MLB and Sports Media Rights in the Streaming Era

Article
05.07.2025

By Jeff Schlerf and Greg Payton

Diamond Sport Group's recent stay in Chapter 11 proceedings provides a good illustration of evolving trends in the consumption of live sports content and the resultant changes in the media industry landscape. Less than four years after Diamond acquired various regional sports networks (RSNs) for a variety of professional teams, including MLB clubs, it filed for bankruptcy. Diamond was overleveraged based on a significant drop in the value in the "traditional" (i.e., linear TV) media rights it had acquired. Throughout Diamond's stint in Chapter 11, MLB continued to express doubts about the viability of a perceived declining business model. The ongoing transformation of the sports media landscape may explain why.

In 2019, Diamond's then-corporate parent, Sinclair Broadcast Group, purchased multiple RSNs from Disney, which, for regulatory reasons, had to divest following its acquisition of Twenty-First Century Fox. The approximate $10.6 billion purchase price was funded in significant part through debt incurred through Diamond. That entity, in turn, held the RSNs either directly, through joint ventures with Bally Sports, or by minority interests in non-Bally RSNs. The historical business had been dependent upon cable and satellite providers for distribution to consumers. Only six months before bankruptcy did it launch its first "direct to consumer" (DTC) offering, a streaming service. As of the bankruptcy filing, Diamond's RSNs held rights to broadcast games of 16 MLB clubs, yet only five of which had DTC offerings. While the number of viewers for its still-dominant linear model continued to decline, its contracts with the MLB teams had an average remaining term of 6 years, and Diamond was saddled with almost $9 billion in debt.

While a more detailed description of events in the bankruptcy is beyond the scope of this article, how the proceeding began and ended is illustrative of industry changes. After filing, Diamond targeted what it viewed as its unprofitable contracts. It tried to impose upon three MLB clubs a "grace period" for payment of telecast fees, then sought court approval to unilaterally reduce such fees. MLB joined the affected teams in successfully opposing the relief. While Diamond's position was legally sound, industry economics resulted in the deals being restructured. Additionally, broadcast agreements with two other clubs, the Padres and Diamondbacks, were terminated consensually in the 2023 season. This trend towards restructuring broadcasting partnerships continued during the course of the bankruptcy case. MLB joined other clubs in expressing concerns about the viability of Diamond's proposed new business model and projections, scrutinizing its ability to pivot to a DTC-focused strategy. Eventually, MLB's objection to the reorganization plan was resolved after amended telecast agreements involving six other clubs were reached and Diamond's DTC projections improved. A very significant development was Diamond's renegotiation of its agreement arrangement with Amazon to enhance its DTC offerings.

Diamond's corporate journey over the past six years is emblematic of increased competition from new wealthy and tech-savvy entrants into sports media rights, who are well-positioned to offer sports content via DTC platforms. The combination of these new competitors includes Amazon, Apple TV, Netflix and Hulu. Many would not have predicted MLB's future partnership with Apple TV for Friday Night Baseball or Amazon's acquisition of NFL's Thursday Night Football at the time Diamond acquired its RSN's.

Marketplace demand is driving these changes. The movement of sports consumers, including MLB fans, away from "bundling" under traditional cable subscriptions began a while ago. Viewers increasingly demand more tailored options. ESPN remains a sports broadcasting juggernaut, but its leverage in negotiating in the industry continues to erode as it faces this new competition. These new "players" who have entered the sports media landscape have become accepted by content originators (leagues, teams, event promoters, etc.) as reliable media partners. Moreover, they appear to have an inherent technological advantage in capitalizing on consumer trends towards viewing content on different devices at or away from home.

In parallel with this shift is a trend toward smaller or even single-event packaging. Apple TV's acquisition of media rights for Friday night MLB games is just one example of a more circumscribed offering. This arrangement can be viewed as a "foot in the door" move by this company, but to be economically viable it must attract the consumer, and apparently Apple concluded it does. Netflix's embrace of an even more limited, but exclusive, package of content in the form of NFL's Christmas Day games is another development worth following.

As a sports content originator, how is MLB positioning itself? The Diamond bankruptcy case illustrates MLB's recent desire to adapt to the evolving media trends while maintaining control of how baseball's content is distributed. The strategy appears to be for MLB to manage local and national broadcasting rights more directly, including negotiations with streaming giants like Apple TV and Amazon. At the same time, as shown in the Diamond case, the league still wishes for itself and its clubs to maintain relationships with traditional broadcasters, albeit under changing business models with greater emphasis on DTC.

MLB and Sports Media Rights in the Streaming Era

Professional baseball's relationship with ESPN is instructive. It was a pivotal moment when ESPN recently elected to opt out of its national television agreement with MLB after the 2025 season. The thinking is that the broadcaster decided to move away from the traditional, linear, full-season commitment over multiple years. ESPN's shifting strategy will focus more heavily on its own streaming platform, ESPN+ to cater to sports consumer tastes. On the other hand, speculation is that this is a positive development for MLB as it's believed that the league wants to overhaul its media rights structure by 2028 as existing deals expire. MLB's strategy could be to broaden the potential field of buyers of its content, thereby making the field more diverse than it has been, as the best means to maximize revenue.

The lesson of Diamond Sports is how a misreading by one sports media participant of industry trends led to an expensive, often contentious, Chapter 11. In the case of ESPN, it was able, through a previously negotiated contract right, to opt out of a broadcast partnership as part of its overall pivot from an aging business model. Both scenarios compel MLB to focus on how it delivers sports content to consumers. The increased number of potential buyers of media rights presents economic opportunities. However, the continuing disruption in the industry will present both business, legal and technological challenges in the years to come.

CONTACTS

Gregory W. Payton

Jeffrey M. Schlerf

RELATED CAPABILITIES

Esports, Sports Technology & Wagering

Sports & Recreation