Sport as we know it is no more

• Music venues, theatres, galleries closed. Concerts are selling in Q3 & 4, some festivals cancelled and others hopeful of going ahead as planned.

• The Olympics postponed to 2021 with NBC having already sold $1.2 billion of advertising.

• Euro2020 postponed to prioritise the finishing of domestic leagues. FIFA assists WHO with ‘Pass the Message’.

• The majority of national/domestic sporting leagues and competitions postponed with the French and Dutch leagues cancelled. The top 5 European football leagues been put on hold has cost a combined maximum of €4.14bn in lost revenue.
Three phases: What do they mean for Sport?

**IMMEDIATE REACTION**

Organisations and brands involved in sport have rightly assessed the impact on the safety of fans and colleagues with a focus on immediate business continuity.

Sponsors should undertake core strategic workstreams to assess the value and activation gaps and have appropriate discussions with their partners.

**SHORT-TERM ADAPTATION**

Rights holders and some brands have quickly developed creative & innovative digital content strategies to engage fans and take into account the uplift in video consumption.

Sponsors should assess how they can activate digitally to engage with audiences. How brands act in the short-term will determine their relevance and connection with fans.

**LONG-TERM ‘NEW NORMAL’**

As sport leagues reorganise and look to start again, many behind close doors, the post Covid-19 sporting landscape will be vastly different.

This will provide complexities in navigating but also present major opportunities for brands, rights holders and advertisers. Brands and rights holders who are able to understand this in the most depth are those that will be able to capitalise on the return of sports and the passionate audiences that they commands.
IMMEDIATE REACTION

SHORT-TERM ADAPTATION

LONG-TERM 'NEW NORMAL'
The pandemic has cut the global sports calendar in half with revenue down $61bn

Pre-Covid-19, projections were that the global sports industry* would grow by 4.9% year-on-year to reach $135.3bn in 2020.

But as of 20th April it is projected that it will generate just $73.7bn in revenue in 2020, $61.6bn less than pre Covid-19 predictions.

The loss is created by the complete shutdown of live event day revenue and payments from broadcasters either delayed or rebated due to no live content.

Projections have also indicated that just 26,424 of the 48,800 sporting events scheduled prior to Covid-19 will likely go ahead**.

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*Cumulative revenue generated by professional sports rights-owners through live events, media and sponsorship rights

**Paid ticketed events for competitive sports with a projected attendance of at least 5,000

Source: Two Circles
Covid-19 has affected every aspect of the sport industry ecosystem

Every part of the sporting value chain has been affected, from athletes, teams and leagues, to the media that broadcast and cover games and brands and sponsors that advertise around them.

- Global sports sponsorship deals alone represented almost a $46 billion industry last year.
- Then there’s sports-related advertising. In TV, brands put almost $20 billion toward sports-related programming last year, with about $17 billion (85%) spent around live sporting events.
- Brands also put close to $1.2 billion toward digital advertising.

We expect unprecedented disruption to the ecosystem over the coming months and perhaps permanent change longer term, with a break in traditional sponsorship deal-making until the true impact on the landscape is known.
New sport sponsorship announcements are also down 40% in three months

No live sport means no live coverage and therefore sponsors do not have the foundations from which to launch their marketing, fan engagement, and all other activities associated with the rights and assets they’ve acquired.

Existing agreements will exist but cannot be delivered. Sponsors and events or rights holders who have been in partnership for many years will not want to move too quickly.

The Covid-19 outbreak has seen the number of new sponsorship deals fall by 40% in just three months.
Existing sponsors should use this time to look at core strategic tasks like sponsorship strategy review & value analysis.

- **Value Gap**: How can you analyse the ‘sponsorship value gaps’ that have been created by Covid-19 within existing agreements?
- **Re-evaluate**: How can you re-evaluate and optimise sponsorship strategies on adapting brand objectives?
- **Adapt**: How can you adapt current sport related activity going forward?
IMMEDIATE REACTION

SHORT-TERM ADAPTATION

LONG-TERM ‘NEW NORMAL’
Consumption of sports related content has been at record highs despite the lack of live

With a lot more time on their hands and no live sport to watch on linear channels, fans are still as passionate and hungry as ever for sport and are turning to video content to get their fix.

This increase in demand has led to leagues opening up their archives across owned and social media channels, launching virtual competitions and events, and athletes providing challenge and workout content.

In-house media teams at leagues and clubs across all sports have been quick to pivot and harness the immediacy, flexibility and interactive nature of social and video streaming platforms to experiment and drive engagement with fans while the interruption to the calendar goes on.

Athletes are creating workout videos, tutorials and other lifestyle focused content for distribution across their own, their teams’ and their sponsors social accounts.

Source: GlobalWebIndex: Worldwide, March 16-20, 2020, 16-64 years, online survey
There’s interest in a diverse range of sport related content

There’s a lot that sports organisations, sports media rights owners and brands can be doing to engage fans despite disruptions.

The most important of which is offering them exclusive content (18%), redistributing old content, and promoting live interactions with athletes (both 17%).

Some examples of organisations who have taken advantage of this to grow their digital fan bases:

• The Premier League social engagement up by 146% despite fewer volume of posts.
• The NBA have drawn 119% more engagements across 13% fewer posts.
• The NFL increased both its volume of posts for social (3%) and video (39%), attracting 37% more video views, and 41% more social engagements overall.

Source: GlobalWebIndex: Worldwide, March 16-20, 2020, 16-64 years, online survey
We have seen a return of classic games and archive footage to entertain consumers

**THE LAST DANCE**

**ESPN: THE LAST DANCE**
The Last Dance” reached record breaking audiences across the world, averaging 5.8 million viewers across premieres of its first six episodes on ESPN

**FIFA: ARCHIVE CONTENT**
FIFA has opened their video archive across multiple owned and social content channels, allowing fans to relive classic matches from World Cup History

**ITV: EURO 1996**
As ITV hold Euros broadcasting rights, they are planning to bring back Euro’s ’96 at the end of May to let fans relive one of the UK’s greatest footballing moments when there is no live 2020 Euros football to watch
Virtual sports events and competitions have filled the void on consumers need for that live sporting fix

**NFL 2020 VIRTUAL DRAFT**

NFL smashes Draft viewership records with 2020 virtual event - total average US audience of 8.4m across all linear channels and digital streaming platforms (+ 35% increase from 2019). The NFL used TikTok to draw 580m views of a #GoingPro challenge to engage younger fans.

**FORMULA 1 VIRTUAL GRAND PRIX SERIES**

Featuring current F1 drivers, celebrities and other sports stars, Formula One’s debut eSports Virtual Grand Prix pulled in 3.2m online viewers across YouTube, Twitch and Facebook

**ePremier League**

The inaugural ePremier League Invitational netted 150 million viewers, which saw football stars represent their clubs virtually on FIFA. Alongside being broadcast on Sky Sports and social platforms like Facebook & YouTube, the tournament was live streamed on game streamers like Twitch.
Brands have continued to leverage their assets, talent, influencers and virtual events to engage consumers.

adidas – #HOMETEAM
adidas remains committed to its sports marketing contracts and brand marketing. The #HOMETEAM campaign, in response to Covid-19, has been hailed as the brands most effective ever at engaging consumers, as the business accelerates a shift to digital marketing and ecommerce.

BUD LIGHT SELTZER – NFL DRAFT AFTERPARTY
As the official seltzer sponsor of the NFL, Bud Light Seltzer hosted the first ever virtual NFL After Party – DRAFTERPARTY. After watching The NFL Draft, fans headed to Bud Light’s Youtube page for a post-draft event hosted by Rob Gronkowski, Camille Kostek, DJ Khaled and Big Cat, with performances by Lil Wayne and Kane Brown.

LUCOZADE – #KEEPUSMOVING
The Keep Us Moving initiative is a pledge to help support the fitness and community industry by giving experts the opportunity to host online classes through Lucozade’s social channels.
Gaming and eSports sectors are booming

There has been a 27% increase in video streaming worldwide. However, it’s not just TV & movies people are streaming. **Gaming viewership is up 75%* during peak hours in North America. This is up way ahead of standard web traffic (+20%) and video traffic (+27%).**

Even before the crisis, Gaming was already a bigger industry than music and film combined. Covid-19 has only accelerated this trend with people finding themselves quarantined at home.

As well as gaming, professional eSports around the world are seeing a huge spike in viewership over the past few weeks as they fill the void left by cancelled live sport competitions for some viewers.

*Source: Verizon

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**Increase in viewership due to Covid-19, as of March**

<table>
<thead>
<tr>
<th>Platform</th>
<th>Increase %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Twitch</td>
<td>25%</td>
</tr>
<tr>
<td>YouTube</td>
<td>15%</td>
</tr>
</tbody>
</table>

Source: SaaS Uptfluence
Worldwide, April 2020, compared to previous weeks figures
**eSports has maintained an upward trajectory in sponsorship announcements**

While properties across sports have lost out on sponsorship revenues as a result of the Covid-19 outbreak, those within esports have bucked the trend with an overall **53% increase compared to this time last year.**

Esports was seeing rising popularity anyway, enticed by high viewership figures and the opportunity to reach a millennial demographic, but it has also been better able to cope with the impact of the virus, and has had the opportunity to capitalise on gaps in the sporting calendar.

The lack of sport has allowed developers to build their presence among sports fans who ordinarily would be consuming traditional sport content. As such, brands are still receptive to signing deals in the space, even at a time of extreme short and long-term economic uncertainty.

Source: Globaldata’s Sportcal
Esports have moved front and centre with major blue-chip brands investing in long-term partnerships

**BMW – ESPORTS, ‘UNITED IN RIVALRY’**
BMW has partnered with five of the world’s top eSports organisations, with teams competing in League of Legends. The move was most likely agreed long ago, but is a recognition of the growth of eSports, particularly in lights of its growing online reach in the wake of Covid-19.

**ESL PRO LEAGUE**
ESL Pro League, which ran from Mar 16 - Apr 12, was the most successful season in the competition’s history. Viewership hit a new record of 489,120 concurrent viewers across all platforms. Average audience per minute was 164,494, a 215.5% increase compared with 2019.

**TRAVIS SCOTT X FORTNITE**
Fortnite hosted a psychedelic virtual Travis Scott concert with 12.3M people watching it live.
The green shoots are appearing for sport and broadcasters as live returns

The return of top flight German football brought in more than five million viewers for pay-TV broadcaster Sky Deutschland on 16th May, as Bundesliga matches resumed behind closed doors.

As the first of Europe’s ‘big five’ leagues to return after a 66-day hiatus due to the coronavirus pandemic, the league’s main domestic broadcast partner Sky achieved an overall 27.2 per cent market share.

A combined 3.81 million viewers tuned in to watch Bundesliga content on Sky’s linear TV channels and the Sky Go over-the-top (OTT) platform during the afternoon window.

This incredibly encouraging for broadcasters, leagues and teams who are preparing their comeback behind close doors and provides huge opportunity for advertisers looking to tap into these markets.

*Source: Sports Pro Media*
Key considerations in the short-term

Adapt & Modify
How do you best analyse any activation gaps and identify alternative rights with partners?

Content Alternatives
How can you leverage the diverse range of sport related content to engage with content hungry fans?

Human Connection
How can you leverage sporting talent and influencers to get closer to your audience?

Virtual Alternative
How can you explore gaming and eSports to engage fans, given the huge spike in viewership?
IMMEDIATE REACTION

SHORT-TERM ADAPTATION

LONG-TERM 'NEW NORMAL'
In the long-term sport as a mass consumer passion point will not change

Sport will always be a mass consumer cultural passion point. Demand for live sports-related content has never been higher than it is at this very moment.

- The Premier League’s 2020 social engagement is up 146% despite a reduction in post volume.
- All US leagues have followed a similar trend - NBA drawing 119% more engagements across 13% fewer social posts.
- Recent Bundesliga behind closed doors matches have seen 34 x the number of viewers on BT Sport in the UK than average broadcasts.

So in the longer term sport will still serve as a transformative communications platform for businesses to culturally elevate their brand in richer contexts.

Overall investments in sponsorships will likely decrease as most companies adapt to the impact of the crisis but the appeal of sport will not diminish. It will likely take some time for the industry to come back to levels of pre Covid-19 spending.
It is likely media consumption will remain high

There is likely to be an acceleration of longer-term structural changes, including changing consumer media consumption habits, use of digital platforms, and reduction in traditional sport ‘offline’ media and advertising models.

Online media is spiking and it’s newer forms of media that are likely to continue being used.

Online video and gaming could have the greatest staying power after the outbreak ends among Gen Z and millennials especially.
Fans are wary of returning to live sport in the future

Due to the significant loss of revenue sports properties are undergoing as time goes on, they are keen to return as soon as possible. The longer the sports calendar is on hiatus, the worse the financial impact.

However, sports should – and will – only return when it is deemed safe to do so, and with the support of all relevant government and medical authorities.

With consumers expressing safety concerns of returning to live sport events, and with some leading doctors in the industry suggesting fans may not be able to return stadiums until well into 2021, the return of sport behind closed doors could well be common place for the next year.

Rights holders will have to put in stringent protocols and measures at grounds before fans will feel comfortable enough to attend, paving the way for a continued level of high in-home media consumption.
This provides opportunity for broadcasters and D2C OTT platforms alike to generate subscriber acquisition

An interesting consideration is what behind close doors live sport means for broader audience receptiveness, and how this affects sports media rights holders.

If fans cannot attend live games and cannot view out of home (aka go to the pub), providers like Sky have a greater role and opportunity to capitalise on this with acquisition in the short-term. As we know from other industries, a ‘forced trial’ period can be a powerful tool in subscriber sign up.

Similarly this presents an opportunity for teams and leagues who have had the presence of mind to develop their own OTT subscription services. Many (e.g. NBA, NFL, F1) have offered free short-term use of their premium & exclusive OTT services.

This has a dual role, as they can be seen to be doing entertaining and doing the right thing for their fan communities, but also more cynically, with the hope that many fans who have signed up will keep their subscription as fees kick in after the pandemic.

Like any subscription service, cable or OTT, quality and volume of content is of up most importance in retaining subscriber bases.
There will be an acceleration of the digital age of disruption in sports, driven by three forces which continue to grow in importance:

TECHNOLOGICAL INNOVATION
The ability of sport organisations to connect directly with fans and know exactly who the fan is.

THE ENGAGEMENT OF NEW DEMOGRAPHICS
The arrival of new demographics and the rising importance of their tastes, values and consumption—specifically millennials, Gen Z and women.

THE GLOBALISATION OF INTERESTS
The increasing importance of interests in China and India, but also Africa, South East Asia, the Middle East and Latin America.
The crisis will see the acceleration of six key macro trends in sport that have already been very much underway:

**OTT EXPERIMENTATION & ADOPTION**
Covid-19 has underlined how dependent the model is on TV and live audiences. The adoption of OTT services will accelerate as a major driver of extended fan engagement.

**ENHANCEMENT OF SPONSORSHIP ROI**
ROI can be enhanced by direct engagement with fans via digital content – including D2C social media, OTT and the use of data driven audience profiling.

**SPORT BUILDING GLOBAL FAN BASES**
The investment of building global fan bases through tactical acquisition of high-profile foreign players with tours and special fixtures in key markets.

**NEW NATIONAL/REGIONAL COMPETITIONS**
The continuation in the development of new national or regional competitions in emerging markets – e.g. The IPL, the Chinese Basketball League and Chinese Football League.

**EXPERIMENTATION WITH NEW FORMATS**
In addition to traditional formats the experimentation with new and innovative formats – such as T20, rugby 7s and Formula-E etc, largely to attract new younger, family based and environmentally aware demographics.

**WIDER ESPORTS ADOPTION**
Traditional teams and leagues entering the eSports market to help reach those millennials and Gen Z populations not that engaged with traditional sport.
Covid-19 will produce further disruption in sport, driven by the same three forces

There will be losers in the scheduling battle and global recession over the next 12-24 months as sport events compete for audience and sponsorship.

Ultimately, this could see the sports landscape change more in the next decade than in several decades preceding it:

1. Many sports are too fragmented - we will see a consolidation of sport with the biggest tried and tested global events commanding a greater share of attention.

2. As digital disruption grips the industry, new global elite style competitions will most likely be adopted across most sports, as interests are aggregated across markets.

3. New demographics demanding sustainability, purpose and accountability, with new digital consumption habits, could see some new sports & action-packed formats flourish and traditional sports fade.

4. Technological innovation will see the need for sponsorship to become even more accountable, especially as marketing budgets squeeze in a new global recession.
Acceleration of sponsorship’s transition into a digital business

In the attention economy, competing with other forms of entertainment, live sporting events will always be important but digital channels will come to the fore as sponsors seek to establish data-driven connections with fans. It is going to become more and more important for sport and sponsors to develop video strategies, valuable for the data and fan interaction they can provide.

Fans’ appetites for live experiences will evolve as a result of Covid-19. The absence of “real” sport is an opportunity for virtual technologies to grow. Already, leagues across the world are using eSports, OTT and DTC content to maintain interest.

Furthermore, immersive technologies could enable fans to experience games live, without having to be physically present. New technology and the roll out of 5G and cloud tech is likely to further accelerate this trend. We’ll see an acceleration in digital innovation as rights holders seek to engage with their fans in new ways, both at and away from live events.

A recent example of this is, Apple, who has recently acquired VR & AR start-up technology company NextVR – a company that supplies VR and immersive experiences for the NBA.
Brands who ignore gaming are asleep at the wheel

Covid-19 has seen gaming accelerate into the major leagues and this is likely to maintain moving forward in the long-term as traditional sports goes head long into this arena and develops continue to test and learn major game franchises.

After all, 31% of US adults have playing video games in the last 30 days and it is already a $139bn a year (and growing) business: making it is bigger than the NFL, NBA, MLB and the NHL combined.

There are a number of questions to ask:
1. Should other traditional sports marketers consider shifting investment in to gaming?
2. If so, how do you navigate this complex landscape?
3. How do you authentically integrate your brand?
4. What are the activation opportunities to connect with fans?
Sports sponsorship’s digital revolution will see it thrive long-term

There is a chance that, at least initially, sport will resume in empty stadiums and arenas.

Sponsors will have an opportunity to play a major part in the way people engage with, access and experience sports events and content. Brands, along with rights holders, can help transform the sports experience for good for millions of fans, not just now but in the long-term.

Now is the time for brands and those wondering if they can leverage sport to re-enter the new normal, to start thinking about the role they want to play and how they can play it when sport eventually resumes.

New normal sponsor activation will require sponsorship data-driven specialists able to navigate and harness the power of digital sport content and activation.

With Covid-19 giving all areas of the industry an opportunity to rewrite the rulebook and we believe sports sponsorship’s digital revolution will see it thrive long-term.
The economic downturn will mean sponsorship will become even more of a buyers market

The situation will create a buyer’s market for sponsorship rights. There will be huge value in the market for brands brave enough to commit budget.

Evaluating opportunities and identifying the right property will be crucial for those looking to harness the power of sport. What is even better for brands is that sport will have to become even more data-driven, accountable and measurable than it already is.

There will no doubt be deals that will be completed for significantly less than the value reported. Purchasers will feel they have done deals at rates more affordable than previously.

For brands, looking to tap into a targeted and loyal base of consumers, sponsorship could provide an increasingly affordable and effective platform moving forward.
Key considerations in the long-term

Follow the Fans
What are the best sports and properties to partner with to engage your target audience?

Digital Transformation
How can you activate sport partnerships in line with new behaviours and in the digital transformation age?

Massive eSports opportunity
How do you explore gaming and eSports as a long-term option?

Contribute
How do you take advantage of future opportunities to develop D2C data-driven engagement with fans?
The crisis has had a major impact on the world of sport but what it has reinforced is the importance of sport in people’s lives.

We are already seeing record viewership numbers for sports that are starting to resume. The role of sport in society will only be elevated as a truly unique shared experience. Brands who understand this, and contribute to the culture of consumers while rewarding them for their time will win out.

Everything else is noise and wallpaper.
Who We Are

MediaCom Sport & Entertainment is an award-winning partnerships and brand engagement division of MediaCom.

We drive business growth through the power of cultural reach, delivering meaning, distinctiveness and emotional relevance.

Our expertise are focused across all genres of culture including sport, music, fashion, gaming, talent and original entertainment.
For more information or to discuss anything further please get in touch with:

**Misha Sher**
VP, Sport & Entertainment
MediaCom Worldwide
Misha.Sher@mediacom.com
Mobile: +44(0)7415 957739

**Jack Bradford**
Account Manager, Sport & Entertainment
MediaCom Worldwide
Jack.Bradford@mediacom.com
Mobile: +44 (0) 7595 334569