

# Apple tests the Sunday Night Football waters by sponsoring the halftime show

Article

**The news:** Apple will sponsor the 2023 Super Bowl halftime show, replacing longtime sponsor Pepsi in an estimated \$50 million deal with the NFL, per The New York Times.

**Why this matters:** The halftime show deal is significant for Apple, which has long distinguished itself from other consumer goods companies, and could influence ongoing negotiations about which streaming service will purchase the rights to the NFL's coveted **Sunday Ticket**.

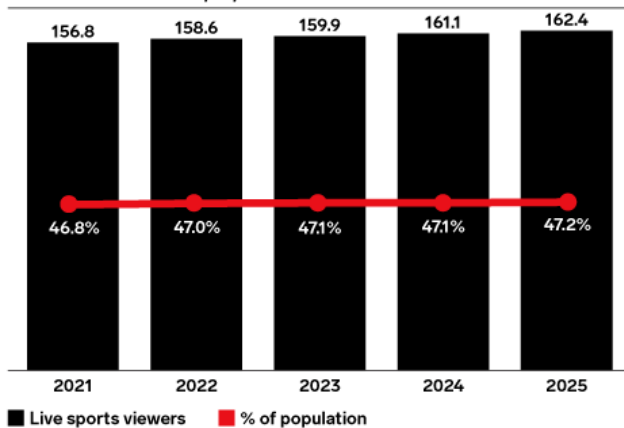
- The NFL is reportedly seeking **\$2.5 billion** for Sunday Ticket rights, \$1 billion more than its current deal with  **DirecTV**, per The Times. The high asking price has led to a back-and-forth with Apple and other streamers, but Apple's foray into the halftime show could be a major step toward inking a deal.
- The NFL has aggressively pursued long-term streaming deals—a sign that it sees the future of sports broadcasting as digital. It severed long-standing contracts with broadcasters to strike a \$13 billion, **11-year long deal with Amazon** for Thursday Night Football.

**The reason for the long contracts?** Changing the broadcasting home of a sports league has some short-term negative effects. When Monday Night Football transferred from **ABC** to **ESPN**, the NFL lost a quarter of its viewership, eventually recovering it in the long term and boosting ESPN's broadcasting power. Amazon has warned of a similar effect with Thursday Night Football.

- But with streaming, the cost could be more severe. Consumers are growing tired of the fractured viewing experience and large number of streamers—which will likely cause some consolidation down the line—and politicians are starting to chime in.
- Ahead of Friday's MLB game during which **Yankees** player **Aaron Judge** was expected to break a home run record, New York Attorney General **Letitia James** lamented it was “wrong and unfair” for Apple to lock the historic match behind a subscription, and called on it to open the broadcast to the **YES Network**.

## US Live Sports Viewers, 2021-2025

millions and % of population



Note: individuals of any age who watch live sports content at least once per month over the course of the season of at least one sport; excludes highlight viewing and viewing of nonlive content; excludes esports; excludes Olympics content  
Source: eMarketer, Feb 2021

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**Apple's sea change:** A brand like Pepsi makes sense as a sponsor for the halftime show. It has long associated itself with popular musical acts of the day, and consumers have come to expect noted CPG brands to sponsor major events. For Apple, it's a different story.

- Apple has always tried to carve out a place in pop culture, but its sponsorship of major pop culture events has been sparse (it did sponsor the 2016 Met Gala to support the Apple Watch.)
- But now, the company is becoming less of a tech product brand and more of an entertainment service. Actually, "services" is the key word here; its revenue category of the same name, which includes **Apple TV+**, **Apple Music**, and **Apple Arcade**, has become its second-largest segment behind the iPhone.
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- But despite having highly acclaimed content offerings both on Apple TV+ and Apple Music, Apple TV has around 16 million subscribers, far below its similarly aged competitors.

Apple Music, on the other hand, has a tiny cultural imprint compared with the behemoth that is **Spotify**. Thanks to a vast audio library, cheap subscription costs, and intense personalization, Spotify has secured its place in pop culture and made 24/7 access to music a standard.

**The big takeaway:** With the Super Bowl deal, Apple has shown that it's not willing to cede its place in music or pop culture to Spotify just yet. Apple may be testing the waters of a football

contract with the event, but whether it strikes a deal or not, the NFL is looking to digital broadcasters for the future of its league.