

Can football's biggest loser find its feet again?



Australia v England in the Rugby World Cup final at Telstra Stadium, Sydney in 2003.

John McDuling and Jonathan Shapiro

When Jonny Wilkinson's last-minute drop goal wobbled through the posts to snatch the William Webb Ellis trophy for England in 2003, Australian rugby fans were heartbroken. But few would have predicted the dramatic fall from grace their beloved code would suffer over the ensuing decade.

The 2003 Rugby World Cup final at Sydney's Olympic Stadium, where England defeated the Wallabies in extra time, attracted more than 4 million viewers, making it the most watched program of the year. To this day, the second most watched program in Australian television history.

The Australian Rugby Union's \$35 million windfall from hosting the planet's third-biggest sporting event gave it a war chest to continue expanding the code, long perceived as the domain of the private school elite, into the consciousness of the broader community.

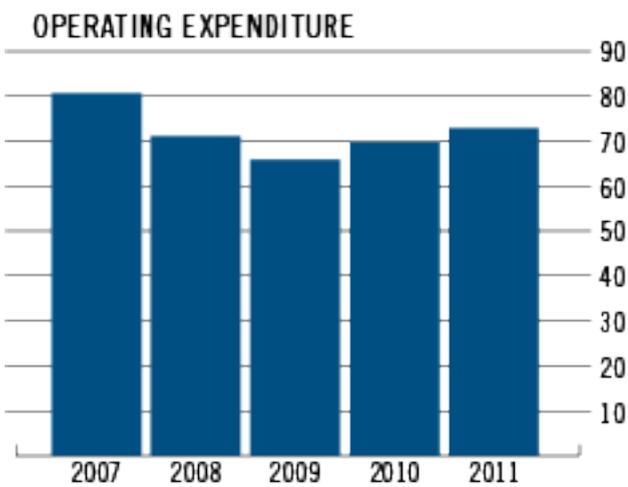
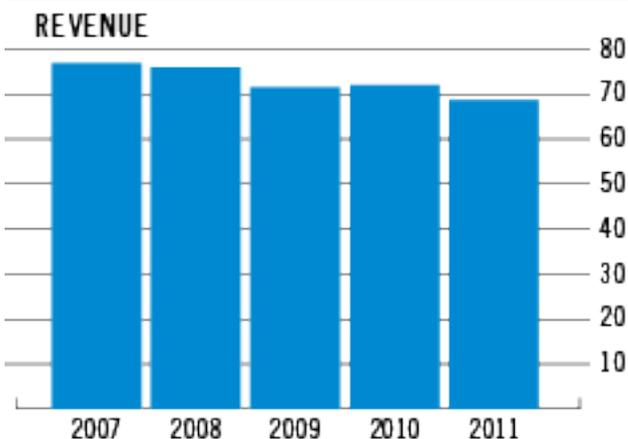
Less than a decade later, rugby is struggling for relevance, with falling attendances and ratings making it arguably the biggest loser in Australia's ongoing football code wars.

It's hard to pinpoint exactly what went wrong. Popular wisdom suggests it has become too confusing for television viewers, bogged down by incomprehensible rules and endless scrum resets.

The Wallabies are no longer dominating the world stage either. Since 2003 they have lost 10 straight Bledisloe Cup series to arch rivals

Footy figures

Financial position of the Australian Rugby Union (\$m)



Revenue breakdown (%)



New Zealand and in recent years they have suffered embarrassing losses to the likes of Scotland and Samoa. They have held on to a respectable third place in official world rankings behind the giants of the game, South Africa's Springboks and one of the strongest All Black teams in history. But in Australia's highly competitive sporting landscape, third place is evidently not good enough, particularly when you are facing intense competition for eyeballs.

And that competition for TV ratings is arguably far more ferocious than anything the Boks and the Blacks can muster. With five codes vying for the attention of a population of 20 million, Australia's football market is the most saturated in the world.

"The game is under enormous pressure," says Steve Allen, managing director of branding agency Fusion Strategy. "It's been completely outflanked by the A-League. The NRL and AFL are unassailable. It's a white collar, private school sport and is a bit elitist, but that's its problem."

"It' got a very small geographic spread. That's the biggest problem it has with telecasting, and without telecasting you are not going to popularise it."

This week, the Australian Rugby Union appointed experienced marketing and technology executive Bill Pulver to fix its problems. He comes with solid business credentials, having run ratings company ACNielsen in Australia and Asia, as well as New York-based NetRatings and, most recently, domestic linguistic technology business Appen Butler Hill.

Pulver is the "epitome of rugby union – well connected, well educated, well credentialed, but you've got the killer instinct", Allen says. "He's not to be undervalued. He's a very warm personable engaging fella, but he's also a bloody good businessman."

But Pulver has big boots to fill. He will succeed John O'Neill, a giant among sporting administrators, who ran rugby for 14 of the past 17 years but decided to step down last year to focus his efforts on the chairmanship of ASX-listed Echo Entertainment.

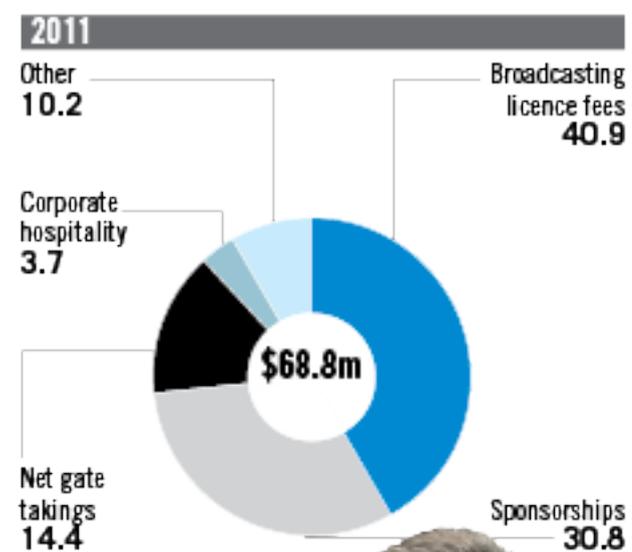
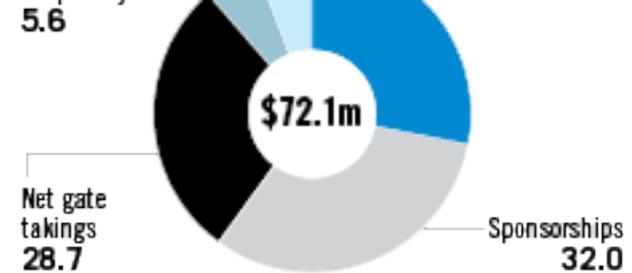
Pulver played rugby at Sydney's elite Shore School, where his son Angus played halfback for last year's 1st XV and went on to make the 2012 Australian Schoolboys team. A diehard rugby fan, he dismisses the notion the game has become too complex and boring, but concedes there is work to be done.

"Overall what you have got to do is capture the hearts and minds of sporting fans in Australia," Pulver tells *The Australian Financial Review*.

"I would acknowledge there is more work we can do to re-engage with our fan base to offer an entertainment package that is competitive with all of the other options out there."

SOCCER BECOMES A SERIOUS FORCE IN AUSTRALIA

And there are plenty. The AFL remains the nation's pre-eminent football organisation, and its incursions into new territories have arguably hurt the 15-man code more than the presumed target, rugby league. Through enduring success on the field, the Sydney Swans have established a strong foothold in the city's eastern sub-



BILL PULVER

SOURCE: ARU ANNUAL REPORTS

urbs –heartland rugby union territory –while AFL’s expansion into the city’s western suburbs leaves rugby fighting a well-resourced rival on two fronts.

At the peak of rugby’s popularity in the late 1990s and early 2000s, its historical rival, rugby league, was still recovering from the Super League schism and plagued by a string of off-field scandals. Since then, however, the NRL has got its act together, as its new blockbuster \$1 billion broadcast rights deal attests.

Meanwhile, soccer has finally established itself as a serious force in Australian sport, with the A-League enjoying what is widely considered its most successful season yet.

Rugby remains “a religion for some Australians”, Allen agrees, but adds: “There’s just not enough of them, and they’re too regionally based.”

O’Neill was hugely successful in his first stint in charge of rugby, steering it through the early days of professionalism into a period of unprecedented mass appeal. But his second term, which began in 2007, was mired in bitter political wrangling between the ARU and the various state unions.

O’Neill was criticised by elements of the rugby community for a top-down approach which focused too heavily on the Wallabies. However, some say the real problem was the serial underperformance of the NSW Waratahs, once considered the glamour team in Sydney, the city with the greatest density of rugby fans.

O’Neill pushed for more control over state franchises such as the Waratahs but was rebuffed, so can hardly be blamed for poor team performance.

Rugby might enjoy a higher international profile than Australian football or rugby league, but that also means it does not have full control over its own destiny. The ARU cannot instigate rule changes simply to appease Australian audiences; it must go through the International Rugby Board, which is dominated by England and France, where viewer preferences are different and the code is on a much sounder financial footing.

HEADWAY BEING MADE

But there are grounds for optimism, both at a grassroots level and in the professional level. The sport has been hamstrung by a lacklustre presence on free-to-air TV ever since it left the Seven Network, whose boss David Leckie, a union man himself, backed the code for years before picking up AFL rights. For the past two seasons, rugby test matches have been broadcast on the Nine Network. But Nine’s alliance is an unholy one. It bought the rights for the 2011 World Cup in New Zealand yet did not run live broadcasts of Wallabies games because they clashed with more popular codes.

According to Fusion, free-to-air ratings for Wallabies matches were the lowest on record last year. The highest rating Bledisloe Cup match attracted fewer than 550,000 viewers, down from 1.58 million in 2001.

The Wallabies brand is likely to gain greater exposure this year, with Test matches to be broadcast live on the Ten Network in a deal believed to be worth \$3 million.

This year, the Test line-up will include the three-Test British and Irish Lions series, a once-in-12-year event that is likely to provide a much needed shot in the arm for the game.

Membership of the Queensland Reds, which claimed the prestigious Super Rugby title in 2011, nearly doubled last year to 32,640. Over the last three seasons, its average attendance is up 85 per cent, while broadcast figures are up 64 per cent over the same period, averaging 112,000 last year.

The sport is also making much needed headway nationally. Media mogul Harold Mitchell, the president of Melbourne Rebels, speaks glowingly about the impact of the game on the city, where it has had a presence for more than a century but only recently on a professional level. “We have strong membership, great commercial support a big sponsorship with Rabobank and the good ratings on Foxtel,” Mitchell says.

In rugby's heartland city of Sydney, however, fans are turning their backs. Average crowds at Waratahs games have fallen to 18,000 from 35,000 in 2002 while Waratah membership has plunged from around 15,000 to fewer than 7000.

There is one ray of sunshine that shows the harbour city has not fallen out of love with the sport. A "throw-back" 3 pm test match at the Sydney Football Stadium in June between Australia and Wales, the first day-time test in 17 years, was a sellout.

This represents a dilemma for the game's new boss, who inherits a code in crisis that is battling with the commercial realities of modern sport.

Must rugby union go back to its roots, or should it accept that it must change to thrive in the future?

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