again, looking at the performance outcome, it is arguable to what extent this simultaneous mix was an efficient response as opposed to choosing a more definite strategic direction. This conversion in Sky Q, however, gives hints about Sky's future BM strategy that will be discussed later.

The results of this case study contribute to both theory and practice. In the remainder of this section, the findings will be linked to theory on DI and BMs. Additionally, it will be discussed how the example of Sky can provide insights on BMA to managers in the sports broadcasting industry. Finally, this thesis will provide an outlook that elaborates on Sky's BM development in consequence of the competition for rights with DAZN.

6.3 Contributions to Literature

The first contribution of this thesis is that it confirms Cozzolino et al. (2018), who suggest that DI unfolds in two processes which is the entry of disruptive technologies and the subsequent entry of disruptive BMs, and that incumbent response strategies differ depending on the stage of DI. More precisely, following Osiyevskyy and Dewald (2015) and distinguishing between explorative and exploitative response strategies it was found that incumbent Sky responded to the second stage of DI by using strategies to exploit their BM. These findings are in line with the work from Cozzolino et al. (2018) as well as Habtay and Holmén (2014). The results show that Sky adapted to the entry of DAZN by 1) imitating the disruptive BM, 2) investing to defend their current BM and 3) developing new ways to create, deliver, and capture value. All three of these categories are found to be of defensive, or exploitative nature as the adaption mechanisms belonging to them indicate.

Imitation strategies were found to be a defensive act by D'Ippolito et al. (2019), which happens when incumbents deal with incremental innovations within their industry. Indeed, when Sky launched Sky Ticket soon after the entry of DAZN, OTT was not radical anymore and the source of disruption (DAZN) came from the sports broadcasting industry. In fact, Sky already owned their own OTT service, but expanded it heavily in response to DAZN's entry. Sky's defense strategy is in line with Adner and Kapoor (2016), who suggest aggressive investments in existing capabilities as incumbent response. In this case, Sky was found to significantly invest in HR, technology, and production sites, all of which supported Sky's original value proposition of being a premium broadcaster. Lastly, Sky created a new BM by shifting from pay TV to free TV and introducing internet-based platform mediums to generate advertising revenue. This might seem like a rather proactive strategy. However, it was defensive in that Sky exploited its existing BM, adapting it in a way that would reach more customers and generate alternative revenue streams. Thereby, the incumbent took use of a channel that previously existed for the pay TV business and supported the new services with the key resources mentioned above.

The second major contribution of this paper is that it adds to literature in showing that incumbents can employ various exploitative strategies simultaneously when responding to entrants with disruptive BMs. According to the state of knowledge on which this work is based, that is a unique finding since many of the previous studies provide evidence for individual response strategies, but few demonstrate how incumbents employ them in parallel. This is an important advancement to increase our understanding of incumbent response strategies and document solutions for companies dealing with DI, as recently exclaimed by Christensen et al. (2018).

A third contribution of this study is that it identifies concrete elements of a BM that are adapted in response to the entry of disruptive BMs. To imitate the disruptor, Sky innovated their own OTT service, making it more flexible and ultimately integrating it with their linear

TV offering onto one platform. Sky also re-bundled the products to increase customization and match the price level of the entrant. To defend their BM, aside from investments in high-quality resources, Sky streamlined its portfolio to top-tier rights and exclusive non-live content. Partnerships both with competitors and non-competitors were key to maintain existing and create new value. Finally, Sky developed a new BM at the core of which producing and distributing free content became key activities.

Especially to this latter response there are notions in literature. As such, the strategy to create free offers and finding alternative revenue streams (Jong & van Dijk, 2015) as well as the use of digital channels to increase accessibility of content (Rachinger et al., 2019) have been described by scholars. Sky complemented the new BM by organizational restructurings that emphasized customer relationships and new interactive show formats. Personalization and tailoring of content to specific user groups (ibid., 2019) as well as customer co-creation (Verhoef et al., 2019) are further defensive mechanisms that have been identified in prior research.

One particularly pronounced component in Sky's BMA were key partnerships. Partners were important for all three of Sky's overarching strategies. When imitating DAZN's BM, Sky leveraged partners to promote the offering. Collaborations also enabled Sky to defend their existing value proposition by maintaining certain contents. For the creation of new BM strategy, partners helped Sky to increase the generation of content and maximize the outreach. These activities can be regarded as an extension to previously identified defensive response strategies. For example, Cozzolino et al. (2018) find that incumbents use alliances with both disruptors and incumbents, or acquisitions as adaption mechanisms. Similarly, Christensen et al. (2018) reports coopetition with disruptors as a way for incumbents to preserve market leadership (p. 1063) (see also Marx et al., 2014).

In the case analyzed, Sky co-opts disruptor DAZN when they split rights for the UCL and agree on sharing the infrastructure to distribute them. On the first sight, this was attractive to both incumbent and entrant for different reasons. While both were able to reduce costs, incumbent Sky maintained the value proposition of broadcasting exclusive live matches to customers when DAZN agreed to show their matches via Sky's linear channels in sports bars. For DAZN, the primary motivation was marketing as this partnership enabled them to enhance brand recognition and expand outreach to a wider audience, which is a common challenge for novel OTT streamers (Warner, 2019). However, as discussed earlier, it is not clear how Sky planned to sustain the advantages resulting from this partnership on its side. Eventually, we noted that DAZN outbid Sky not only for the new rights period of UCL, but

also for other important competitions. The marketing gains for DAZN thus surpassed the value retention gains for Sky. In turn, Sky integrated the DAZN app on Sky Q, opening access to the competitor’s offering for subscribers on an all-in-one platform. Launching their own platform and integrating competitors can be considered a further move to co-opt the entrant (Eisenmann et al., 2006).
These findings also speak to the field of incumbent-entrant relationships. Corresponding with the results from Marx et al. (2014), the present scenario suggests that when faced with BM built around disruptive technologies, incumbents tend to compete with the disruptor initially, but may be inclined to cooperate at a later stage once the new BM gains traction. This is exactly what was found for Sky when the broadcaster became more collaborative towards DAZN, as well as other ecosystem stakeholders, after an initial period which rather aimed at marginalization of the entrant. Even more so, by considering the competitive environment over an extended period of time, it was observed that Sky retreated from the (at least the football) sports rights market after consecutive losses of major rights, providing some evidence for market leadership consequences of the cooperation strategy for incumbents (ibid., 2014). Curiously, the thesis therefore recognizes all of Schumpeter’s (1934) generic suggestions of incumbent response (retaliate, collaborate, retreat) in sequential order, as Sky desperately fought DAZN.

Fourthly, and not least, this study contributes by developing a process model in the form of a timeline which shows that the threefold response strategy of incumbent Sky unfolds simultaneously over a period of several years. Exploring the process of BMA and its constituting elements has been a frequent call by scholars (Foss & Saebi, 2017; Schneider & Spieth, 2013). This longitudinal approach allowed to derive implications from the three directions of response regarding their logical sequence that go beyond the superficial appearance that these strategies occur as simple, multiple defense mechanisms at a time.
Especially the finding of Sky’s extensive investment in the existing BM is elementary. Previously, scholars argued that extending current performance trajectories may at best delay the onset of disruption (Adner & Kapoor, 2016). Interestingly, the findings from Sky suggest that the incumbent’s investments in key resources may in fact have served a different purpose which is, building the foundation for the other two directions of response of imitation and creation of new BMs. For example, many of the Sky Ticket innovations such as increased functionality and quality (#32, 77) built on resources from Sky’s core business of being a premium broadcaster. Similarly, deliberate decisions such as the hiring of popular

German moderator Wontorra (#8) for a new talk show format on the FTA channel are strong indicators that Sky consciously leveraged existing resources and brand associations to promote free offerings.

This implies that investing to defend current capabilities can be the basis for subsequent BMA. In order for this to be successful, the incumbent needs to assure that existing resources and capabilities remain valuable assets and are not themselves victim to disruption, in which case defending them would undermine any following response strategy. For Sky, there were two sides to consider. On the one hand, DAZN directly tackled the premium approach by developing a 'no-frills' sports reporting that renounced extensive pre-and post-match reporting as well as expensive commentators and fancy studios. According to DAZN's own investigations on fan preferences, these add-ons do not bring any additional value to consumers (Wigmore, 2017). On the other hand, recent insights reveal that premium viewing experience can be a key factor to win and retain subscribers (see below), in which case it made sense that Sky expanded capabilities to that end. This would refer to recent findings from Eklund and Kapoor (2019) and Ahuja and Novelli (2016) who suggest that in some scenarios, incumbents may be better off holding back from bold swifts to the new BM, particularly when substantial resources are bound in the existing model. Nevertheless, and based on the eventual outcome of Sky's activities, it cannot be entirely dismissed that Sky suffered to some extent from organizational inertia (Eklund & Kapoor, 2019) and that keeping the old while pursuing the new BM indeed causes conflicts regarding resource allocation and poses a significant managerial challenge to the firm (Markides & Oyon, 2010).

6.4 Managerial Implications

The analysis of Sky's BMA in response to DAZN yielded a comprehensive list of specific BM elements that were changed in order to increase competitiveness. Despite the ambiguity of what this thesis can say about the effectiveness of each measure, keeping in mind the losses of Sky in the bidding processes, these findings may serve as tools and inspirations for business developers in the broadcasting sector to consider when faced by OTT entry. Many of the BM elements adapted by Sky also reflect recent developments in the pay TV landscape for sports.

First, and most evident, incumbent broadcasters must recognize that OTT is on the rise and taking over. The implication of this is that competition in the industry has become fierce with novel streamers distributing rights significantly cheaper and on larger scale than traditional linear TV operators. Two key metrics to succeed in this context will therefore be to win audience (create) and monetize the rights (capture). Sky has reacted to DAZN’s entry by scaling up their own OTT service and imitating a part of DAZN’s value proposition. This general development is confirmed by industry reports showing that pay TV media giants have responded OTT entry by launching their own OTT services, respectively scaling them up (Arthofer et al., 2016). To win audience, Sky has constantly engaged in product re-bundling and simplifications of its services when launching, for example, daily access tickets, or the option to purchase access for one single match (#2, 57). In fact, market studies indicate that there is demand for more flexible products and cheaper prices on the one hand (Deltatre, 2019), and greater choice options on the other hand (Bassam, 2019). These customer insights have motivated pay TV to experiment with “skinny bundles”, which are highly customized products for customers unwilling to pay full subscription prices (Pay TV Innovation Forum, 2019b). For instance, the US basketball league broadcaster NBA offers a highly flexible portfolio that lets fans purchase access for only the last quarter of a game at 1,99$ (NBA, 2018). Such microtransactions constitute new opportunities for revenue streams that require frictionless and simplified payments (MTM, 2018b, 2018c).

Secondly, the findings suggest that broadcasters may offer more value, address broad customer segments, and realize new revenue streams by monetizing free content. Indeed, the evolving competition for flexible prices and products has also led to increasing demand for not only cheap but free content. A recent Deloitte report shows that 65% of consumers want access to cheaper, ad-supported services and only 35% would pay to avoid ads (2020). Hence, by making part of their content available for free, Sky leverages this trend and explores advertisement-funded alternatives to pay TV. Sky’s offer can be regarded as a “freemium” approach to some extent as, for instance, the Sky Sport App, which shows ads for free users and contains additional features for paid subscribers. Similarly, free TV formats such as “Champions Corner” which comment yet not show live matches that run in parallel on the pay TV program can incentivize customers to “upgrade” to a paid account. One key activity in this regard will be the creation of content which can happen internally, facilitated through organizational restructurings as in the case of Sky, or “outsourced” that is, by forming strategic partnerships for content creation (e.g., #38). Moreover, employing the right channels to maximize outreach and viewing exposure is crucial. The BMA of Sky implies that partnerships for content distribution can greatly support this, especially when new, digital channels are employed, where the incumbent has little experience from its old BM.

Thirdly, while highly fragmented and even free products are instruments to face the competition, Sky's introduction of Sky Q also suggests that broadcasters can create value by increasing content integration. This may be necessary considering that the growing number of sports broadcasters has led to a fragmented market and subscriber fatigue as fans have to subscribe to various services to watch all matches of their favorite club (Deloitte, 2020; Pay TV Innovation Forum, 2019a; Strachan, 2020). Hence, larger variety and content "super aggregation" (Pay TV Innovation Forum, 2019a) have become important to appeal to customers. The results of this thesis show that Sky managed to aggregate content bundles by launching an integrated all-in-one platform with Sky Q. By forming strategic partnerships with (non-) competitors, Sky provides a large variety of content in one place, which can be seen as a strategic measure to reduce customer churn.

Further, in the competition for viewers, managers can learn from Sky's increasing focus on customer relationships. This relates to recent market trends which emphasize the importance of customer relations and key resources to cater viewer preferences. As it becomes more difficult to retain exclusivity of content, broadcasters need to create the best possible viewing experience to win audience. Industry reports therefore suggest leveraging social media to create engaging interactions with fans (MTM, 2017) and personalize content based on user groups and consumption habits (MTM, 2017; Pay TV Innovation Forum, 2019b; Smith-Chaigneau, 2020; Thomas, 2017). Sky pursues this goal with organizational restructurings regarding centralized content production which also allows more flexible adaption to user groups, as well as the introduction of interactive show formats which provide opportunities for customer co-creation (e.g., #75, 63). This is also a measure to increase customer loyalty which is critical in times where subscribers cannot be bound to the company with long-term contracts anymore.

Lastly, and in relation to the previous point, Sky's strategy to defend its existing BM and invest in key resources to continue delivering premium viewing experiences indicates that quality is still a pivotal factor in the sports broadcasting market. As such, the significance of technological innovations to enrich fan experience has been pointed out at industry level

(Deloitte, 2014; Part, 2019; Smith-Chaigneau, 2020) and high resolution for match transmission has been found to generate over 10% more engagement by viewers (MTM, 2017). This highlights the importance of broadcasting quality for viewer acquisition and retention. These critical points to succeed originate from the fact that novel OTT services often lack behind with regards to playback quality assurance (MTM, 2017; Bassam, 2019). Although DAZN built its BM around a 'no-frills' sports reporting approach based on insights that they do not compromise value by doing so, these observations can explain why Sky invested heavily in superior broadcasting quality. In fact, this finding is an important implication for pay TV broadcasters under threat from OTT streamers, suggesting that deliberate accentuation of high quality and differentiated viewing experience can counteract OTT by exploiting a weak point. Innovating customer relationships and providing premium viewing experience may therefore be a powerful combination for established pay TV operators to defend their business.

6.5 Outlook: Sky Q and the Strategic Role of Sports Rights: Standalone Value or Ecosystem Driver?

As a final reflection, the outcome of Sky's competition for sports rights with DAZN shall be discussed and the implications this has for the incumbent's BM, respectively how this relates to current dynamics between traditional operators and novel OTTs.

The advent of OTT and the accompanying competition made it more difficult for pay TV operators to distribute sports rights profitably. Nevertheless, live sports rights remain a key subscription driver, especially if they are attractive premium rights (Thomas, 2017). Premium matches represent a relatively small share of minutes viewed but provide a large share of revenue and viewers (Deloitte, 2014). For example, in France, matches involving marquee club Paris Saint German attract almost double the TV audience than other matches (Collignon & Sultan, 2014). In the past years, a shift in strategies has been observed between established pay TV operators who consolidate their investments to secure unique top-tier rights and OTT services who buy up tier-three content.[15]

[15] For OTTs employing such long-tail BM can be suitable, because they can make money out of a large variety of less popular sports given their low operating costs for the platform and economies of scope (Pay TV Innovation Forum, 2019b). DAZN followed this strategy initially (see 3.3.2).

The examination of Sky confirms that the incumbent focuses increasingly on premium rights, however, with mixed success. Initially, when Sky lost rights for the prominent UCL, they were able to maintain them in their portfolio by collaborating with DAZN through sublicensing. In the following, Sky deliberately let go of the secondary UEL rights to DAZN. Then, Sky managed to win back the top-tier competition British Premier League. However, in the recent bidding cycles, Sky lost not only all UCL rights to DAZN and entrant Amazon, but even significant share of the long-hold Bundesliga rights. Particularly the reactions to the loss of the UCL indicate that Sky has experienced a defeat in being unable to maintain this top-tier content. As a result, Sky has substituted their loss by integrating the competitor's service on its new platform Sky Q, and furthermore announced a program offense towards exclusive non-live content and related entertainment formats. This poses the question as to what extent live sports still constitute a standalone value to Sky's BM, or whether sports have become more of a driver for the overall ecosystem represented by Sky Q?

There are two factors suggesting that Sky sees a benefit in re-interpreting the role of its live sport business towards an attraction of an integrated entertainment ecosystem.

First, spending on top-tier rights to attract customers and then attaching them to an adjacent offer has been a common strategy to realize spill-over effects and cross-subsidize unprofitable business units in pay TV (3.1.2). In fact, this strategy may even yield a competitive advantage over OTT broadcasters who need a profitable sports-based BM as a standalone value (Pay TV Innovation Forum, 2019b). Developing a BM like this may also defend Sky from disruption of other companies following a similar "one-stop-shop" approach, such as non-industry player Amazon who recently entered the stage and sells fans subscriptions to Amazon Prime, bringing value to the much larger e-commerce business.

Secondly, related cases in the contemporary pay TV industry show that pay TV broadcasters react to the increasing prices by letting go of unprofitable licenses and developing new types of content instead. For example, Part (2019) mentions club documentations as attractive in-house content with potential for differentiation; a finding that has also been found for Sky (e.g., #69, 70, 72). Some broadcasters such as HBO, who originally gained recognition as premium content provider through their sports reporting competences, now even use their brand to step away entirely from expensive live sports licenses and shift towards high-end drama or series production (MTM, 2018b). MTM (2018a) conclude that these dynamics imply that pay TV operators have drawn consequences from the exorbitant rights costs and seek new ways to do business, whilst novel OTT streamers, who purely rely on sports broadcasting, risk overbidding.

Yet, it is arguable whether Sky will completely abandon their football sports business given the recent spin-off into the free TV sector and the exploration of new revenue streams. Nevertheless, these services could primarily act as a bait to acquire subscribers for the entertainment package. What is certain to say is that with Sky Q, Sky has driven forward the consolidation between its entertainment divisions, making its diversified parental organization a potential advantage in the fierce competition for sports rights.

7. Limitations and Future Research

This thesis provides valuable insights with regards to DI theory and research in the broadcasting market. As the section above illustrates, many of the findings presented correspond to contemporary trends on an industry-wide level thus enhance understanding for practitioners in pay TV facing challenges by disruptive OTT BMs. However, as all studies, this one is not without limitations.

Primarily, it needs to be highlighted that case studies must naturally face the question of generalizability. In this study, the specific case of Sky Sport in the German market was analyzed. Although the case suits to validate existing research on DI and present elements of incumbent’s BMA, the results were retrieved from a very narrow field. This not only limits the generalizability since it was a single-case analysis in a rather narrow geographic area, but it also refers to a very specific industry context. As was shown in 3., the sports rights market in general and the German broadcasting industry in particular are subject to different competition rules by the rights holders as well as governmental legislations. To that end, it would be interesting to conduct a similar multiple case study with other established pay TV operators from different country and compare their respond strategies to the advent of OTT streamers and elaborate on the boundary conditions.

The second limitation of this study lies in internal validity concerns due to the data sources. While it was possible to collect a large amount of data over the 4 ½ year period observed, these were all from the publicly available press release archive of the company. This means that on the one hand, all relevant corporate changes should be recorded, but on the other hand, this only considers the visible adjustments to the BM. In other words, collecting data from internal news archives may suffer from bias and strategic moves that, although very relevant, are either presented in a favorable way to satisfy stakeholders and send certain signals to competitors, or are withheld from the public. It was therefore the responsibility of the evaluator to adequately assess the results and underlying decisions. By including third party sources from the media when studying the rights cycles, it was attempted to partially triangulate the data and reduce bias. However, future research may collect further data to increase the validity of the findings. For instance, undertaking interviews with company executives and industry experts to explore underlying drivers of Sky's BMA and understand turning points promises to yield additional and valuable insights to enrich this case from a qualitative point of view.

Thirdly, this study identified elements of Sky's BMA in relation to rights allocations outcomes but measuring the precise effectiveness of these adaptions to fight DAZN was beyond the scope of this paper. Examining more closely the performance resulting from the BM changes over this period may enhance our understanding of what measures and response strategies are more successful than others. For example, using quantitative data to correlate subscriber numbers, revenue figures, and audience ratings may be critical to explain certain moves and discuss the strategic considerations behind them. It may be further useful to do this on corporate level and not for one division in isolation, as in this paper.

Fourthly, an important limitation to note is that while this study does consider the interplay between Sky and DAZN, it primarily stays focused on the incumbent. Hence, it was not documented how exactly DAZN evolved in correspondence over time and what strategic alterations the disruptor did to its BM to challenge Sky and provoke a certain reaction. However, this is important since DAZN's BM is not static as of the date of their entry and instead there are likely to be important changes over the course of the first 4 ½ years of their operation. Some important relations to the incumbent such as the co-opetitive patterns with the incumbent were elaborated, but this is not exhaustive. Future research may investigate incumbent-challenger dynamics and derive further insights on how Sky matched certain moves of the entrant over the course of time and how to infer from this on the process of BMA.

Lastly, there are several intriguing paths for future research in the industry context that can build on the results from this study. The case analyzed here discusses how incumbents cope with the challenge of disruptive OTT BMs. Several response directions and specific elements of the incumbent BM were presented which provide established pay TV operators with strategies to stay in business. However, novel OTT sports streamers such as DAZN were only the first wave of disruptive BMs to enter the sports business. Specifically, there are two new threats of entry. On the one hand, this includes non-industry related players, mainly the major US internet companies Facebook, Amazon, Apple, Netflix, and Google (Ajadi et al., 2020). Amazon was already identified as newcomer in this study for the German market and they also made an initial move into the British Premier League (Schomer, 2020). Facebook experimented with free UCL streaming in Latin America (McDonald, 2018), although discontinuing the service later (Cyphers, 2021). The strategic role of sports for these companies may not be entirely clear yet, but it is certain that they possess the financial resources and technical know-how to integrate sports content on their platforms and reach large audiences. On the other hand, rights holders have started to consider using OTT to cut out any third-party broadcaster and distribute their rights D2C (Ajadi et al., 2020). This has not been discussed yet in Germany, but in the case of the British Premier League (Fordham, 2020; Harris, 2020). National leagues expect to maximize both viewership and revenues from such a model. Some clubs have also launched OTT services to provide fans with behind-the-scenes content[16] and although current legislation prevents them from distributing matches independently, especially top clubs would not be disinclined to this option (Nicholson, 2020).

This raises an interesting question with regards to how the future BM of sports rights distribution will look like and how traditional broadcasters can fight off these threats of entry? Will one of the current BMs that exist in parallel - traditional pay TV broadcasting, OTT streaming, and the “one-shop-stop” BM – predominate the others and why? For instance, subscribers may welcome the latter BM, which integrates sports as added value onto a large platform of offers, since they are tired of the fragmentation of rights between different parties. However, it can also be that fans reject these companies as they are not specialized in sports broadcasting opposed to those who have a brand of being able to deliver the best viewing experience.

To find answers to these questions, future research needs to understand motivations of both rights holders and end consumers. For instance, one could take a right holder’s perspective

[16] Note that it was found that Sky saw this as very attractive content and managed to integrate it to their platform through partnerships (#50, 67).

and assess how vertical integration into the broadcasting sector may be beneficial and, more importantly, feasible for them. Investigating the viewers' side may further help to understand if there are certain types of preferred broadcasting models. Broadcasters need to understand how they can be relevant in their role as intermediaries between rights holders and fans. Contemporary industry trends show that pure financial bidding power may be not sufficient and quality matters to generate the largest audience. One promising area to explore this is to take a demand-side perspective on BM (Priem et al., 2018) that touches upon both critical resources to create, and strategies to capture value, ultimately allowing broadcasters to develop sustained competitive advantages.

8. Conclusion

This thesis started by asking how incumbents respond to the entry of disruptive BMs. Using qualitative data from the case of incumbent Sky and entrant DAZN in the German sports rights broadcasting market, it was shown that incumbents can respond by a threefold response strategy in which the incumbent imitates the new BM, defends the existing BM, and creates new BMs simultaneously. Moreover, the motivation was to identify specific BM elements that incumbents adapt to compete with new entrants. Thorough analysis of the case enabled to compose a detailed overview table of the individual BM components and the underlying elements that were changed. This was especially useful as it allowed to assess how resources were allocated from the incumbent's existing BM to the new BM and affected the choice of the response strategy.

Results also reveal that Sky's BMA underlies three competition phases in which Sky first tried to marginalize the entrant, then cooperated to maintain certain sports rights, but subsequently retreated after losing significant market share to disruptor DAZN. Even though the primary research objective of this work was not directed at investigating the differences in performance, it was possible to establish that the disruptive BM has gradually gained a foothold despite the incumbent's various attempts to ward it off. Specifically, this thesis cites indicators that Sky's simultaneous response of imitating the new and defending the old BM was conflicting in that it prevented the efficient allocation of resources to fight DAZN more effectively on the new technology. In addition, the case reveals signs of organizational inertia as Sky failed to recognize the loss of value of its resource-intensive premium broadcasting approach. Not least, mistakes in Sky's strategic partnership management can be attributed to DAZN's emergence retrospectively, as well as the lack of financial means.

The findings of this study address several important streams in contemporary literature. While "disruption" is a frequently overused term to describe industry change, it is important to treat DI as theoretical concept (Christensen et al., 2018). To advance this field, it is paramount to differentiate between two phases of DI which is the emergence of disruptive technology and the subsequent entry of competitors who incorporate the technology in disruptive BMs. Differentiated research on the respective stages of DI has been underexplored so far. This study takes a step toward filling this gap in knowledge by focusing particularly on the second stage of the process, acknowledging that only here, DI poses a threat to incumbents. It was found that the incumbent employed various response strategies at once, but that they all focused primarily on exploiting the existing BM. The results therefore contribute to DI theory as they confirm the most recent findings stating that incumbent response strategies differ depending on the stage of DI (Cozzolino et al., 2018) and go beyond this research in showing how incumbents can employ multiple response strategies in parallel. Moreover, by taking a longitudinal approach, this paper follows the frequent call by scholars to analyze the process in which BMA unfolds (Foss & Saebi, 2017). Drawing a timeline of the incumbent's BMA revealed that the incumbent simultaneously responded in three main directions. Studying these overarching strategies further shows that they are interlinked and build on one another with strengthening the existing BM constituting the foundation for subsequent execution of the imitation and creation strategies.

The results also have implications for practitioners in the broadcasting and pay TV industry in general and in the sports rights distribution industry in particular. Given the multiple competitive threats established firms are exposed to currently, Sky's case provides useful tools for managers to adapt certain elements of the BM in response to OTT entrants. Related to the three main response strategies, three things are especially noteworthy. First, if traditional broadcasters want to compete with new BM, there is no way around of setting up their own OTT streaming service. To maximize audience attraction, customizability of content is key and thus, it is important to re-bundle products in a way that offer flexible prices and subscription plans and capture value via microtransactions. Secondly, the results indicate that linear broadcasters are not necessarily in a weaker position than digital entrants. In fact, incumbents can leverage available resources and infrastructure to their advantage when emphasizing high quality transmission of events, since OTT lacks in reliability of playback quality, but this remains an important pain point for viewers. To synthesize the value from the old model and new BM, broadcasters may decide to gradually integrate linear TV and OTT offering, resulting in cost efficiencies and simplified user experience. However, this strategy and the implied resource allocation must be considered with caution since the case shows that simultaneously focusing on the old and new BM may be conflicting with Sky ultimately not being able to level and surpass DAZN on OTT capabilities. Thirdly, broadcasters are recommended to explore ways to monetize free content. The example of Sky shows that this can cater two goals of generating direct revenue through ads as well as driving subscriptions to the core product. This requires that content creation and distribution become key activities. Partnerships with (non-) competitors, customer co-creation, and the use of digital channels were all found to be facilitators for this.

Limitations of this study with regards to the methodology chosen were also addressed. While it was possible to systematically collect a large amount of data and trace back the BMA process chronologically, the use of secondary sources also raises questions about the underlying motivations of the incumbent. An intriguing path for future research will therefore be to conduct in-depth interviews with executives of the firm and include internal archives, if disclosed, to determine whether the BM changes identified align with deliberate or forced managerial decisions and how they correspond to external changes in the competitive landscape. It was moreover difficult to generalize from the identified response strategies to other incumbent pay TV firms. Comparative studies can be done to evaluate how other incumbents in the industry have reacted to novel OTT players. Lastly, performance measurement of the adaption strategies chosen was beyond the scope of this paper. The BM element changes identified should therefore not be treated as guaranteed strategies for success but rather serve as recommendations for managers looking to adapt their BM.

Overall, this thesis aimed to advance our understanding of incumbent responses to disruptive BMs and provide implications for practitioners in the highly competitive sports rights broadcasting industry.

References

Addo-Quaye, R., & Fielt, E. (2019). *A Literature Review on the Relationship between Disruption and Business Model Innovation: What Choices do Incumbents have?* Paper presented at the Proceedings of the 30th Australasian Conference on Information Systems.

Adner, R., & Kapoor, R. (2016). Innovation ecosystems and the pace of substitution: Re-examining technology S-curves. *Strategic Management Journal, 37*(4), 625-648. doi:https://doi.org/10.1002/smj.2363

Adner, R., & Snow, D. (2010). Old Technology Responses to New Technology Threats: Demand Heterogeneity and Technology Retreats. *Industrial and Corporate Change, 19*(5), 1655-1675. doi:10.1093/icc/dtq046

Ahuja, G., & Novelli, E. (2016). Incumbent Responses to an Entrant with a New Business Model: Resource Co-Deployment and Resource Re-Deployment Strategies. In *Resource Redeployment and Corporate Strategy* (35 ed., pp. 125–153): Emerald Group Publishing Limited.

Ajadi, T., Burton, Z., Dwyer, M., Hammond, T., & Ross, C. (2020). *Deloitte Football Money League 2020*. Retrieved from Deloitte: https://www2.deloitte.com/bg/en/pages/finance/articles/football-money-league-2020.html

Allgemeine Zeitung. (2014, July 25). Murdoch Verschiebt Sky Deutschland Nach Großbritannien. *Allgemeine Zeitung, Rhein Main Presse*. Retrieved from https://web.archive.org/web/20140811011242/http://www.allgemeine-zeitung.de/wirtschaft/wirtschaft-ueberregional/murdoch-verschiebt-sky-deutschland-nach-grossbritannien_14369344.htm

Anheuser, C. (2017, June 6). Die 'No Single Buyer Rule': Bundesliga-Vermarktung gestern, heute und morgen. *Quotenmeter*. Retrieved from http://www.quotenmeter.de/n/93543/die-no-single-buyer-rule-bundesliga-vermarktung-gestern-heute-und-morgen

Ansari, S., Garud, R., & Kumaraswamy, A. (2016). The Disruptor's Dilemma: TiVo and the U.S. Television Ecosystem. *Strategic Management Journal, 37*(9), 1829-1853. doi:10.1002/smj.2442

Argyres, N., Bigelow, L., & Nickerson, J. A. (2015). Dominant designs, innovation shocks, and the follower's dilemma. *Strategic Management Journal, 36*(2), 216-234. doi:https://doi.org/10.1002/smj.2207

Arthofer, F., Kon, M., Lee, E., Rose, J., & Hardarson, A. (2016, September 20). The Future of Television: The Impact of OTT on Video Production Around the World. *BCG*. Retrieved from https://www.bcg.com/publications/2016/media-entertainment-technology-digital-future-television-impact-ott-video-production

Ashelm, M. (2019, December 23). Hohes Bußgeld gegen Sky. *FAZ*. Retrieved from https://www.faz.net/aktuell/wirtschaft/unternehmen/sky-belaestigt-verbraucher-und-muss-hohes-bussgeld-zahlen-16550825.html

Ashelm, M. (2020, July 28). Deutliche Kritik an der DFL-Rechtevergabe. *FAZ*. Retrieved from https://www.faz.net/aktuell/sport/fussball/bundesliga/bundesliga-livespiele-kritik-an-dfl-rechtevergabe-und-kartellamt-16880293.html

Badenhausen, K. (2019, March 3). DAZN vs. ESPN: Loaded With A-List Athletes—Canelo, Ronaldo, LeBron—The Billionaire-Backed Streaming Site Wants To Be The Worldwide Leader In Sports. *Forbes*. Retrieved from https://www.forbes.com/sites/kurtbadenhausen/2019/05/03/dazn-vs-espn-loaded-with-a-list-athletescanelo-ronaldo-lebronthe-billionaire-backed-streaming-site-wants-to-be-the-worldwide-leader-in-sports/#795fe4e01427

Bain, J. S. (1956). *Barriers To New Competition* Cambridge, MA: Harvard University Press.

Barney, J. B. (1997). *Gaining and Sustaining Competitive Advantage*. Reading, MA: Addision Wesley.

Bassam, T. (2019, September 26). Meet the judges: DAZN’s chief product officer, Ben Lavender, on the secrets of OTT. *SportsPro.* Retrieved from https://www.sportspromedia.com/interviews/dazn-netflix-nfl-game-pass-player-ben-lavender-ott-technology

Beyer, A. (2020, June 22). Bundesligarechte: Gewinner DAZN und Sat.1, Verlierer DFL und Amazon. *Digital fernsehen.* Retrieved from https://www.digitalfernsehen.de/news/medien-news/maerkte/bundesligarechte-gewinner-dazn-und-sat-1-verlierer-dfl-und-amazon-557570/

Bigelow, L. S., & Barney, J. B. (2020). What can Strategy Learn from the Business Model Approach? *Journal of Management Studies*. doi:10.1111/joms.12579

Boorstin, J. (2020, March 3). Streaming sports service DAZN chasing NFL Sunday Ticket rights. *CNBC.* Retrieved from https://www.cnbc.com/2020/03/02/dazns-john-skipper-announces-international-expansion-and-pursuit-of-nfl-rights.html

Bradley, C., & O'Toole, C. (2016). An Incumbents Guide to Digital Disruption. *The McKinsey Quarterly*(May).

Brandenburger, A. M., & Nalebuff, B. J. (1996). *Co-Opetition* Croydon, UK: Currency, Doubleday.

Bughin, J., & van Zeebroeck, N. (2017). The Best Response to Digital Disruption. *MIT Sloan Management Review, 58*(4), 79-86.

Bundeskartellamt. (2020, March 20). Bundeskartellamt billigt Vermarktungsmodell der DFL für die Spiele der Bundesliga und der 2. Bundesliga ab der Saison 2021/22. Retrieved from https://www.bundeskartellamt.de/SharedDocs/Meldung/DE/Pressemitteilungen/2020/20_03_2020_DFL.html

Bundesliga. (2019). Eurosport sublizenziert Übertragungsrechte an DAZN. Retrieved from https://www.bundesliga.com/de/bundesliga/news/eurosport-dazn-ubertragung-sublizenz-live-spiele-tv-5667

Byford, S. (2020, March 3). Sports Streaming Service DAZN is Expanding to more than 200 Countries. *The Verge.* Retrieved from https://www.theverge.com/2020/3/3/21162594/dazn-international-expansion-200-countries-canelo-nfl-nhl

Casadesus-Masanell, R., & Ricart, J. R. (2011). How to Design a Winning Business Model. *Harvard Business Review, 89*(1/2), 100-107.

Casadesus-Masanell, R., & Zhu, F. (2013). Business model innovation and competitive imitation: The case of sponsor-based business models. *Strategic Management Journal, 34*(4), 464-482. doi:https://doi.org/10.1002/smj.2022

Chen, E. L., Katila, R., McDonald, R., & Eisenhardt, K. M. (2010). Life in the fast lane: Origins of competitive interaction in new vs. established markets. *Strategic Management Journal, 31*(13), 1527-1547. doi:https://doi.org/10.1002/smj.894

Christensen, C. M. (1997). *The Innovator's Dilemma: When New Technologies Cause Great Firms to Fail*. Boston, MA: Harvard Business School Press.

Christensen, C. M., Anthony, S. D., & Roth, E. A. (2004). *Seeing what's next: Using the theories of innovation to predict industry change*: Harvard Business Press.

Christensen, C. M., McDonald, R., Altman, E. J., & Palmer, J. E. (2018). Disruptive Innovation: An Intellectual History and Directions for Future Research. *Journal of Management Studies, 55*(7), 1043 - 1078. doi:10.1111/joms.12349

Christensen, C. M., Raynor, M. E., & McDonald, R. (2015). What Is Disruptive Innovation? *Harvard Business Review*(December Issue), 44-53.

Collignon, H., & Sultan, N. (2014). *Winning in the Business of Sports*. Retrieved from Kearney: https://www.de.kearney.com/communications-media-technology/article?/a/winning-in-the-business-of-sports

Cozzolino, A., Verona, G., & Rothaermel, F. T. (2018). Unpacking the Disruption Process: New Technology, Business Models, and Incumbent Adaptation. *Journal of Management Studies, 55*(7), 1166-1202. doi:https://doi.org/10.1111/joms.12352

Cyphers, L. (2021, March 3). Facebook Declines to Renew UEFA, La Liga Broadcasts in Latin America and India. *yahoo!sports*. Retrieved from https://sports.yahoo.com/facebook-declines-renew-uefa-la-140006973.html?guccounter=1&guce_referrer=aHR0cHM6Ly93d3cuZ29vZ2xlLmNvbS8&guce_referrer_sig=AQAAAE7QP7wCFuqclDK6723uGoQXUa3k6sLXw3AfM0NyrCEsaFnNs4ScEoqi4BlceOybSitm1_j_jy_yYii5eWpabFoXYVO_C8XA_c9VCCsaFHEMlNv9EdlmAJhi8chW-tOsTPVh2495ulcP8ATY84qx38eHV1jnt0Wbc32ibZnGoqMQ

D'Ippolito, B., Messeni Petruzzelli, A., & Panniello, U. (2019). Archetypes of incumbents' strategic responses to digital innovation. *Journal of Intellectual Capital*. doi:https://doi.org/10.1108/JIC-04-2019-0065

DaSilva, C. M., Trkman, P., Desouza, K., & Lindič, J. (2013). Disruptive Technologies: a Business Model Perspective on Cloud Computing. *Technology Analysis & Strategic Management, 25*(10), 1161-1173. doi:https://doi.org/10.1080/09537325.2013.843661

Daspit, J. J. (2017). D. Andreini and C. Bettinelli: Business Model Innovation: From Systematic Literature Review to Future Research Directions. *Journal of Management & Governance, 21*(3), 785-792. doi:10.1007/s10997-017-9388-2

Davidson, N. (2017, July 20). DAZN Streaming Service Launches in Canada with NFL its First Attraction. Retrieved from https://www.theglobeandmail.com/report-on-business/dazn-streaming-service-launches-in-canada-with-nfl-its-first-attraction/article35757154/

DAZN. (2016). Mit DAZN startet ein neues Zeitalter für Sportfans [Press release]. Retrieved from https://media.dazn.com/de/press-releases-dach/2016/08/mit-dazn-startet-ein-neues-zeitalter-fur-sportfans/#:~:text=MIT%20DAZN%20STARTET%20EIN%20NEUES%20ZEITALTER%20F%C3%9CR%20SPORTFANS,-MIT%20DAZN%20STARTET&text=Am%2010.,auf%20nahezu%20allen%20webf%C3%A4higen%20Ger%C3%A4ten.

DAZN. (2019). Fussball-Bundesliga ab sofort live auf DAZN [Press release]. Retrieved from https://media.dazn.com/de/press-releases-dach/2019/07/dazn-bundesliga-eurosport/

Deloitte. (2014). *Broadcast Sports Rights: Premium Plus*. Retrieved from https://www2.deloitte.com/content/dam/Deloitte/au/Documents/technology-media-telecommunications/deloitte-au-tmt-broadcast-sports-rights-011014.pdf

Deloitte. (2020). COVID-19 Accelerates Cycle of Paid Entertainment Subscriptions and Cancellations [Press release]. Retrieved from https://www2.deloitte.com/us/en/pages/about-deloitte/articles/press-releases/digital-media-trends.html

Deltatre. (2019). *Where the Money is Going: The Future of Sports Entertainment*. Retrieved from https://cdn2.hubspot.net/hubfs/4290368/Where%20the%20Money%20is%20Going:%20Report.pdf

Dettmer, M. (2018, October 13). Unsere Kritik an deutschen Pay-TV-Sendern & ihrem Format. *cavanisfriseur*. Retrieved from https://cavanisfriseur.de/sky-kritik-pay-tv/

DFB. (2018, July 12). TV-Partner Sky. Retrieved from https://www.dfb.de/dfb-pokal/tv-partner/tv-partner-sky/#:~:text=Sky%20%E2%80%93%20offizieller%20TV%2DPartner%20des%20DFB&text=Hauptrunde%20bis%20zum%20Finale%20live,live%20und%20in%20HD%20%C3%BCbertragen.

DFL. (2016). DFL überspringt erstmals Milliarden-Marke bei nationalen Medien-Rechten [Press release]. Retrieved from https://www.dfl.de/de/vermarktung/dfl-ueberspringt-erstmals-milliarden-marke-bei-nationalen-medien-rechten-pro-saison-durchschnittlich-1-16-milliarden-euro-ab-2017-18/#:~:text=April%202016%20gr%C3%BCnes%20Licht%20gegeben,Bundesliga

DFL. (2020, June 22). DFL erlöst ab 2021/22 durchschnittlich 1,1 Milliarden Euro pro Saison. Retrieved from https://www.dfl.de/de/aktuelles/medienrechte-vergabe-ergebnisse-2020/

Dixon, E. (2019, October 2). Study: DAZN is Top Revenue-Generating Sports App. *SportsPro*. Retrieved from https://www.sportspromedia.com/news/dazn-sports-app-revenue-growth-espn-mlb-streaming

Eggers, J. P., & Park, K. F. (2018). Incumbent Adaptation to Technological Change: The Past, Present, and Future of Research on Heterogeneous Incumbent Response. *Academy of Management Annals, 12*(1), 357–389. doi:10.5465/annals.2016.0051

Eisenhardt, K. M. (1989). Building Theories from Case Study Research. *Academy of Management Review, 14*(4), 532-550.

Eisenmann, T., Parker, G., & van Alstyne, M. W. (2006). Strategies for Two-Sided Markets. *Harvard Business Review, 84*(10), 92.

Eklund, J., & Kapoor, R. (2019). Pursuing the New While Sustaining the Current: Incumbent Strategies and Firm Value During *Organization Science, 30*(2), 383-404. doi:10.1287/orsc.2018.1229

Elter, V.-C. (2002). Mediale Rechte im Sport. In *Sportmanagement : Grundlagen der unternehmerischen Führung im Sport aus Betriebswirtschaftslehre, Steuern und Recht für den Sportmanager* (pp. 253-302). München: Vahlen.

Encyclopedia. (2021). The Rise of Cable Television. In *Encyclopedia*.

Evens, T., Iosifidis, P., & Smith, P. (2013). *The Political Economy of Sports Rights: Between Culture and Commerce*: Palgrave Macmillan.

FAZ. (2020a, April 23). „Dann wäre die Bundesliga ein Kollateralschaden“. *Frankfurter Allgemeine Zeitung*. Retrieved from https://www.faz.net/aktuell/sport/fussball/bundesliga/corona-fussball-bundesliga-klubs-erhalten-geld-auf-tv-rechten-16738439.html

FAZ. (2020b, February 10). Warum Sky "dramatisch unter Druck" steht. *Frankfurter Allgemeine Zeitung*. Retrieved from https://www.faz.net/aktuell/sport/fussball/medienrecht-der-bundesliga-sky-dramatisch-unter-druck-16626912.html

Fordham, J. (2020, February 10). BRILLIANT MOVE ‘Premflix’ would net Premier League £24BILLION every year and let them take control of their destiny, says Simon Jordan. *talkSPORT*. Retrieved from https://talksport.com/football/667434/premflix-premier-league-stream-simon-jordan/

Foss, N. J., & Saebi, T. (2017). Fifteen Years of Research on Business Model Innovation. *Journal of Management, 41*(1), 200-227. doi:10.1177/0149206316675927

Gerth, R. (2019, August 29). DAZN-Chef Thomas de Buhr über die Champions League, die Bundesliga und den Rechtekampf mit Sky. *Sportbuzzer*. Retrieved from https://www.sportbuzzer.de/artikel/dazn-champions-league-bundesliga-sky-auslosung-de-buhr-rechte-dfl/

Gilbert, C. G. (2005). Unbundling the Structure of Inertia: Resource versus Routine Rigidity. *The Academy of Management Journal, 48*(5), 741-763. doi:https://doi.org/10.5465/amj.2005.18803920

Giustiziero, G., Kaul, A., & Wu, B. (2019). The Dynamics of Learning and Competition in Schumpeterian Environments. *Organization Science, 30*(4), 668-693. doi:https://doi.org/10.1287/orsc.2018.1264

Goßen, S. (2017, June 28). Bundesliga: Lösung zwischen Sky und Eurosport nicht in Sicht. *Prisma*.

Gratton, C., & Solberg, H. A. (2007). *The economics of sports broadcasting*. London: Routledge.

Habtay, S. R., & Holmén, M. (2014). Incumbents' Responses to Disruptive Business Model Innovation: The Moderating Role of Technology vs. Market-Driven Innovation. *International Journal of Entrepreneurship and Innovation Management, 18*(4), 289-309. doi:https://doi.org/10.1504/IJEIM.2014.064211

Handelsblatt. (2014, May 29). Sky-Vorstand kritisiert Zusammenarbeit mit Clubs. *Handelsblatt*. Retrieved from https://www.handelsblatt.com/unternehmen/it-medien/pay-tv-sender-sky-vorstand-kritisiert-zusammenarbeit-mit-clubs/9965560.html?ticket=ST-2708670-gp69qq4ozARwxWfs0xSN-ap3

Harris, N. (2020, February 8). PREMFLIX: The Premier League reveals plans to develop Netflix-style streaming service to revolutionise how English football is consumed. *Daily Mail*. Retrieved from https://www.dailymail.co.uk/sport/football/article-7982219/PREMFLIX-Premier-League-reveals-plans-revolutionary-Netflix-style-streaming-service.html

Hofmeir, S. (2000, 13 November 2013). Showdown am Samstag. *Focus Online, 30*.

Hwang, J., & Christensen, C. M. (2008). Disruptive Innovation in Health Care Delivery: a Framework for Business-Model Innovation. *Health Affairs (Project Hope), 27*(5), 1329-1335. doi:10.1377/hlthaff.27.5.1329

Jahn, D. (2018, November 16). DAZN macht ernst: Verliert Sky die Live-Rechte der Fußball Bundesliga? *4kfilme*. Retrieved from https://www.4kfilme.de/dazn-sky-live-rechte-fussball-bundesliga/

Jeanrenaud, C., & Késenne, S. (2006). *The Economics of Sport and the Media*: Edward Elgar Publishing.

Jin, B. E., & Shin, D. C. (2020). Changing the Game to Compete: Innovations in the Fashion Retail Industry from the Disruptive Business Model. *Business Horizons, 64*(3), 301-311. doi:10.1016/j.bushor.2020.01.004

Johnson, M. W., Christensen, C. M., & Kagermann, H. (2008). Reinventing Your Business Model. *Harvard Business Review, 86*(12), 57-68.

Jong, M., & van Dijk, M. (2015). Disrupting Beliefs: A New Approach to Business-Model Innovation. *The McKinsey Quarterly*(July Issue).

Jörgensen, S. (2018, October 12). Premier-League-Rechte: Darum schlägt Sky gegen DAZN zurück. *Sportbild*. Retrieved from https://sportbild.bild.de/fussball/premier-league/premierleague/sky-dazn-rechte-england-premier-league-57738784.sport.html

Jörgensen, S. (2019, February 22). Warum ARD und ZDF auch zukünftig leer ausgehen. *Sportbild*. Retrieved from https://sportbild.bild.de/fussball/champions-league/champions-league/champions-league-tv-rechte-ard-zdf-dazn-sky-60234706.sport.html

Kaindl, A. (2020, January 16). DAZN oder Sky? TV-Übertragung: Kommt es zur Revolution in der Bundesliga? *TZ*. Retrieved from https://www.tz.de/sport/fussball/bundesliga-dazn-und-sky-kaempfen-um-tv-rechte-kommt-es-zur-revolution-zr-12241779.html

Krei, A. (2016, June 16). Carsten Schmidt: "Wir stehen nicht unter Druck". *DWDL*. Retrieved from https://www.dwdl.de/nachrichten/56414/carsten_schmidt_wir_stehen_nicht_unter_druck/?utm_source=&utm_medium=&utm_campaign=&utm_term=

Krei, A. (2017a, June 14). Champions League: Wie kompliziert wird's für die Kunden? *DWDL*. Retrieved from https://www.dwdl.de/nachrichten/61929/champions_league_wie_kompliziert_wirds_fr_die_kunden/?utm_source=&utm_medium=&utm_campaign=&utm_term=

Krei, A. (2017b, July 31). DAZN Plant Massives Marketing, 2. Liga Startet Stark. *DWDL*. Retrieved from https://www.dwdl.de/sportsupdate/62636/dazn_plant_massives_marketing_2_liga_startet_stark/?utm_source=&utm_medium=&utm_campaign=&utm_term=

Kruse, J., & Scheper, J. (2014, August 24). In der Falle. *taz*. Retrieved from https://taz.de/Sky-erhoeht-die-Preise-fuers-Gastro-Abo/!5034893/

Kryk, J. (2019, September 3). Most Problems Punted Away, DAZN Streaming Service Says. *Toronto Sun*. Retrieved from https://torontosun.com/sports/football/nfl/most-problems-punted-away-dazn-streaming-service-says

Lagace, M. (2017, September 5). DAZN review: A promising preseason in the books. *Androidcentral*. Retrieved from https://www.androidcentral.com/dazn-review-promising-preseason-books

Lange, D. (2020). *Brand Value of Top Tier Football Leagues in Europe 2020, by Country*. Retrieved from Statista: https://www.statista.com/statistics/1024764/brand-value-top-tier-football-leagues-europe-by-country/

Lanzolla, G., & Markides, C. C. (2020). A Business Model View of Strategy. *Journal of Management Studies*. doi:10.1111/joms.12580

Limelight Networks. (2019). Sports Fans Score with DAZN's Streaming Service. Retrieved from https://www.limelight.com/resources/case-study/dazn/

Løkke, A., & Dissing Sørensen, P. (2014). Theory Testing Using Case Studies. *The Electronic Journal of Business Research Methods, 12*(1), 66-74.

MacFarlane, C. (2018, September 10). The Rising Popularity of American Football in Germany. *GermanyinUSA*. Retrieved from https://germanyinusa.com/2018/09/10/the-rising-popularity-of-american-football-in-germany/

Mackevicius. (2016). Bundesliga-Rechte: Eurosport zeigt erstmals Live-Spiele der Bundesliga exklusiv in Deutschland [Press release]. Retrieved from https://www.eurosport.de/fussball/bundesliga/2015-2016/bundesliga-rechte-eurosport-zeigt-erstmals-live-spiele-der-bundesliga-exklusiv-in-deutschland_sto5640762/story.shtml

Madeo, G. (2019, May 19). Kritik an DAZN Bildqualität & Leistung zeigt Wirkung. *techboys*. Retrieved from https://www.techboys.de/dazn-kritik-zeigt-wirkung-1209

Mantel, U. (2009, June 18). Sky kauft Live-Rechte für neue Europa League. *DWDL*. Retrieved from https://www.dwdl.de/nachrichten/21433/sky_kauft_liverechte_fr_neue_europa_league/?utm_source=&utm_medium=&utm_campaign=&utm_term=

Mantel, U. (2017, October 4). Sky ist raus: DAZN sichert sich die Europa League. *DWDL*. Retrieved from https://www.dwdl.de/nachrichten/63675/sky_ist_raus_dazn_sichert_sich_die_europa_league/?utm_source=&utm_medium=&utm_campaign=&utm_term=

Mao, J.-Y., Su, F., Wang, B., & Jarvenpaa, S. L. (2020). Responding in Kind: How do Incumbent Firms Swiftly Deal with Disruptive Business Model Innovation? *Journal of Engineering and Technology Management*, *57*, 101591. doi:10.1016/j.jengtecman.2020.101591

Markides, C. C. (2006). Disruptive Innovation: In Need of Better Theory. *The Journal of Product Innovation Management*, *23*(1), 19-25. doi:https://doi.org/10.1111/j.1540-5885.2005.00177.x

Markides, C. C., & Oyon, D. (2010). What to Do Against Disruptive Business Models (When and How to Play Two Games at Once). *MIT Sloan Management Review*, *51*(4), 25-32.

Marx, M., Gans, J. S., & Hsu, D. H. (2014). Dynamic Commercialization Strategies for Disruptive Technologies: Evidence from the Speech Recognition Industry. *Management Science*, *60*(12), 3103-3123. doi:https://doi.org/10.1287/mnsc.2014.2035

Massa, L., Christopher, T. I., & Afuah, A. (2017). A Critical Assessment of Business Model Research. *Academy of Management Annals*, *11*(1), 73-104. doi:10.5465/annals.2014.0072

Massa, L., & Tucci, C. L. (2013). Business Model Innovation. *Oxford Handbook of Innovation Management*, *20*(18), 420-441.

McDonald, A. (2018, August 17). Facebook Secures Champions League Rights in Latin America. *Digital TV*. Retrieved from https://www.digitaltveurope.com/2018/08/17/facebook-secures-champions-league-rights-in-latin-america/

Meedia. (2019, November 21). Carsten Schmidt hört bei Sky Deutschland auf, neuer CEO wird Devesh Raj. Retrieved from https://meedia.de/2019/11/21/carsten-schmidt-hoert-bei-sky-deutschland-auf-neuer-gf-wird-devesh-raj/

MTM. (2017). *TV Futures Initiative: Sports: The New Battle Ground For Premium OTT*. Retrieved from MTM: https://www.comcasttechnologysolutions.com/sites/default/files/2017-12/TV%20FUTURES%20INITIATIVE%20SPORTS%20THE%20NEW%20BATTLE%20GROUND%20FOR%20PREMIUM%20OTT.pdf

MTM. (2018a, November 15). Can Eleven Sports challenge the big players in the UK market? Retrieved from http://wearemtm.com/2018/11/15/can-eleven-sports-challenge-the-big-players-in-the-uk-market/

MTM. (2018b, November 15). Monetising magic moments: the future for sports content. Retrieved from http://wearemtm.com/2018/11/15/monetising-magic-moments-the-future-for-sports-content/

MTM. (2018c). *The Prospects for Premium OTT*. Retrieved from Vindicia: http://wearemtm.com/2018/11/15/the-prospects-for-premium-ott/

MTM. (2018d, November 1). Where next for OTT sports? Retrieved from http://wearemtm.com/2019/02/08/where-next-for-ott-sports/

n.a. (2012, June 6). Telekom gibt „Liga Total“ auf. *Frankfurter Allgemeine Zeitung*. Retrieved from https://www.faz.net/aktuell/wirtschaft/agenda/medienschau-telekom-gibt-liga-total-auf-11777775.html

n.a. (2013, December 16). Die Champions League bei Sky. Retrieved from https://web.archive.org/web/20131216000449/http://www.sky.de/web/cms/de/Champions-League-live-erleben.jsp?wkz=WHPS10&shurl=CL-Show

Nachman, C., & Bennett, D. (2011, 17.04.2011). 14 Innovations That Changed Sports Broadcasting Forever. *Business Insider*. Retrieved from https://www.businessinsider.com/evolution-how-we-watch-sports-2011-4?r=DE&IR=T

NBA. (2018, September 27). NBA Digital to transform fan experience with innovative NBA League Pass offerings introduced throughout 2018-19 season. Retrieved from https://www.nba.com/article/2018/09/27/league-pass-progress-pricing-official-release

Nelson, R. R., & Winter, S. G. (1973). Toward an Evolutionary Theory of Economic Capabilities. *The American Economic Review, 63*(2), 440-449.

Nicholson, J. (2020, February 10). Premflix will spell the end of the Premier League…. *Football365*. Retrieved from https://www.football365.com/news/premflix-end-premier-league-john-nicholson

Niemeier, T. (2020, January 26). Europa League: Mediengruppe RTL sticht DAZN aus. *DWDL*. Retrieved from https://www.dwdl.de/nachrichten/75925/europa_league_mediengruppe_rtl_sticht_dazn_aus/?utm_source=&utm_medium=&utm_campaign=&utm_term=

ntv. (2017, October 4). DAZN schnappt Sky die Europa League weg. Retrieved from https://www.n-tv.de/sport/fussball/DAZN-schnappt-Sky-die-Europa-League-weg-article20066369.html

O’Reilly III, C. A., & Tushman, M. L. (2016). *Lead and disrupt: How to solve the innovator's dilemma*. Stanford, CA: Stanford University Press.

Osiyevskyy, O., & Dewald, J. (2015). Explorative Versus Exploitative Business Model Change: The Cognitive Antecedents of Firm-Level Responses to Disruptive Innovation. *Strategic Entrepreneurship Journal, 9*(1), 58–78. doi:https://doi.org/10.1002/sej.1192

Osterwalder, A., & Pigneur, Y. (2010). *Business Model Generation* (10 ed.). Hoboken, New Jersey, USA: John Wiley & Sons, Inc.

Pahl, K. (2017, June 14). Screensport am Mittwoch. Retrieved from https://www.allesaussersport.de/archiv/2017/06/14/screensport-am-mittwoch-439/

Panorama audiovisual. (2020, May 27). Dazn Seeks New Investors to Deal with the Coronavirus Crisis. Retrieved from https://www.panoramaaudiovisual.com/en/2020/05/27/dazn-busca-nuevos-inversores-afrontar-crisis-coronavirus/

Part, T. (2019, March 9). Creating premium sports content: the three challenges facing producers. *MTM*. Retrieved from http://wearemtm.com/2019/03/08/creating-premium-sports-content-the-three-challenges-facing-producers/

Pay TV Innovation Forum. (2019a). *2019 Global Findings Report: Industry Perspectives on a Year of Rapid Change and the Road Ahead*. Retrieved from Nagra Kudelski: https://dtv.nagra.com/pay-tv-innovation-forum

Pay TV Innovation Forum. (2019b). *The Global Market For Premium Sports OTT Services*. Retrieved from Nagra Kudelski: https://dtv.nagra.com/global-market-premium-sports-ott-services

Petzold, N., Landinez, L., & Baaken, T. (2019). Disruptive Innovation from a Process View: A Systematic Literature Review. *Creativity and Innovation Management, 28*(2), 157–174. doi:https://doi.org/10.1111/caim.12313

Polson, C. (2020, February 11). Enterprise Video: IPTV vs OTT. *Haivision*. Retrieved from https://www.haivision.com/blog/enterprise-video-answers/enterprise-video-iptv-vs-ott/

Porter, M. E. W. i. s. H. B. R., 74, 61–80. (1996). What is Strategy? *Harvard Business Review, 74*, 61-80.

Prescott, J. E., & Filatotchev, I. (2020). The Business Model Phenomenon: Towards Theoretical Relevance. *Journal of Management Studies*. doi:10.1111/joms.12610

Priem, R. L., Wenzel, M., & Koch, J. (2018). Demand-Side Strategy and Business Models: Putting Value Creation for Consumers Center Stage. *Long Range Planning, 51*(1), 22-31. doi:10.1016/j.lrp.2017.07.007

Rachinger, M., Rauter, R., Müller, C., Vorraber, W., & Schirgi, E. (2019). Digitalization and its Influence on Business Model Innovation. *Journal of Manufacturing Technology Management, 30*(8), 1143-1160. doi:10.1108/JMTM-01-2018-0020

Raffaelli, R. (2019). Technology reemergence: Creating new value for old technologies in Swiss mechanical watchmaking. *Administrative Science Quarterly, 64*(3), 576-618. doi:https://doi.org/10.1177%2F0001839218778505

Ramdani, B., Binsaif, A., & Boukrami, E. (2019). Business Model Innovation: A Review and Research Agenda. *New England Journal of Entrepreneurship, 22*(2), 89-108. doi:10.1108/NEJE-06-2019-0030

ran. (2019, December 12). "Sky" verliert die Champions-League-Rechte ab 2021. Retrieved from https://www.ran.de/fussball/news/sky-verliert-die-champions-league-rechte-ab-2021-139334

Redaktion Quotenmeter. (2018, September 25). Comcast kauft Sky: Milliarden-Deal wirft große Fragen auf. *CHIP*. Retrieved from https://www.chip.de/news/Pay-TV-Sender-endlich-verkauft-Sky-geht-zwar-zu-Comcast-aber-es-bleiben-viele-Fragen-offen_149534728.html

Redaktion Quotenmeter. (2019, August 1). DAZN krallt sich die Bundesliga: Warum sie bei Eurosport nicht funktioniert hat. *CHIP*. Retrieved from https://www.chip.de/news/DAZN-krallt-sich-die-Bundesliga-Warum-sie-bei-Eurosport-nicht-funktioniert-hat_171620882.html

Redaktion Sportbuzzer. (2020, March 14). Entschädigung nach Bundesliga-Absage? Sky bittet Kunden um Geduld. *Sportbuzzer*. Retrieved from https://www.sportbuzzer.de/artikel/bundesliga-dfl-sky-tv-rechte-absage-kunden-entschadigung-geld-zuruck-reaktionen/

Reuters. (2007). Premiere muss für die Bundesliga teuer bezahlen [Press release]. Retrieved from https://web.archive.org/web/20071014052834/http://de.today.reuters.com/news/newsArticle.aspx?type=topNews&storyID=2007-07-19T152616Z_01_HUM955552_RTRDEOC_0_DEUTSCHLAND-FIRMEN-PREMIERE-2ZF.xml&archived=False

Saunders, M., Lewis, P., & Thornhill, A. (2009). *Research Methods for Business Students* (5 ed.). Essex, UK: Pearson Education Ltd.

Schlüter, D. (2016, August 12). Kooperation zwischen BILD und DAZN: BILD sichert sich Bundesliga-Highlights bis 2021. *Satvision*. Retrieved from https://satvision.de/aktuelles-und-news/kooperation-zwischen-bild-und-dazn-3946

Schmoll-Trautmann, A. (2015, December 22). Sky-Programmportfolio ab sofort im IPTV-Angebot von 1&1 verfügbar. *CNET*. Retrieved from https://www.cnet.de/88157205/sky-programmportfolio-ab-sofort-im-iptv-angebot-von-11-verfuegbar/

Schneider, S., & Spieth, P. (2013). Business Model Innovation: Towards an Integrated Future Research Agenda. *International Journal of Innovation Management, 17*(1), 1340001. doi:10.1142/S136391961340001X

Schomer, A. (2020, March 5). Amazon will be streaming the Yankees for Prime Members. *Business Insider*. Retrieved from https://www.businessinsider.com/amazon-expands-sports-streaming-ambitions-2020-3?r=US&IR=T

Schranner, L. (2021, March 22). DAZN Kosten: Wieviel Geld kostet der Streamingdienst? *GOAL*. Retrieved from https://www.goal.com/de/meldungen/was-kostet-dazn-kooperation-eurosport-preis/1uk2pwlaqse7n1bo6w5mmwelim

Schumpeter, J. A. (1934). *The Theory of Economic Development*. London: Transaction Publishers.

Seewald, J. (2019, July 17). Beim Abosender Sky ist was im Busch. *FAZ*. Retrieved from https://www.faz.net/aktuell/feuilleton/medien/pay-tv-in-der-krise-sky-deutschland-unter-druck-16288127.html

Si, S., & Chen, H. (2020). A Literature Review of Disruptive Innovation: What it is, How it Works and Where it Goes. *Journal of Engineering and Technology Management*, *56*, 101568. doi:10.1016/j.jengtecman.2020.101568

SID. (2018, October 4). Sky Deutschland holt sich Premier League Rechte von DAZN zurück. *Eurosport*. Retrieved from https://www.eurosport.de/fussball/premier-league/2018-2019/sky-deutschland-holt-sich-premier-league-rechte-von-dazn-zuruck_sto6958525/story.shtml

Sky. (2006a). Champions TV: Premiere präsentiert die UEFA Champions League im Free-TV [Press release]. Retrieved from https://info.sky.de/inhalt/de/medienzentrum_news_uk_14022006b.jsp

Sky. (2006b). Telekom und Premiere werden Partner beim Internetfernsehen IPTV: Ab August zeigt Premiere die Bundesliga bei T-Home [Press release]. Retrieved from https://info.sky.de/inhalt/de/medienmitteilung_news_uk_19052006_iptv.jsp

Sky. (2008). Premiere sichert sich Bundesliga-Pay-TV-Rechte für vier Spielzeiten von 2009/2010 bis 2012/2013 [Press release]. Retrieved from https://info.sky.de/inhalt/de/medienzentrum_news_uk_28112008_2.jsp

Sky. (2009a). Aktionäre stimmen Änderung der Firmierung in Sky Deutschland AG zu [Press release]. Retrieved from https://info.sky.de/inhalt/de/medienzentrum_news_uk_09072009.jsp

Sky. (2009b). Neues Entertainment-Angebot von Sky startet am 4. Juli [Press release]. Retrieved from https://info.sky.de/inhalt/de/medienzentrum_news_uk_27052009.jsp

Sky. (2010). Sky Deutschland schreibt TV-Geschichte: erste HD-3D-Livesport-Produktion in Deutschland / Bundesliga in HD-3D exklusiv auf Sky [Press release]. Retrieved from https://info.sky.de/inhalt/de/medienzentrum_news_uk_04032010.jsp

Sky. (2011). Die Zukunft beginnt jetzt: Sky Go markiert den Beginn eines neuen Fernsehzeitalters in Deutschland und Österreich [Press release]. Retrieved from https://info.sky.de/inhalt/de/medienmitteilung_sky_go_08042011.jsp

Sky. (2012). Sky Deutschland verlängert und erweitert Live-Rechte für die Fußball-Bundesliga [Press release]

Sky. (2014). Sky Deutschland mit erfolgreicher Live-Übertragung der Fantastischen Vier in Ultra HD [Press release]. Retrieved from https://info.sky.de/inhalt/de/medienzentrum_news_pr_22122014_2.jsp

Sky. (2018a). "I want it all": Sky wirbt zur Neuen Fußball-Saison [Press release]. Retrieved from https://info.sky.de/inhalt/de/medienzentrum_news_pr_13082018.jsp

Sky. (2018b). Sky Sport auch digital die Heimat der Sportfans: über eine Million Fans nutzen die Sky Sport App [Press release]. Retrieved from https://info.sky.de/inhalt/de/medienzentrum_news_pr_072018_2.jsp

Sky. (2018c). Sky Sport News HD mit neuer Topreichweite im April [Press release]. Retrieved from https://info.sky.de/inhalt/de/medienzentrum_news_pr_02052018_4.jsp

Sky. (2018d). Weitere umfangreiche Investition in den Kundenservice: Sky erwirbt mit @FRIENDS einen der führenden Telemarketing-Spezialisten [Press release]. Retrieved from https://info.sky.de/inhalt/de/medienzentrum_news_uk_21092018_1.jsp

Sky. (2021). Sports Communication. Retrieved from https://info.sky.de/inhalt/de/medienzentrum_meldungen_sport.jsp

Sky Community. (2018a). Sky Community Diskussionen. Retrieved from https://community.sky.de/t5/Receiver/Das-neue-sky-Weniger-Inhalt-mehr-Werbung/td-p/203225

Sky Community. (2018b). Sky Community Diskussionen. Retrieved from https://community.sky.de/t5/Off-Topic/Sky-und-Werbung/td-p/231826

Smith-Chaigneau, A. (2020, February 19). Pay-TV’s Role in the Future of Sport. *TVTechnology*. Retrieved from https://www.tvtechnology.com/opinion/pay-tvs-role-in-the-future-of-sport

Smith, P., Evens, T., & Iosifidis, P. (2016). The Next Big Match: Convergence, Competition and Sports Media Rights. *European Journal of Communication*, *31*(5), 1-15. doi:https://www.researchgate.net/deref/http%3A%2F%2Fdx.doi.org%2F10.1177%2F0267323116666479

Sohl, T., Vroom, G., & Fitza, M. A. (2020). How Much Does Business Model Matter for Firm Performance? A Variance Decomposition Analysis. *Academy of Management Discoveries*, *6*(1), 61–80. doi:10.5465/amd.2017.0136

Spence, A. M. (1977). Entry, capacity, investment and oligopolistic pricing. . *The Bell Journal of Economics*, 534-544. doi:https://doi.org/10.2307/3003302

Spiegel. (2017, October 4). DAZN nimmt Sky das nächste TV-Recht ab. *Spiegel*. Retrieved from https://www.spiegel.de/sport/fussball/europa-league-dazn-nimmt-sky-das-naechste-tv-recht-ab-a-1171179.html

Spiller, C. (2020, January 17). Die Generation Stream. *Zeit Online*. Retrieved from https://www.zeit.de/sport/2020-01/dazn-fussball-streamingplattform-alex-schlueter-per-mertesacker

Spitz, N. (2019, December 16). Champions League ab 2021 bei DAZN und Amazon - Was bedeutet das für die Fußballfans? *Quotenmeter*. Retrieved from http://www.quotenmeter.de/n/114422/champions-league-ab-2021-bei-dazn-und-amazon-was-bedeutet-das-fuer-die-fussballfans

Sport1. (2015, July 3). DFL-Plan sieht Montagsspiele vor. Retrieved from https://www.sport1.de/fussball/bundesliga/2015/07/dfl-plant-ab-saison-2017-18-montagsspiele-in-der-bundesliga

Sportbuzzer, R. (2018, October 31). Champions League: UEFA kassiert durch Verbannung aus dem Free-TV fast 10 Milliarden. *Sportbuzzer*. Retrieved from https://www.sportbuzzer.de/artikel/uefa-milliarden-einnahmen-verbannung-free-tv-champions-league/

Spox. (2018, July 31). Sky und DAZN sichern sich Champions-League-Rechte ab 2018/19. Retrieved from https://www.spox.com/de/specials/dazn/1706/Artikel/champions-league-rechte-2018-2019.html

Steinkirchner, P. (2017, June 22). Sky gibt kein Angebot ab. *WirtschaftsWoche*. Retrieved from https://www.wiwo.de/unternehmen/dienstleister/europa-league-sky-gibt-kein-angebot-ab/19966972.html

Stellmach, V. (2019, December 13). Warum Sky der große Verlierer im Fußball-Streaming ist – und DAZN der große Gewinner. *BASIC thinking*. Retrieved from https://www.basicthinking.de/blog/2019/12/13/dazn-fussball-streaming-sieger/

Strachan, M. (2020, October 9). The rise of Disney+: Insights from the latest wave of our ScreenThink tracker. *MTM*. Retrieved from http://wearemtm.com/2020/10/09/the-rise-of-disney-insights-from-the-latest-wave-of-our-screenthink-tracker/

Stresing, L. (2019, December 12). Fußball online gucken: Das sind die Voraussetzungen. *t-online*. Retrieved from https://www.t-online.de/digital/fernsehen-heimkino/id_86984650/champions-league-bei-dazn-und-amazon-so-schnell-muss-die-internetleitung-sein.html

Tagesspiegel. (2017, June 13). Champions League wird Pay-TV. *Der Tagesspiegel*. Retrieved from https://www.tagesspiegel.de/gesellschaft/medien/tv-rechte-fuer-sky-und-dazn-champions-league-wird-pay-tv/19927046.html

Teece, D. J. (1986). Profiting from Technological Innovation: Implications for Integration, Collaboration, Licensing and Public Policy. *Research Policy, 15*(6), 285-305. doi:https://doi.org/10.1016/0048-7333(86)90027-2

Teece, D. J. (2010). Business Models, Business Strategy and Innovation. *Long Range Planning, 43*(2-3), 172–194. doi:10.1016/j.lrp.2009.07.003

Teece, D. J., & Linden, G. (2017). Business Models, Value Capture, and the Digital Enterprise. *Journal of Organization Design, 6*(1), 1-14. doi:10.1186/s41469-017-0018-x

Thomas, N. (2017, December 5). Beyond premier sports – learning lessons from the challengers. *MTM*. Retrieved from http://wearemtm.com/2017/12/05/beyond-premier-sports-learning-lessons-from-the-challengers/

Tripsas, M. (1997). Unraveling the Process of Creative Destruction: Complementary Assets and Incumbent Survival in the Typesetter Industry. *Strategic Management Journal, 18*(S1), 119-142. doi:https://doi.org/10.1002/(SICI)1097-0266(199707)18:1+%3C119::AID-SMJ921%3E3.0.CO;2-0

Utterback, J. M. (1994). *Mastering the Dynamics of Innovation: How Companies Can Seize Opportunities in the Face of Technological Change*. Boston, MA: Harvard Business School Press.

Van de Ven, A. H., & Poole, M. S. (1990). Methods for Studying Innovation Development in the Minnesota Innovation Research Program. *Organization Science, 1*(3), 313-335.

Verhoef, P. C., Broekhuizen, T., Bart, Y., Bhattacharya, A., Qi Dong, J., Fabian, N., & Haenlein, M. (2019). Digital Transformation: A Multidisciplinary Reflection and Research Agenda. *Journal of Business Research, 122*, 889-901. doi:10.1016/j.jbusres.2019.09.022

Wang, R. D., & Shaver, J. M. (2014). Competition-Driven Repositioning. *Strategic Management Journal, 35*(11), 1585-1604. doi:10.1002/smj.2167

Warner, S. (2019, October 10). Sports OTT goes mainstream. *MTM*. Retrieved from http://wearemtm.com/2019/10/10/sports-ott-goes-mainstream/

Weis, M. (2015, December 3). Sky verliert Premier League-Rechte. *Quotenmeter*. Retrieved from http://www.quotenmeter.de/n/82391/sky-verliert-premier-league-rechte

Weis, M. (2018a, July 23). DAZN in Deutschland: Mehr Kunden als erwartet? *Quotenmeter*. Retrieved from http://www.quotenmeter.de/n/102494/dazn-in-deutschland-mehr-kunden-als-erwartet

Weis, M. (2018b, October 4). Rückschlag für DAZN: Sky holt sich die Premier League zurück. *Quotenmeter*. Retrieved from http://www.quotenmeter.de/n/104241/rueckschlag-fuer-dazn-sky-holt-sich-die-premier-league-zurueck

Wigmore, T. (2017, August 24). DAZN: The Company that thinks it can get you to Cancel your Sky Sports Subscription. *Inews.* Retrieved from https://inews.co.uk/sport/dazn-sets-sights-premier-league-football-aims-become-netflix-sport-521142

Winehouse, A. (2017, September 5). How the 'Netflix of Sport' Could Change the Way Supporters Watch Football as UK-Based DAZN have Success with Fan-Friendly Model around the World. *MailOnline.* Retrieved from https://www.dailymail.co.uk/sport/football/articl

Wirtz, B. W., Pistoia, A., Ullrich, S., & Göttel, V. (2016). Business Models: Origin, Development and Future Research Perspectives. *Long Range Planning, 49*(1), 36-54. doi:10.1016/j.lrp.2015.04.001

Yin, R. K. (2003). *Case Study Research: Design and Methods* (Vol. 5). Thousand Oaks, CA: Sage.

Zach, F. J., Nicolau, J. L., & Sharma, A. (2020). Disruptive Innovation, Innovation Adoption and Incumbent Market Value: The Case of Airbnb. *Annals of Tourism Research, 80*, 102818. doi:10.1016/j.annals.2019.102818

Zeit Online. (2019, December 12). Sky verliert Champions-League-Rechte. *Zeit Online*. Retrieved from https://www.zeit.de/sport/2019-12/uebertragungsrechte-uefa-champions-league-sky?utm_referrer=https%3A%2F%2Fwww.google.com%2F

Zott, C., Amit, R., & Massa, L. (2011). The Business Model: Recent Developments and Future Research. *Journal of Management Studies, 37*(4), 1019-1042. doi:10.1177/0149206311406265

Appendix

For appendices A and B please refer to the Excel data sheet attached to this thesis.