

22 May 2006



The Registrar
Commerce Commission
PO Box 2351
Wellington

Dear Sirs,

re: NZRU Application for Authorisation – Further Research into Television Audiences for NPC Rugby

Your letter of 15 May, addressed to Mr Impey, has been forwarded to me for response. I have read the letter and the analysis as directed in the letter. Frankly, I find it incredible that the Commission would use mathematics to resolve a sociological and behavioural issue. The analysis is absolutely worthless. There are so many assumptions made in the analysis, such as substitute viewing possibilities, variables for relegation, playoff opportunity or Ranfurly Shield, all totally untested, that the analysis cannot be considered seriously. If we could determine with certainty what drives television demand for any programme, we would sell that formula worldwide and retire very wealthy persons. In fact, television viewing and decision making is an art, not a science. It has some variables that, if used properly, can increase the chances of success, but it is very much a sophisticated but risky business.

In relation to Rugby, it doesn't take much other than commonsense to know that if a team is getting blown out week after week, the interest in that team will wane. The assumption is made in your research that uncertainty of outcome affects viewing on a game by game basis, which is a ridiculous assumption and certainly not one we have ever made. The uncertainty of outcome effect is realised over seasons of play. If the league has teams that are consistently non-competitive, viewing levels will be affected over the long term, and the credibility of the whole league will suffer. Without some parity, some chance for either team to win, why are we playing the match?

This concept has been recognised by sporting bodies worldwide. In North America, there are salary caps in NHL Hockey, the NBA and other major sports. This is specifically done so that smaller centres with pockets that are not as deep can still compete. NHL owners endured a one year strike last year to attain just that outcome.

If we do not have uncertainty of outcome, we then have certainty of outcome. Do any of us really believe that we can get viewers and fans to support a game or league where there is certainty of outcome?

Sincerely,

A handwritten signature in black ink that reads "Rick Friesen".

Rick Friesen
Chief Operating Officer

