The Business of Cricket: Evaluating the IPL's Model for Financial Success and Global Sports Leadership

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Research Question: To what extent does the IPL's business model drive its financial success and position it as a global leader in sports entertainment?

Abstract

The Indian Premier League (IPL) has evolved into one of the most financially successful and globally recognized sporting leagues, blending cricket's cultural significance with a robust business model. This paper examines the extent to which the IPL's business model drives its financial success and positions it as a global leader in sports entertainment. It evaluates core components, including the franchise system, media and broadcasting rights, and merchandising, highlighting how each contributes to profitability and international visibility. The analysis reveals that franchises operate as independent mini-businesses, leveraging player endorsements, sponsorships, and strategic marketing to build brand loyalty and valuation. Broadcasting and digital platforms extend the league's reach, while merchandising engages fans and reinforces identity, though challenges such as counterfeit markets persist. Ultimately, the IPL's interconnected revenue streams create a self-sustaining financial ecosystem, setting new benchmarks in global sports management and securing its status as a pioneering force in entertainment.

Key Words: IPL, business model, franchise system, merchandising, broadcasting rights

Introduction

The Indian Premier League (IPL) completely transformed the way cricket is viewed and played on a global level; the inclusion of multiple culturally significant franchises, star international players, and quick-paced matches all led to its success in both finance and entertainment.

Following the format of Twenty20 (T20) cricket, which has gained popularity in the country over the years, the IPL was initiated by Lalit Modi, the The Board of Control for Cricket in India (BCCI) vice-president of 2008, based on a franchise system where each franchise representing an Indian city was put up for auction, with the highest bidder winning the rights to own the team. The total price of this first auction itself was $723.59 million

(The Times of India, 2013). Over the years, the IPL has accelerated its financial growth through various revenue streams, including sponsorships, merchandise, broadcasting rights, and ticket sales. For example, the Tata Group held the largest sponsorship agreement in 2025, with an actual value of INR 5,000 million ($60.15 million). IPL's sponsorship revenue itself is estimated to have generated $105.31 million in the 2025 edition (GlobalData, 2025). This, coupled with the multiple branches of revenue inflow, makes the IPL a global commercial powerhouse. In line with the aforementioned, this research paper aims to answer the following question: **To what extent does the IPL's business model drive its financial success and position it as a global leader in sports entertainment?**

This research paper argues that the IPL's success stems from its ability to combine cutting-edge business strategies with the cultural relevance of cricket in India and globally, thereby setting a benchmark for sports leagues worldwide.

Background on IPL

As mentioned in the introduction, IPL was started by the BCCI under the leadership of Lalit Modi in 2008. In conceptualising the league, several choices were made regarding the games, which went on to play a key role in promoting dynamic and engaging matches that retain audience viewership. For instance, due to its ability to capture the attention of audiences of all ages, and given the format's growing popularity in the country, T-20 was chosen for IPL over longer formats, such as a 50-over match. Furthermore, the timing of most matches is at 7:30 PM, which allows the majority of the working population to return from their jobs and enjoy the game. Moreover, the power play rule, where only 2 fielders are allowed outside the 30-yard circle for the first six overs, paves the way for explosive and aggressive starts with exciting balls. These elements combined engage audiences of all age groups, especially the youth who enjoy faster-paced innings.

Moving on, the IPL franchise model seamlessly integrates entertainment with competitive cricket to create an innovative blend that is both economically and socially beneficial. Firstly, the range of popular celebrities who own franchises, like Bollywood stars, business leaders, and private equity firms, adds glamour to the league (Lubang'a, 2025). At the first bidding, for instance, Bollywood made its presence felt, with stars such as Shah Rukh Khan, Juhi Chawla, and Preity Zinta acquiring two of the eight teams that were present at that time. This highlights the involvement of popular national figures, urging greater viewership numbers. Furthermore, successful businessmen such as Mukesh Ambani and Vijay Mallya buying franchises played a key role in popularizing the IPL as well, due to the large media turnout these celebrities are able to get (ESPNcricinfo, 2008).

At the same time, the mix of international and domestic players brings talent. A maximum of four overseas players are allowed in the starting eleven of a team; this rule preserves the Indian cultural significance of cricket, maximizing national viewership while also incorporating international players to achieve a blend of local and global appeal (Lubang'a, 2025). Furthermore, each IPL franchise represents a specific city, which drives local pride and loyalty.
This promotes a strong fan base, which leads to higher ticket and merchandise sales.

Over the years, some teams, such as Deccan Chargers, Pune Warriors India, and Gujarat Lions, have entered and left the IPL due to breaches of financial contracts and regulations that each franchise must follow (The Times of India, 2025). New franchises like the Lucknow SuperGiants and Gujarat Titans have entered the IPL as well, widening the range of players while bringing in famous figures like Sanjiv Goenka and CVC Capital (owners of LSG and GT) (Raveendran, 2025). This makes the famous auction process enjoyable as well, another element that allows the IPL to transcend traditional sports business boundaries.

The IPL Franchise Model

Each franchise gets 100 crores INR to collect players at the beginning. In this budget, prices can go up to even INR 27 crores for a single player. This was the case with Rishabh Pant in the 2025 season, who the Lucknow Super Giants signed. Furthermore, the 2024 season of the IPL marked a 13% increase in the cumulative brand value, reaching $12 billion. Four successful franchises individually crossed the $100 million mark - Chennai Super Kings (CSK), Kolkata Knight
Riders (KKR), Royal Challengers Bangalore (RCB), and Mumbai Indians (MI) (Dixon, 2024). This positive paradigm shift showcases how the league continues to grow with each season, financially becoming a commercial powerhouse.

Players are central to building franchise identity. Fans often support a team because of star players. For example, franchises like CSK and RCB leverage their globally recognized players (Virat Kohli, MS Dhoni, Ravindra Jadeja) to garner the support of the majority of their fans. Over the seasons, such franchises continue to retain these players to build fan loyalty, further promoting their brand image. Not just star players, but celebrities like the Ambani family (owners of MI) or Shah Rukh Khan (partial owner of KKR) have a powerful influence over the audience as well (Srivastava, 2024). This brand loyalty causes a chain reaction as merchandise and ticket sales are both boosted. These small factors play a key role in generating such prominent figures over a single season, making the IPL a financial powerhouse.

Another major revenue source for franchises is player endorsements. As some of the league's players are star international players and famous worldwide, they are sought after by multiple brands for endorsements. Franchises that own rights to the player can make a commission by organising endorsements for their players with brands. Thus, retaining or buying a popular player in the auction has multiple benefits, with the primary one being higher performance, and secondly, a higher endorsement fee that translates into additional money for the franchises (Exeedcollege, 2023).

Beyond the above, the BCCI also shares broadcasting and central sponsorship revenues with the franchises. This revenue-sharing model significantly enhances the financial strength and business sustainability of the franchises, allowing them to operate with greater stability and long-term growth prospects.

Revenue Generation through Media and Broadcasting Rights

Broadcasting rights for the IPL are the backbone of its financial success due to the multi-million dollar deals that are made. The shelf life of retaining the rights spans over 5 years. Major broadcasting bidders include DisneyStar (parent company of JioHotstar), Sony, Zee, Reliance, and Viacom. Such bidders take place in an auction held every 5 years; the most recent one, held in 2022, was the first e-auction. Here, companies file incremental bids until they are left with the highest bid, and thus ownership of the broadcasting rights (Gollapudi, 2022).

This e-auction has reached the highest amount to date - INR 48,390 cr. Here, Disney Star retained the Indian sub-continent TV rights for a value of INR 23,575 cr, while Reliance, backed by Viacom18, took the India digital right deal for INR 20,500 cr (Economic Times, 2022). Additionally, Viacom18 paid another INR 2,991 crore for a non-exclusive package. Such high figures directly reflect the massive viewership IPL is able to get and retain over its multiple seasons. Moreover, the high bid for digital rights viewership underscores the growing trend of viewers shifting to digital platforms to watch the league. In 2023, JioCinema recognised and took advantage of this shift in viewership by offering free access on its platform. JioCinema’s intelligent use of the Zero-Price Effect was a key to its success in providing free viewership. Offering a service for free eliminates the risk of purchase and its opportunity cost, which allows customers to say yes to the service without any hesitation or extensive consideration (Baier, 2022). This strategy significantly boosted the viewer base with a 50% increase in viewers for the opening match compared to the last season in 2022. A bold strategy like this proved to be advantageous as the increased viewership incentivized advertisers to use JioCinema’s platform, resulting in INR 3,239 crore in ad revenue for the 2023 season. This surpassed Disney+Hotstar’s combined revenue from advertisements and subscriptions from the 2022 season (Yourstory, 2024).

Moving on, high media rights revenue is advantageous to the IPL as a whole, as it provides a massive inflow of income through the sales of television and digital streaming rights. This high revenue is shared between franchises and the BCCI, which ensures financial stability (Gupta, 2025). Distribution of revenue here enables the fair distribution of funds across all franchises, preventing any one franchise from dominating the pool or being short on finance. This surge of revenue also makes the league attractive for top international players and sponsors, causing a ripple effect that in turn generates more revenue for the league.

Lastly, the inclusion of regional feed allows for a more diverse and wide audience base. Especially with the multiple languages in India, viewers from all regions can enjoy commentary in their language, allowing them to watch matches for longer. This further enhances the audience engagement that the IPL is able to get every season (Farooqui, 2022). With audiences more engaged in matches, a rise in ticket sales and merchandise sales is inevitable. Proving how one revenue stream can lead to another in the IPL, making it one of the most financially powerful leagues.

Building Loyalty and Revenue through Merchandising

Merchandising sales are yet another key source of revenue for all franchises due to the diverse range of items they include. For instance, all ten teams have different jerseys, caps, accessories, and collectables exclusively available every season. This allows each franchise to develop a unique identity of its own by expanding its brand image and reaching a global audience. The IPL has successfully leveraged emotional appeal to drive merchandise sales. Each state has a personal connection to each franchise - this, combined with engaging social media trends, ad campaigns, and sponsorships, creates a global appeal. Buying merchandise is a perfect way for fans to express this strong emotion. These sales are not limited to India; IPL merchandise is globally popular, as fans collect apparel of their favorite international players (Gupta, 2025).

The scale of merchandising is evident in team-specific sales figures. Dominant franchises like
CSK account for more than 50% of IPL merchandise sales, with 60% of these coming from Tamil Nadu alone. This demonstrates the loyal connection between the masses and the players. Growing enthusiasm for merchandise has further expanded the market; on FanCode, a large merchandising platform, merchandise sales have nearly doubled in the past 2 years (Swadesi, 2025).

Strategic partnerships have amplified this revenue stream. Each franchise has an official merchandise partner, allowing it to release exclusive apparel and high-quality goods. Some major partners are FanCode, PlayR, SG, etc. This is combined with official franchise websites selling premium merchandise as well. Overall, this builds a broad avenue for fans to make purchases, further boosting merchandise sales. One such successful partnership has been between Puma and RCB - they released an exclusive fanwear range of tees, footwear, caps, and pants. Partnerships like these expand offline and online channels for consumers to make purchases; strong franchises partnering with global brands ensure high quality and design (Martins, 2021).

IPL has completely revolutionised the merchandise market in India, which was nearly non-existent before. With jerseys forming 85% of sales, merchandise is taking advantage of the growing fandom culture. The global licensed sports merchandise market is also expected to reach $39.8 billion by 2027, currently growing at an annual growth rate of 4.9% (Bhardwaj, 2023). Due to this escalation in the fandom, brands are expanding into more than just jerseys with mugs, caps, sippers, pillows, etc., rising in popularity and demand as well.

However, despite its growth, merchandise revenue faces challenges. One of the biggest challenges is that the league must constantly combat counterfeit products, as these lead to a loss of revenue. Any official IPL names, marks, logos, and other audio-visual representation is known as the IPL IPR. It is necessary to protect this IPR; if unofficial partners start associating with the IPL, fans will be offered lower-quality goods with no proper network of distribution, which will also discourage official broadcasting and advertisement partners from making deals with the IPL (Indian Premier League, 2023). Organisers have now appointed a central agency to license products for the sale of merchandise. This is a significant reason why this stream of revenue cannot monetize as much as others, despite having a massive fanbase and demand for team products (Sarkar, 2021).

Conclusion

The IPL's business model drives its financial success and positions it as a global leader in sports entertainment to a great extent. Its success over the years lies in its ability to utilise intelligent business strategies, setting a financial benchmark while leveraging cricket's national and global cultural significance. The league's success is a mark of a valuable achievement for both fans and players.

Each franchise within the league is able to act as a mini-business, building its valuation over each season by retaining star players, signing player endorsements, and using clever marketing tools. Furthermore, media and broadcasting rights provide fans with new platforms, promoting higher viewership. This boosts fan engagement as the increased availability on online platforms demonstrates the league's adaptation to more modern methods to maximise profitability. Merchandising is a clever tool for fans to express their loyalty and love for franchises, while also serving as an essential revenue stream. However, challenges such as the counterfeit market remain a threat to the league as unofficial organisations mislead the audience by distributing unlicensed products.

Overall, each stream of revenue is able to create a web, causing a chain reaction of the inflow of money. For example, a franchise buying a star international player will incentivise broadcasting platforms to gain rights for the league, as higher viewership is guaranteed; through a good broadcasting channel, there will be higher viewership and fan engagement, further boosting merchandising and ticket sales. This relationship between multiple revenue streams is the key factor in driving the IPL's business model to financial success and making it a global leader in sports entertainment.

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