

## Something to Think About



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### COMMON CENTS

Years ago, I was a pretty big Jimmy Buffet fan. I went to concerts, I bought albums, and I knew every word on “Songs You Know By Heart.” While I am no longer a pseudo-Parrothead, that album is still a pretty good choice for a sunset happy hour during warm weather months, if not the best. For my money, its only real competition is the Bob Marley & The Wailers compilation “Legend.”

One afternoon during my junior year in college, a group of us were playing spades and listening to music on our patio. Someone suggested we listen to Buffet, and put in the, then, relatively recent “Floridays.” I had yet to hear this particular album, even though it was a couple of years old, and was excited to do so.

After Side 1, the guy whose cassette tape it was asked me if I liked it. I answered him truthfully: “It’s okay. It sounds like Jimmy Buffet is trying really hard to be Jimmy Buffet.” To this day, I haven’t purchased another **new** release from the man, and haven’t been to a concert since the Off to See the Lizard tour in 1989. In truth, he doesn’t come here every year any longer, and tickets were astronomical the last time he did so.

You might think it weird I remember my reaction to a Jimmy Buffet album from 28 years ago, and I guess it is. However, the reason why it still stands out is I was disappointed to realize my favorite musician wasn’t really a musician, at least not in truest sense. He was a brand, and a massive money making one at that. I had reached my saturation point, and was tired of making him rich.

While bully for him, it was kind of like finding out about Santa Claus.

In case you have missed it, TV ratings for the NFL are down sharply this year, double digit declines over the same weekend in 2015. Analysts have postulated any number of reasons for this, and they all have some merit. Last night, I read a NY Times article on the subject, and scrolled through the comments section. While some folks mentioned things like Colin Kaepernick’s refusal to stand for the national anthem as the primary cause for the decline, the vast majority of the folks opined something along the lines of: “the NFL is nothing more than a money grubbing conduit for corporate America to get us to buy stuff we don’t really want or really need.”

Hmm. It is kind of hard to argue with that.

Of course, there were some Millennial types who chimed in how ‘their’ generation values uniqueness, eschews blatant corporate greed, and how ‘they’ are tired of being taken for granted. Supposedly, this makes them special. So much so, marketing departments across the country having been tying themselves in knots trying to effectively sell to this age demographic. How to adapt to changing Millennial consumption habits, and all of that. Brother.

Personally, I think this is less of a Millennial issue than a societal one. I am a member, if that is really the right word, of Generation X. You know, I feel kind of the same way as the Millennials, and my parents do as well. So, companies would be wise to worry less with Millennial consumption patterns, and concern themselves with shifting American consumer preferences in general. Because it ain’t just the younger crowd turning off the TV and disguising themselves as empty

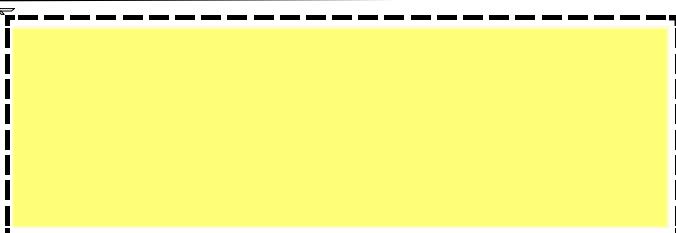
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seats somewhere.

Many, if not most, of you reading this know I also write a column for the Montgomery Advertiser. There are plenty of weeks where I cut & paste from the column to the newsletter or the other way around. After all, there is no need to reinvent the wheel, is there? This is one of those weeks, but I am only going to use a portion. Here it is:

“According to the US Census Bureau, the median household income in 2015, that household smack dab in the middle, was \$56,516. This was less than it was in 1999, when the Census estimates is was \$57,909, adjusted for inflation. So, by this measure, the purchasing power of the average American household is worse now than it was close to two decades ago.

For years, the public has bemoaned the bloated executive salaries at publicly traded companies, and for good reason. However, what if Joe Six-Pack is starting to realize, you know, athletes and media celebrity types are killing it too? And there are far more of them than there are CEOs in the S&P 500! Seriously. Where has the outrage been on this?

According to Forbes, Kim Kardashian, who some people find entertaining for some reason, will make an estimated \$51 million in 2016. It would take the median US household, get this, 902 years to make that amount of money. However, Kimmy was a piker compared to the highest paid athlete in the world, Ronaldo, who should come away this year with roughly \$88 million in salary and endorsements. How does 1,557 years of working at the median household income sound to you? This would take you back to 458 CE, or about 18 years before the fall of Rome. So, hop to it Claudio.’

‘Yep, I think it pretty fair to suggest Joe Six-Pack is starting to wake up a little.’

These numbers are absolutely breathtaking, mind-boggling, you name it. We pay people to entertain us, the consumption of services for temporary stimulation with negligible or no impact on long-term productivity or capacity, fortunes which we once reserved for individuals who fundamentally changed how we live our lives and conduct business....if not kings.

Theoretically, I don’t have a fundamental problem with this. If the market wants to pay entertainers and athletes that amount of money, well, I guess it is what it is. However, consider the interesting case of Colin Kaepernick, he of righteous indignation fame.

According to CNN, Mr. Kaepernick proves to make an estimated \$19 million this year. This for being one of the quarterbacks, starting 2 of 7 games thus far this season, on one of the worst teams in the NFL. As of week 8, the San Francisco 49er’s are 30th out of 32 teams in the league’s ‘power rankings.’ For his part, Kaepernick’s current QB rating places him as the 47th most effective QB (or at least those who have lined up in the position at some point) in the league through the end of last week’s games. Remember, there are 32 teams in the league, so this suggests Mr. Kaepernick probably wouldn’t be a starter on most teams in the league, if any, other than his own.

For grins, it would take someone making \$100,000/year, a fine wage, 190 years to make what the 49er’s QB stands to

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make this year, all for not making the playoffs while making headlines for something other than, well, football. All of this has a point and a connection.

What if Americans of all generations, and not just the Millennials, are concluding they are so many sheep, and the various powers that be have treated them as such for a long period of time? You find the brand or the model to suck as much money or votes out of the desired demographic for as long as you possibly can. The NFL is a great example for the nation as a whole, and Jimmy Buffet is for me at the micro level.

Think of the NFL as a newspaper. The latter doesn't really make its money selling subscriptions. While those are still important, the real money is in the advertising. Trust me on this, as I have seen what they charge (or used to charge) for advertisements. For \$3/week, you get the e-edition of the Birmingham News, Huntsville Times, and Mobile Press-Register, as well as the Wednesday, Friday, and Sunday print editions. Obviously, that is \$150/year. Trust me, a single run, full page ad in the News costs more than that.

The same could be said of the NFL. While ticket sales are important, it gets the big money through its contracts with the various networks. The networks pitch games to potential advertisers, who pay for the ability to reach as many thousands as is possible in one fell swoop. Basically, they pay up for games with the highest estimated viewership, which is the reason why ads for the Super Bowl are so expensive.

The dollars are staggering. From what I have read, each team received a little over \$226 million in TV revenue from the league last year, over \$7.24 billion in all. In return, viewers had to sit through any number of truck, beer, pizza, and fast food commercials. By comparison, the face value of the average ticket to a home game at Lambeau Field (Packers) is around \$112. That stadium seats 80,735 and hosts 8 regular season games per year. While there are packages and discounts, etc., this is the math for regular season games:  $80,735 * 112 * 8 = \$72,338,560$  in ticket sales at face value.

So, in order to make the average NFL player a millionaire, and the average salary is around \$1.9 million (which is low compared to the NBA and even MLB), fans have to sit through yet another Budweiser advertising campaign and listen to how truck A's bed liner is stronger than truck B's, etc.

The thing is, it would seem the NFL has had a policy of "build it and they will come." Other American companies have had the same business model: McDonald's, Budweiser, General Motors, etc. While those companies are still icons, or what have, their market share is nowhere near what it once was. Saturation? Ubiquity? Perhaps. Or was it, um, lack of uniqueness or how the companies took the customer for granted? I will let you decide on that, but I would suggest at some point in every business cycle a certain amount of consumer fatigue 'sets in,' for whatever reason.

So, what if a measure of consumer fatigue has set in with the NFL AND the primary advertisers (which help pay inflated salaries) are those companies for which there is already some measure, again, of consumer fatigue? What if this plays out not just in professional football, but also in other areas of the economy and lives? Is NASCAR also a good example? What if this happens coincidentally, as if by happenstance?

Will we blame Millennial viewing habits? Or will we blame the real culprit? Arrogance/self-importance....that the lemmings will show up no matter how much you charge; how much of the product you provide, and no matter how you act.

Oh, the NFL will make it through, but its popularity has probably peaked, as have salaries. Some other form of entertainment will take its place in decline, and it could already be happening. The industry experts will blame just about everything but themselves, and it won't make any difference.

In the end, whether it be football, the movies, or even politics, the powers that be underestimate the American consumer when they put their own interests and wallets ahead of the public's by cynically feeding it bread & circuses.