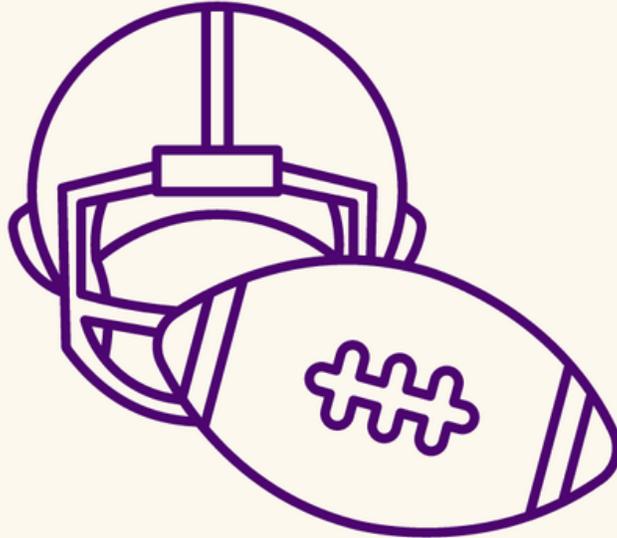


NIL History & Perspectives

One Year Since the NCAA's Radical Change



●● Medium

BREAKING NEWS

August 10, 2022

NIL History & Perspectives, One Year Since the NCAA's Radical Change

"Other businesses, such as MOGL, are creating marketplaces that connect brands with student-athletes of all ranges of social media followers."

By Sameer Bhargava



Introduction

It has been over a year since college athletes have been allowed by the NCAA to financially benefit from their name, image, and likeness (NIL). When the NCAA Board of Directors adopted NIL deregulation on June 30th, 2021, it was heralded by college athletes and the broader sports world as a major success and a step in the right direction. In response to recent debate on the impact NIL changes have had on college athletics, former NFL Quarterback Robert Griffin III tweeted “Schools and coaches have USED student-athletes to make billions. Now it’s the student-athletes’ turn.” This sentiment is the shared consensus amongst athletes across the country who believe they should be able to monetize their personal brands.

There has been immediate impact and financial gain because of these new policies. Athletes such as Alabama Quarterback Bryce Young inked over \$800,000 worth of deals with Cash App, Leaf, Wild Card and Onyx; women’s basketball icon Paige Bueckers signed several NIL deals including with Gatorade and StockX; and Olivia Dunne of LSU gymnastics signed a more than \$1 million deal with Vuori, amongst others. Potentially more revolutionary has been the impact that new NIL rules have had on lesser-known athletes who are still able to make cash from local businesses. Shane Bell, a center on Erskine College’s football team made \$525 from Mama’s Sweet Shoppe in Abbeville County and Emelie Curtis, a Duquesne lacrosse player was able to capitalize on her likeness to host a lacrosse clinic. Without question is the impact these deals have had on athletes’ lives allowing players to monetize their talents without being taken advantage of. This has been the result sought after by proponents of the NIL changes who argue, similar to the thoughts shared by Robert Griffin III, that these athletes are producing the product that results in billions of dollars generated for their respective schools, and that they should see some financial reward as a result.

There are of course detractors to these recent NIL changes. Naysayers argue that compensation of any kind to college athletes defeats the purpose of amateurism and that the introduction of financial incentives in the form of NIL partnerships, which has been a general trend by school collectives who pool together capital to shape NIL deals, can sway individual athletes to certain schools thereby tipping the balance of power to schools with larger financial backing. Even Mark Cuban, owner of the Dallas Mavericks, recently stated that he is “not a fan” of amateur athletes who are making significant money from social media, as it gears these athletes to focus on building their following count and creating highlight reels solely for eyeballs and views rather than developing their skill sets to become better professionals and players in their respective sports.

Nevertheless, while it will take time to see the true consequences of such historic changes, the NCAA has officially made its motion. Good or bad, there is no question that the nascent but certainly burgeoning NIL market will create new forms of businesses for years to come – whether that is in the form of media, agencies, brand partnerships, marketplaces, or something else. With the backdrop of younger generations who find celebrity in social media personalities, in which an individual person or athlete can essentially be a business entity themselves, an entire ecosystem of business, services, and partnership opportunities were unlocked on June 30th, 2021.



It has officially been over a year since the NCAA modified its policy to allow student-athletes to capitalize off their name, image, and likeness.

A Brief History

Prior to the NCAA motion, college athletes were not allowed to be compensated by any means (aside from scholarship) and were forbidden to play for pay. When California governor Gavin Newsom signed Senate Bill 206 into effect in 2019, essentially the first legislation that addressed student-athletes capitalizing monetarily on their name, image, and likeness, the NCAA responded negatively. They countered that Senate Bill 206 “would erase the critical distinction between college and professional athletics and, because it gives those schools an unfair recruiting advantage would result in them eventually being unable to compete in NCAA competitions.”

The amateurism argument is what the NCAA has clung onto every time college athlete compensation has been brought into question. However, for quite some time, it has been understood that the stronghold the NCAA had was monopolistic in practice. College athletics has been a multi-billion-dollar industry that refused to relinquish its current stance on amateurism and prior to the NCAA motion, a Supreme Court ruling in National Collegiate Athletic Association vs. Shawne Alston agreed that was the case. This was an influential decision that no doubt helped usher in this new phase of regulation. Justice Brett Kavanaugh in the court ruling concurred that the amateurism argument was an overly broad and outdated defense for failing to allow the NCAA's revenue drivers (student-athletes) to receive compensation and that the "NCAA business model would be flatly illegal in almost any other industry in America." Perhaps most powerful, was Kavanaugh's opinion that "businesses like the NCAA cannot avoid the consequences of price-fixing labor by incorporating price-fixed labor into the definition of the product." In essence, this completely shut down any argument the NCAA could have on refusing to allow players to be compensated on the grounds of maintaining amateur status, a critical decision that has now laid the pathway for these new NIL regulations and perhaps further potential compensation for the broader student-athlete community. While individual states are now developing student-athlete compensation laws, there is no doubt that the foundation for a new market has been created.



The Supreme Court ruled that the NCAA's argument regarding amateurism was outdated and that its business model would be illegal in almost every other industry.

The Nascent but Burgeoning NIL Market

As soon as deregulation took effect the market was quick to react. NIL deals were immediately struck with college athletes such as Oregon Quarterback Bo Nix, Iowa Guard Jordan Bohannon, who has been a very vocal advocate for NIL opportunities, and South Carolina Quarterback Spencer Rattler. Agents and third-party services have arisen to assist student-athletes with securing deals that work best for them. Platforms such as Opendorse and On3 even began to coalesce data to estimate student-athletes' valuation regarding potential deals secured. These deals most often come in the form of a brand partnership. For athletes in widely followed sports the partnerships can be worth up to five or six figures. For the rest of the 460,000-plus student-athletes, deals secured are often more local with smaller payments. Even so, those smaller deals are valuable to both the athlete, for who a couple hundred or thousand dollars can go a long way, and for the brand partner, who views those with smaller followings as more genuine when promoting products and thus creating a tighter connection with potential customers. Some examples of athletes capitalizing on NIL opportunities are below:



Paige Bueckers has over one million Instagram followers and brand deals with Gatorade and StockX amongst others. Her estimated monetization is ~\$63K per social media post.



Doug Edert went viral during the NCAA March Madness tournament significantly increasing his NIL value. He has over 164K followers on Instagram and recently signed a brand deal with Buffalo Wild Wings.



Lexi Sun became the first female student-athlete from the University of Nebraska to sign an NIL deal. With over 83K Instagram followers, she inked deals with Borsheims and Ren Athletics.



Arkansas Razorback Trey Knox, who owns a Siberian Husky named Blue, signed an NIL deal with PetSmart. With 14K Instagram followers, he has an estimated valuation of \$43K.



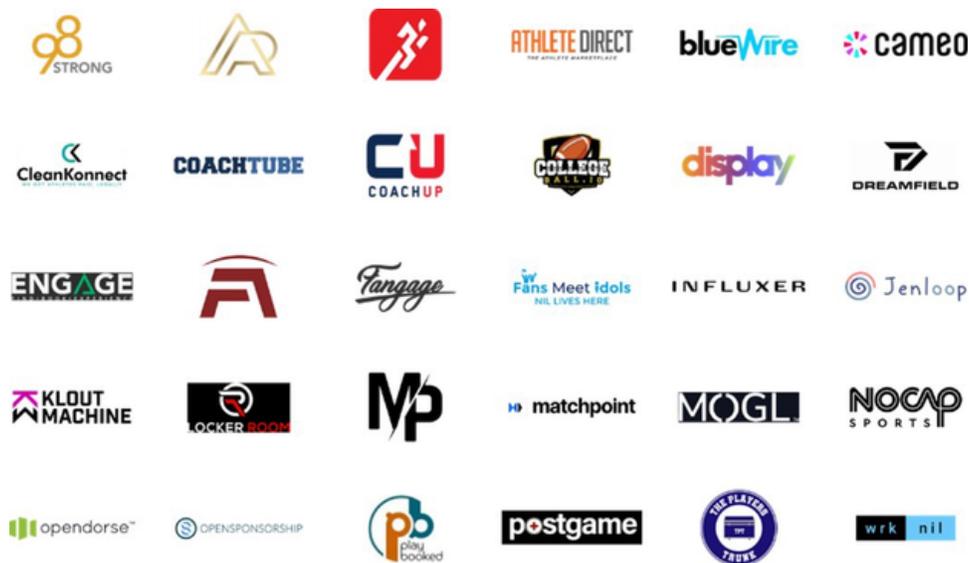
LSU Gymnast Olivia Dunne boasts an Instagram following of 1.9 million and has monetized her likeness in deals with over \$1 million with companies such as Vuori, American Eagle, Plant Fuel, and Bartleby.

Student-Athletes everywhere are capitalizing on the policy change through brand partnerships that resonate with them.

As stated, NIL deals are getting signed not only with the biggest college stars but also with athletes from smaller programs in other non-revenue generating sports. Opendorse has provided [comprehensive data](#) regarding average NIL partnership compensation across all three NCAA divisions.

Future NIL Market Prospects

The new NCAA policies have ushered in a variety of startups and established companies that are attempting to capitalize on this new market to help universities, student-athletes, and brands succeed while maximizing monetization potential. Companies such as Athliance are helping universities and players conform to rules, regulations, and compliance as student-athletes seek out partnerships and brand opportunities. Other businesses, such as MOGL, are creating marketplaces that connect brands with student-athletes of all ranges of social media followers. Another interesting company is Learfield, an established sports marketing business that is assisting schools and players monetize digital media IP. A list of representative companies is below, and the ecosystem is projected to only get larger with a market size of \$1.14 billion.



A variety of startups and established players have entered the market to capitalize on newfound opportunities.

Impact of NIL Deals on Athletes' Lives

As previously mentioned, these NIL deals can have a significant impact on student-athletes' lives. Certainly the select few who can garner six figure brand partnerships will experience life-changing compensation very early on in their careers and lives. However, the athletes who receive much less will also be the first to say that even smaller amounts of compensation can go a long way. No matter the size of the deal, there is no doubt that the new NIL changes have financially empowered athletes of all levels and across all sports – both revenue and non-revenue generating. Perhaps the new rules have even created a pathway for a more gender-equitable future as it relates to the income disparity between men and women across the broader sports landscape.

Sedona Prince, the Oregon college basketball star who revolutionized the college athletics landscape when her TikTok videos went viral for pointing out the egregious differences in men and women's athletics at the NCAA March Madness basketball tournament believes this is the case. In her testimony before a US Senate Committee regarding a hearing on NCAA Athlete NIL Rights, Prince flatly denies the claim that NIL deregulation "only benefits the star football and men's basketball players." She goes on in her testimony to state that monetizing her NIL rights provides more opportunities for athletes like herself who have more limited professional opportunities down the road and that NIL opportunities bring increased attention overall to women's sports to create a more gender-equitable future for up-and-coming female athletes. All in all, there is clearly a positive impact of these NIL opportunities on athletes' lives and society more broadly.



Sedona Prince has not only been an advocate for equality in college sports but also an avid supporter of NIL deregulation, testifying before a US Senate Committee on the benefits for student-athletes

My Thoughts & Conclusion

I am incredibly excited for student-athletes everywhere and for their opportunity to finally partake financially in the broader college athletics ecosystem. For too long we have been inundated with data and news regarding the excess compensation paid to college coaching staffs and the financial gains by schools who are monopolistically capitalizing on the backs of student-athletes for free. Scholarships are not enough when we continuously hear stories about players who cannot earn a living during school for fear of violating regulations or when we hear that players don't even have enough money to afford meals. It is only right that student-athletes have the chance to earn money off their name, image, and likeness, just as any other US citizen has the right to.

I also personally believe the market opportunity is a lot more massive than the \$1 billion size currently estimated. The impact of NIL deals on lesser-known athletes in non-revenue generating sports should not go unnoticed. Advertisers may have a lot more ROI on their marketing dollars spent on these athletes given the stronger connection these individuals may have with their smaller followings and the more genuine the promotion may come across. Particularly, it could have an outsized positive impact for smaller, more local businesses.

Critics of the new NIL policies make valid points but, in my opinion, their arguments fall flat. Detractors have argued that school collectives can now sway athletes in the form of NIL partnerships, certainly a grey area for recruiting, as evidenced in the recent Nick Saban/Jimbo Fisher back-and-forth in which Saban accused Texas A&M of buying its entire 2022 recruiting class with NIL money. But hasn't college recruiting always had its fair share of shadiness? Too often we see the same schools attracting the best players, a reflection of the quality of the program and coaching staff indeed, but also most likely dubious recruiting tactics that may not always be seen or reported by the media. There have been countless recruiting scandals over the years in which players have accepted cash or other means of payment to attend certain programs. Whether or not these new NIL policies influence the balance of competition to certain programs, at least the revenue drivers, the student-athletes, are getting properly compensated. Furthermore, nothing is stopping alumni with lesser-known college sports programs from putting in the appropriate effort with their bases and connections to create collectives themselves.

Finally, to address Mark Cuban's point that financial incentives based on name, image, and likeness gears athletes to optimize for social media content views rather than becoming better players and professionals, I would argue that only a select few student-athletes are in the top echelon of their craft to make it to the pros. We should let those that are skilled at their sport but that are not likely to make it to professional leagues, capitalize on their athletic prime and their image associated with it, while they can.

In conclusion, it is certainly an exciting time for student athletes, brand marketing, and the broader sports and media landscape. I am personally looking forward to seeing how the market environment is shaped over the next few years and for college athletes to earn compensation that is rightfully theirs.

Read the full article



<https://bit.ly/3zPI0At>

