



A NEW AGE OF SPORTS



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innovation
lab



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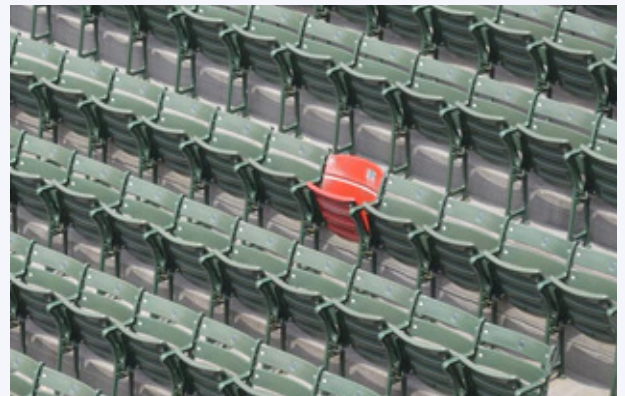
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FOREWORD

For decades, the sports industry didn't change much. Business was growing year over year. Times were good. Then, on August 4th 2015, Bob Iger, the President of ESPN's parent company Disney, reported on a conference call that the 24/7 leader in global sports had "seen a modest sub loss." For Iger, it was an attempt to diminish the prevailing narrative across the industry that ESPN, a global sports powerhouse, was in duress. If ESPN couldn't grow with the perceived power of live sports, what did that mean for the rest of the industry?

Over the next two days, Disney's stock fell 10%. The "modest sub loss" Iger referenced had been reported as approximately 3.2M subscribers over the course of 2015. Sometimes a single event like this encapsulates a much bigger industry story that needs to be told. For me, this was the first moment the sports industry seemed truly vulnerable to the disruptive forces changing other industries. This moment, and many others like it, formed the foundation for starting the Sports Innovation Lab.

SPORTS CAN BE EXHILARATING... OR MUNDANE



As a 4-time Olympian, I played more games in the U.S.A. Hockey jersey than any other man or woman, and I always appreciated the millions of fans supporting me and my team along the way. During my playing career, and later as an Executive Board Member of the International Olympic Committee, I experienced firsthand how sports can be exhilarating or mundane. I watched fans stand, dance, and scream nonstop for hours, but I also saw and played in empty arenas.

The people in charge of bringing sports to life were and are my peers in the sports industry. Unfortunately, many make decisions the way a coach picks her player or makes game-time decisions: they use their gut. When you are winning, using your gut is applauded. However, when you start to lose, this tactic can cost you your job. Fortunately, we don't have to follow our gut as often anymore. We are in the age of data and analytics.

When I meet high-performance athletes or speak with top teams, they all use data and technology to get every edge they can over the competition. The benefits of data and technology have converted many skeptical executives across sport, and they are now actively training, hiring, and investing in new skills. The “Moneyball” effect is sweeping across sports on the performance side of the industry.

Yet, I am amazed many executives continue to run the business side of their organizations the way they always have. The cracks are starting to surface. We can no longer be complacent and believe that today's lead will set us ahead tomorrow.

FOR THE SPORTS INDUSTRY, THIS REPORT IS A WAKE UP CALL.

Since starting the Sports Innovation Lab, it's been impossible for me to ignore how quickly the industry I love is changing. It is my company's job to study the market, monitor market signals, and track emerging technologies and products. Our data shows the sports industry is primed for significant disruption—which means some will win and some will lose. At Harvard Business School, I studied many cases where disruptive market forces shuttered established businesses and sometimes eliminated entire industries. We apply this same lens to all our recommendations as the first global research company in this sector.

Sports have and always will enjoy a special place in our hearts and in society. That does not mean sport is immune to the same market forces we see changing other industries like retail, health care, and finance. It may be hard for proud and competitive sports organizations to admit, but we need to change the way we do business.

It's clear from our research: **we are entering a new age of sports.** Are you ready?



Angela Ruggiero

CEO & Co-Founder
Sports Innovation Lab





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THAN YOU THINK**

INTRODUCTION

ENTERING A NEW AGE OF SPORTS

Sports and technology have an intimate relationship. Throughout the history of modern sport, new technologies have been developed and market-tested to support the production of sports content, at stadiums and arenas, and on our radios and televisions. Venues expanded and broadcast media was developed to support larger audiences at the stadiums and at home. While innovators leveraged the power and breadth of sport to support their technology development, sports too enjoyed the power of new technologies to spread sport across the globe.

The relationship, therefore, has always been reciprocal, as sports provided a platform for the development of new technology, and that very technology supported the growth and expansion of sports. But at the center of all of this innovation was the sports fan. Fans have always been the engine driving the industry. As such, fan audiences have also been hotly contested across sports, as capturing and retaining fans has been seen as the primary way to survive in a continuously growing and evolving industry.

But what if the core consumers, the fans, are changing? This report intends to show that we are in the midst of a paradigm shift in the sports industry, in which our core consumer is changing fundamentally. This change is tied to the rapid evolution of technology, and how cultures are making sense and use of these new modes of interaction. The sports industry will need to consider the ways that the traditional approaches to the business of sports are going to need to change to compete in the emerging marketplace of attention.

Most market research about sports fans focuses on the concept of “expectations”—the idea that as times change, fans expect different experiences. For years now at the Sports Innovation Lab, we’ve analyzed the technology influencing fans’ behavior and changing their expectations. We’ve defined the market based on trends that are shaping what’s coming next. Like all good analysis, we put this research in a historical context, looking at the evolution of the sports industry from the birth of modern sports in the late 19th Century, through to today. We’ve drawn on impactful academic theory from cultural studies and media studies approaches to apply a contemporary critical analysis to the sports industry.

The conclusion we draw gives a name and supporting evidence to something we all “feel” is happening. It’s bigger than a new set of expectations. It’s a changing tide. It’s a wake-up call to the industry. We are entering a new age of sports. **We call this The Age of the Fluid Fan™.**

As the cracks in the foundation of sports widen, the urgency is real for those who make money selling tickets, sponsorship, media rights, and merchandise. The Age of the Fluid Fan™ is coming, and the sports industry will need to prepare.

A SENSE OF SECURITY

The continuous growth of the sports industry over the course of nearly a century has created a sense of security in the industry. On the surface, it seems that sports will grow and capture the attention of audiences for years to come. Bolstered by projections of revenue growth, many throughout the industry believe sports will continue to develop die-hard fans who have a level of engagement that matches their commitment and loyalty. Executives believe that sports fandom, like religion, is generational—passed-down from generation to generation. And they believe sports are the last meaningful live content on the planet, which will keep the industry secure.

SELLING TO DEVOTED FANS

Throughout the history of modern sports, the industry has focused on marketing and promoting to fans on the concept of fixed-identity as a fan. **Once a fan, always a fan.** The prevailing belief has been that fans can be pushed down a funnel from minimal attachment and engagement, to deeper levels of commitment. The industry holds as truth that the deeper this commitment, the more consumers will spend.

Starting in the 1980s, researchers began to take seriously the project of classifying sports fans. In each instance, studies attempted to organize fans across spectra of self-identification, with relation to their level of attachment, commitment, and engagement. Wann and Branscombe (1997) conducted trend-setting research to confirm a relationship between self-identification and engagement that would later be followed by other researchers (Sutton. et. al. 1997, Tapp & Clowes 2000, Samra & Wos 2014).



THE ESTABLISHED MODEL OF SPORTS FANS

In 2014, Samra and Vos produced an analysis of sports fan taxonomies. They were able to organize all the studies into three distinct categories of fan. Their taxonomy represents the prevailing thought about fan organization in sports today. It's the same thinking that has defined the sports industry for almost a century.

LOCAL FANS

Social Fan
Follower
Less Loyal
Situational

DEVOTED FANS

Committed
Passionate
Loyal
Focused

FANATICAL FANS

Die hard
Passionate
Most Loyal
Vested

Adapted from Samra and Vos, 2014.

PASSING FANDOM DOWN FROM GENERATION TO GENERATION

There are executives in the sports industry who believe if they can get a young fan into a stadium or arena, or on the field or ice playing before the age of ten, then that child will be a fan for life. Their belief is that the live sport experience, that togetherness, that team commitment, is something that one generation passes down to the next.

This die-hard, loyal, generational nostalgia drives many of the prevailing strategies across sports and media. The sports industry makes billions in sales of memorabilia and official team merchandise. Our affiliation with sports and sports teams is part of our identity. This identity compels fans to paint their faces, pay lofty ticket prices, and maintain game day rituals.

All of our media, advertising, and marketing reinforces this concept of generational fandom. Ads during sporting events draw on the nostalgia of generations watching sports together. Baby-clothing labels future fans well before the child can even speak. Local rivalries are amplified on talk radio, sports blogs, and news programs. Broadcasters seek to reinforce this imagery with shots of families in the stadium, dressed in full uniform, ready to cheer.

Sutton, W.A., McDonald, M.A., Milne, G.R., & Cimperman, J. 1997. "Creating and fostering fan identification in professional sports". *Sports Marketing Quarterly*, vol. 6, no. 1997, pp. 15-22

Samra, B., & Vos, A.. 2014. "Consumer In Sports: Fan Typology Analysis". *Journal Of Intercultural Management* 6 (4): 263-288.11-12, pp. 45-59

Tapp, A., and Clowes, J. 2000. "From "Carefree Casuals" to "Professional Wanderers" Segmentation Possibilities for Football Supporters", *European Journal of Marketing*, vol. 36, no. 11-12, pp. 45-59

Wann, Daniel, and Branscombe N.R. 1993. "Sports Fans: Measuring Degree Of Identification With Their Team". *International Journal Of Sports Psychology*, no. 24: 1-17.

THE CONFIDENCE OF HAVING THE LAST MEANINGFUL LIVE CONTENT

As the non-sports media industry transitions to on-demand content, the sports industry has rested on the belief that sports content is the last meaningful live content. The big game must be watched live, or else the event might be spoiled. Liveness is especially important for sports betting, where moment to moment action can impact a transaction. Contemporary fan research backs this up, as the overwhelming majority (89%) still say they prefer to watch sports live. This confidence is driving the pursuit of long-term rights deals, even as new technologies reshape the industry.



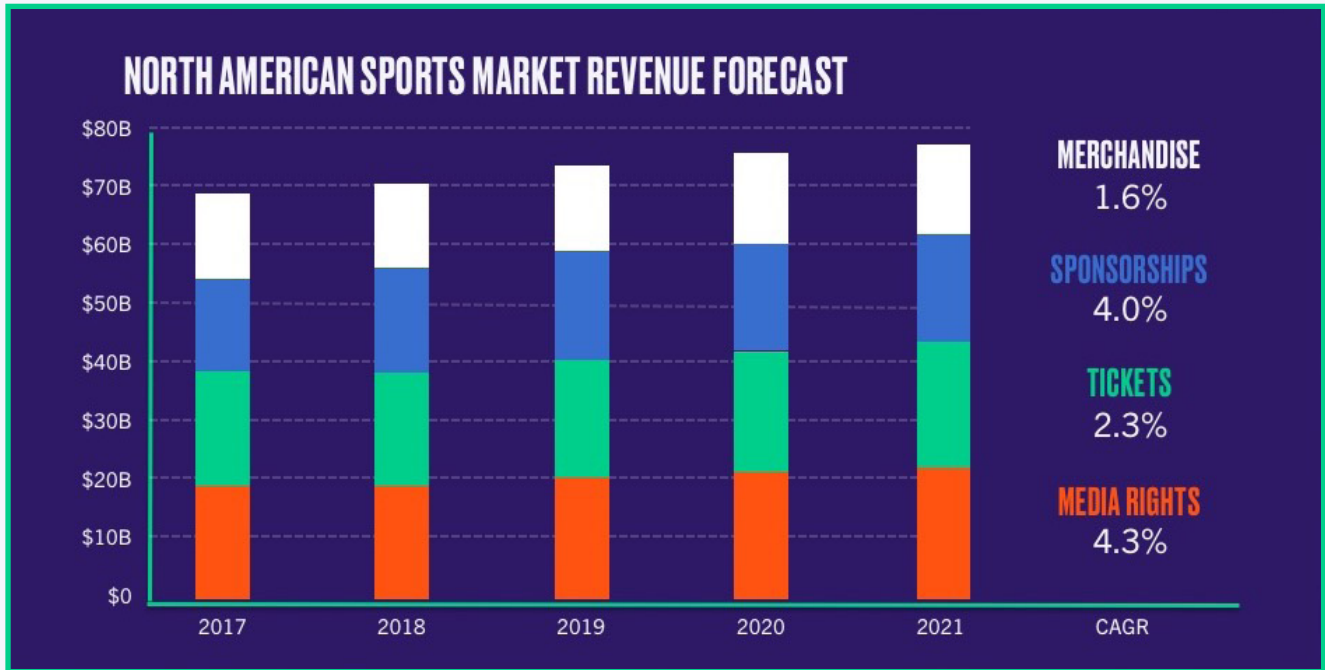
89% OF SPORTS FANS
SAY THEY PREFER TO
WATCH SPORTS LIVE

PwC. 2017. "I Stream You Stream". Consumer Intelligence Series. http://www.rbr.com/wp-content/uploads/PwC-Consumer-Intelligence-Series_I-stream-you-stream.pdf.



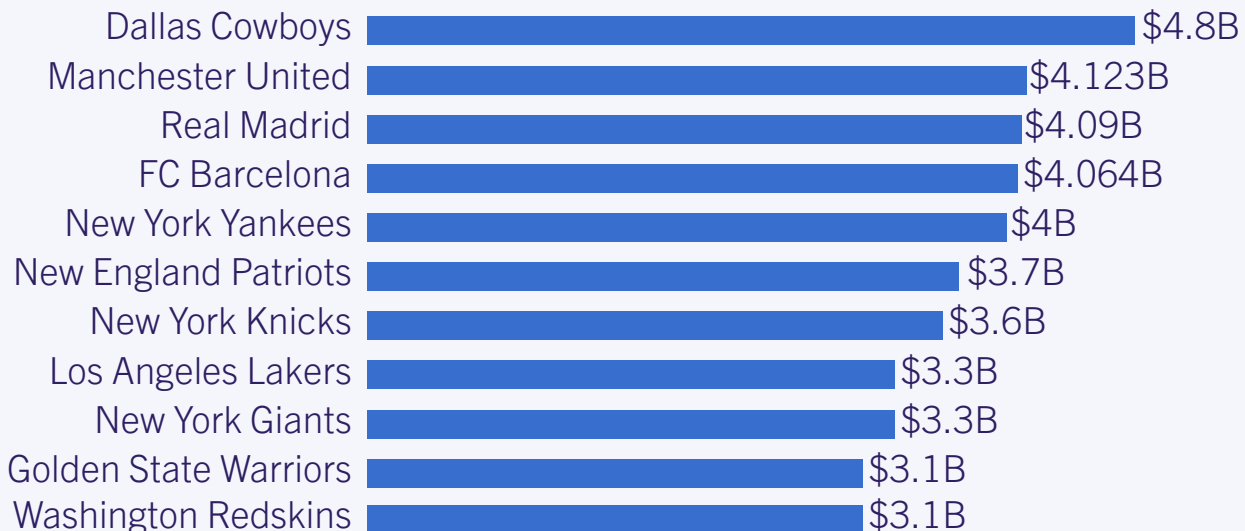
STEADY PROJECTED GROWTH IMPLIES A SOLID FOUNDATION

With the proliferation of DVRs and on-demand programming across media, a live-sports event commands a different kind of advertising and sponsorship spend. We can see this value in the way researchers at PwC project annual increases in gate revenues, merchandise sales, media rights, and sponsorship. This is the way the industry has grown for years. It's well-understood and expected to continue to grow.



PwC. 2018. "At The Gates And Beyond". PwC Sports Outlook North America. <https://www.pwc.com/us/en/industries/tmt/library/sports-outlook-north-america.html>

THE WORLD'S MOST VALUABLE SPORTS TEAMS



Badenhausen, Kurt. 2018. "The Dallas Cowboys Lead The World's Most Valuable Sports Teams 2018". Forbes. <https://www.forbes.com/sites/kurtbadenhausen/2018/07/18/the-worlds-most-valuable-sports-teams-2018/>

FOCUSING ON “MORE”

All of these signs encourage optimism across the sports industry, from executives to analysts. Naturally, there is an expectation that the value and reach of sports is almost endless. With all this projected growth, it’s no surprise that the sports industry looks to capitalize with a broad strategy of “more.”

THE EFFICIENCY OF DELIVERING MORE ACCESS

There are now more ways than ever to consume sports. With the Internet, young fans can access sports from anywhere in the world. A child in Australia can watch American basketball. A child in the United States can watch a cricket match in India. An aspiring swimmer or skateboarder can watch competitions and be inspired on digital sports channels.



Photo Credit: Manchester United

For more than 50 years, the sports industry has leveraged technology to expand reach. First, telecommunications satellites worked in conjunction with cable infrastructure to spread broadcast television globally. The rise of the Internet in conjunction with the development of the smartphone and the increased bandwidth of cellular networks have accelerated that globalization trend.

Today, across the world, sports fans can watch global sports events on their phone. We are approaching the peak of the globalization of sports. And the stakes in sports have never been higher. Because of the global spread and scale of audiences, trans-national corporations are making massive investments in sports, through kit sponsorships and integrated technology partnerships.

For example, in 2014 American automobile manufacturer Chevy made a splash with the largest soccer kit sponsorship in history—\$600M over seven years to put their logo on the front of the jersey of English soccer powerhouse Manchester United. The move was ridiculed and derided at the time, called a “fiasco” as Manchester United struggled competitively in the first years of the deal.

Today, The Premier League is showing sustained audience growth in North America by way of OTT, and Manchester United has become one of the most popular and valuable sports franchises in the world.



MORE CONTENT THAN EVER BEFORE

The expansion of high-bandwidth Internet access coupled with high smartphone adoption rates has led to a dispersal of content in the sports industry. There are more sports networks than ever, and digital media rights are getting carved up across platforms. Because of the democratization of production, sports video content is easier and cheaper to produce, which has led to more platforms for distribution from companies that were not previously considered part of the sports media ecosystem. Facebook, Twitter, Weibo, WeChat, and Amazon have all made significant moves to acquire sports media content, bringing together their social media experiences with live sports content. At the same time, traditional broadcasters like ESPN, Sky, NBC, FOX, and others are trying desperately to make their digital video experiences more social.

Technology has led to a media ecosystem where consumers are not just passive audiences, they are also content creators who build and reach their own audiences.

But it's not just about the spread of the same major sports properties. The proliferation of sports media is not coming from just the major stakeholders who can afford the bloated media rights to top sports. Smaller niche sports and new leagues are starting to fight for audience

attention. New leagues and teams like the Premier Lacrosse League, the Association of American Football, Karate Kombat, the National Women's Hockey League, the Drone Racing League, are all adding their sports content to the already crowded marketplace. Additionally, long-established smaller leagues—like domestic Association Football leagues from around the world—are establishing online audiences with fans who have moved to other countries.

As we will show later in the report, a major part of the new age of sports will be the reorganization of production and distribution of content from a top down structure to a distributed model (p. 18). Technology has led to a media ecosystem where consumers are not just passive audiences, they are also content creators who build and reach their own audiences.



And this is not just a media story, as tickets and gate revenue remain a significant part of the sports business. For example, venues are getting larger, more of them are being built, and leagues and International Federations are adding more competitions to their schedule in the hopes of selling more tickets. The NFL is considering expanding the regular season, and the MLS is in a period of rapid expansion, adding nine teams from 2015-2021. Additionally, in 2017 FIFA voted unanimously to expand the World Cup from 32 to 48 teams, possibly as early as the 2022 competition.

Take all the content being produced by media companies, the move to produce content for social media platforms, all the user-generated content available, and the growth and expansion of live experiences, and there is a glut of sports content available to fans. With the almost infinite amount of content that's available, the logical question becomes, how will sports get discovered by fans in the future, and will there be enough time or attention for it all?

MORE WAYS TO ENGAGE

Today, there are more formats for engaging with sports because of technology. Fans are empowered by technology to play, bet, watch, and engage in new ways.

Video game platforms have also made sport more accessible to millions of consumers. Most sports have invested heavily in their digital sidekicks: FIFA, the NFL, MLB, and the NBA all have very popular multi-player console games that give fans new ways to get to know players and learn the game. Other games like Rocket League merge the concept of race car driving and association football.

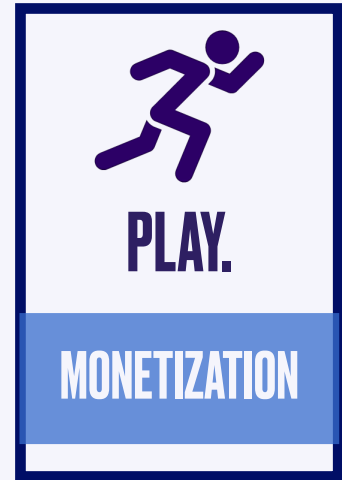
Sports betting has long been a significant industry around the world, while the United States lagged because of legal and ethical considerations. However, recent deregulation of sports betting in the United States has accelerated the growth of online sports books and daily fantasy sports.

Athletes have themselves become media companies through platforms like Otro, The Players Tribune, and Undefeated as well as through social media. They generate even more content and create even more opportunities for fans to connect.



There are new formats for enjoying sports. Some fans may choose to pick their own teams and compete in fantasy sports with friends. Some fans may choose to watch new formats like FIBA 3X3, Flag Football, skateboarding, or break-dancing. The way competitions are designed continue to change and fans have more ways than ever to experience sports.

THE 3 PILLARS OF THE SPORTS INDUSTRY



For the history of modern sports, almost 150 years, the industry has been built on three pillars: going to the game at a venue, watching or consuming the sport via media, or playing sports. We call the pillars “Go”, “Watch” and “Play.” The pillars form the foundation of the entire sports industry.

How sports has been monetized has evolved over time, but the approaches spread across all three pillars. For example, advertising models have been applied to the way we experience sports at a stadium (go), on television (watch), or when we buy equipment (play). The four primary revenue streams in sports touch each of these pillars. And because of all the revenue growth in the industry, executives have looked to grow each pillar by adding more to each pillar—more seats for more games, more ways to watch, and more ways to play.

The three pillars have always pushed and pulled at one-another. For example, sports owners have always been concerned that sports media will negatively impact their gate revenue. And conversely, the industry has always assumed that fans who play a sport will care more about professional sports.



SIGNS OF TROUBLE

In spite of all the optimism and growth around the three pillars of sports, upon closer examination, there are cracks that are beginning to widen in the foundation of the sports industry.

CRACKS IN THE FOUNDATION

COMPETING WITH OTHER FORMS OF ENTERTAINMENT

In a meeting in Lausanne, Switzerland at the headquarters of the International Olympic Committee. The President, Thomas Bach, addressed his Digital and Technology Commission (our CEO Angela Ruggiero is on the Commission). He captured perfectly what most in the industry are just starting to articulate:

“We are in a competition with the entertainment industry, with videogames, with other leisure activities.”

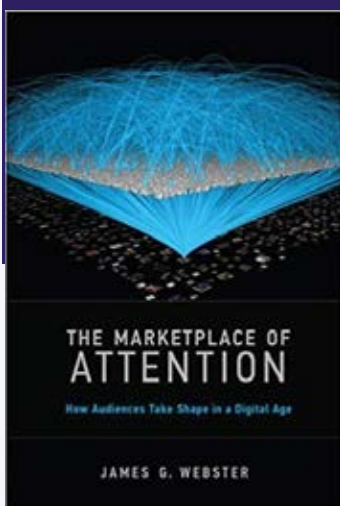
Thomas Bach - President, International Olympic Committee



Photo Credit: Jed Leicester for YIS/IOC

In short, sports must compete in the attention economy.

In 2014, James Webster, published *The Marketplace of Attention*, with the MIT Press. His work, explored how media constructs their audiences when there is an endless supply of content but a limited supply of public attention. His work wasn't focused on the sports industry, but its observations apply directly.



Cover Credit: MIT Press

“...although choices seem endless, public attention is not.”

James Webster - *The Marketplace of Attention* (2014)

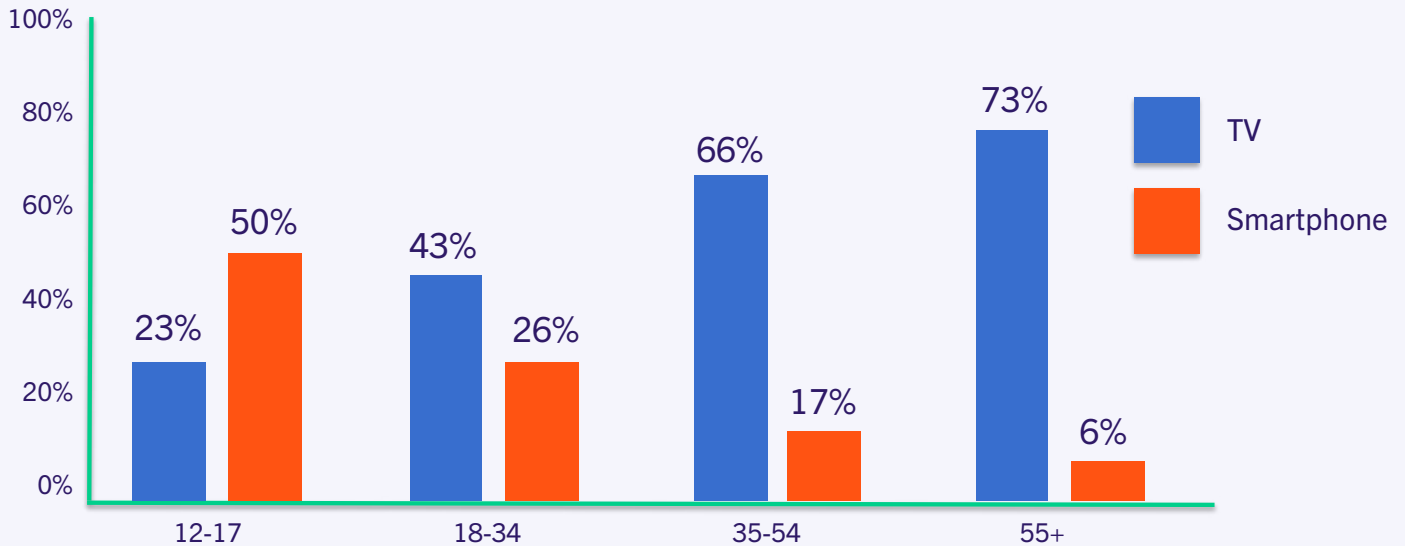
All forms of entertainment, feature films, television shows, homemade videos, tweets, blogs, and breaking news provide an apparently inexhaustible, never-ending supply of entertainment and information.

This is exactly the point President Bach was making when he addressed the IOC's Digital and Technology Commission. He was delivering a call to action. The IOC is not competing with just other forms of sports. It is competing for consumer's time, which is a finite commodity.

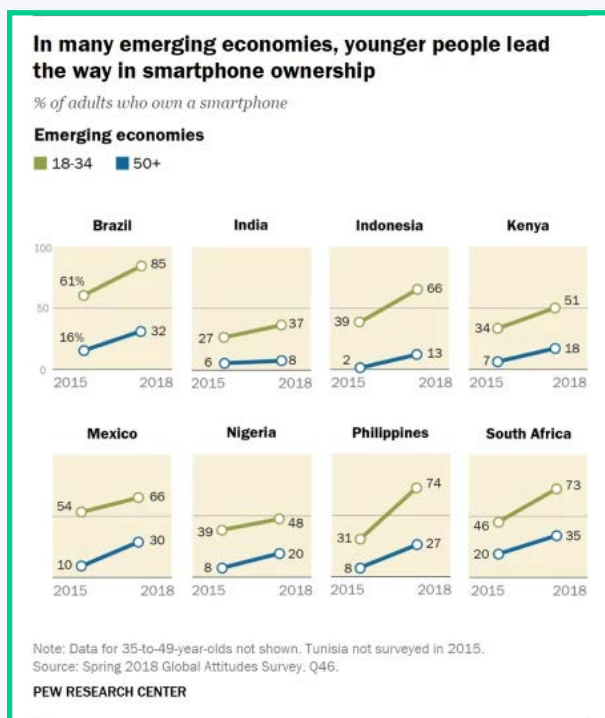
THE ALTERNATIVES ARE ENDLESS, AND IN OUR HANDS

The attention economy is defined by access. Consumers have access to all kinds of entertainment from the whimsical and meaningless to long form and artful. For millions of consumers, this diversion exists in the palm of our hand.

DEVICE AMERICANS PREFER FOR WATCHING "SOMETHING FUN"



Luker on Trends. 2017. "TV Still Most Popular Device For Viewing For All Except Teens". <https://www.lukeron Trends.com/single-post/2017/10/01/TV-still-most-popular-device-for-viewing-for-all-except-teens>. n=1924



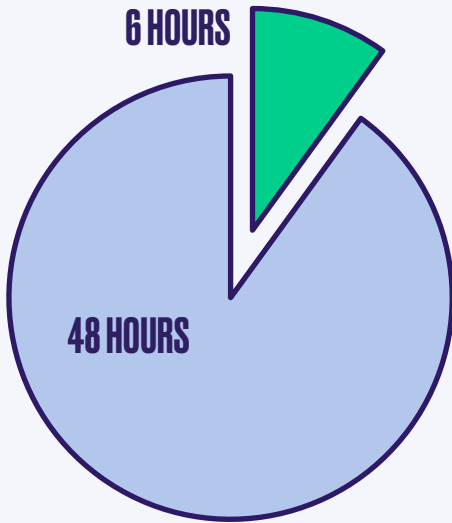
For younger generations of consumers the smartphone has become a primary device for content consumption. While older generations (35+) remain attached to television for consuming content, Millennials, and especially Gen-Z consumers prefer to look to their smartphone for content with which to engage.

The consequence of this migration to smartphones has an even greater significance in developing nations, where smartphone penetration continues to grow and outpace the adoption of other internet-enabled devices like tablets, PCs, or game consoles.

Smart phones give consumers the ability to access any kind of content, but also invite users to quickly switch away from an experience with each new offer or alert. For content producers, and sports media rights holders, this means an audience is no longer captive.

AVID FANS HAVE OTHER THINGS TO DO

This is starting to show even among the most avid sports fans. A recent study showed that even self-described “avid” sports fans spend just 11% of their leisure time focused on their favorite sport (in season!). If the most avid fans among us are looking elsewhere, the industry has a problem.



the most avid sports fans spend an average of only

11% OF THEIR FREE TIME

focused on their favorite sports during the season

Luker on Trends. 2019. "Sports are only a small part of American free time". <https://www.lukerontrends.com/single-post/2019/01/21/Sports-are-only-a-small-part-of-American-free-time>

MORE MEDIA MAY NOT BE A SIGN OF GROWTH

New forms of sports media may also be contributing to some new challenges. The industry is facing. The industry has oversupplied the market with niche sports channels, sports news programs, blogs, podcasts, and more.

The industry has oversupplied the market with niche sports channels, sports news programs, blogs, podcasts, and more.

In fact, according to Bourg and Gouget (2005) the number of global sports “events” per year tripled from 1977 to 2005. And even as early as 2008, economist Wladimir Andrieff suggested the world may be facing an oversupply of sports content, noting that “the first signs of the stagnation in the ratio of sporting audience have already emerged in the US.” A cursory glance at the growth of sports OTT platforms and the ensuing media rights scramble over the past five years supports this conclusion: supply for sports content has outpaced the demand from sports audiences, unbalancing the market.

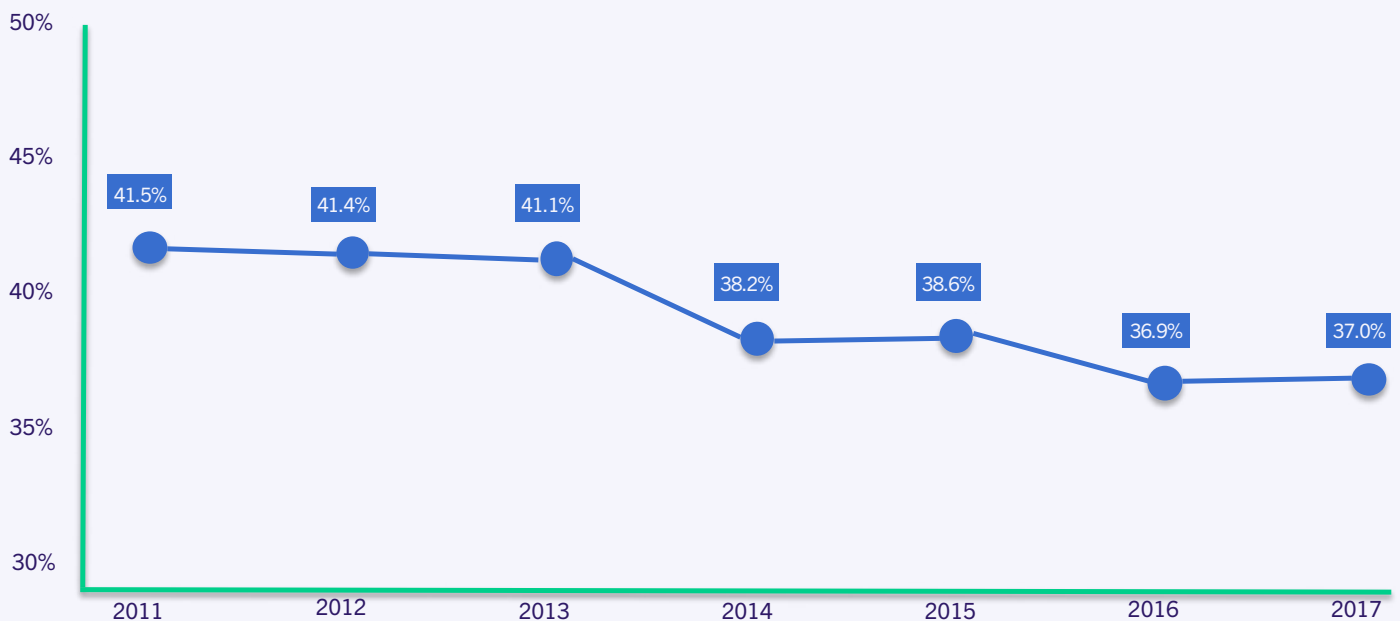


A sample of the many sports OTT platforms on the market today that are saturating the market with content

YOUTH PARTICIPATION IN SPORTS IS WANING

It's not just the avid sport fan. Data suggests that youth participation in sport is either flat or declining. Rarely do new studies show participation in competitive sport growing. This creates another challenge for the sports industry as it tries to fill the funnel with new fans. If young people aren't playing the game, they are finding role models in other areas of entertainment and life. This changes the growth prospects for members of SFIA who sell sports equipment, the team equipment and apparel market, and the value of endorsements and sponsorship.

Percentage of US children aged 6-12 who play team sports on a regular basis



Aspen Institute. 2018. "State Of Play: 2018 Trends And Developments". Sports & Society Program. <https://www.aspeninstitute.org/publications/state-of-play-2018-trends-and-developments/>.





A NEW AGE

There are cracks in the foundation of sports. The three pillars that have shaped the industry for generations are converging, and technology is ushering in potential disruption.

What if all this change is doing more than just changing how we buy tickets, track our fitness, or watch the teams we love? What if technology is changing fans so fundamentally, that the entire industry needs to rethink the sports business model?

enter...

THE AGE OF THE FLUID FAN

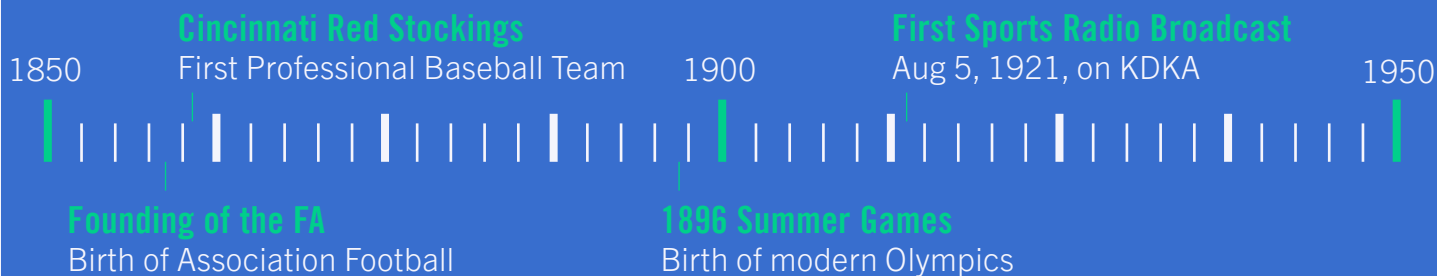
To understand how The Age of the Fluid Fan™ arrived, it is helpful to look back at how the business of sports evolved. The modern sports era really began in the mid-19th Century, as sports organizations began to codify rules for competition, and as teams began to form. Additionally, the professionalization of sport began to take shape a few decades later, as team owners identified the business potential of sports and started paying for players.

We can divide this modern sports era into two distinct periods that precede the upcoming **Age of The Fluid Fan™**. These ages are based on the major cultural trends associated with those time periods. We call the two first ages of modern sports the **Age of The Local Fan**, and the **The Age of Global Fan**.

THE AGE OF THE LOCAL FAN

ca. 1850 - 1955

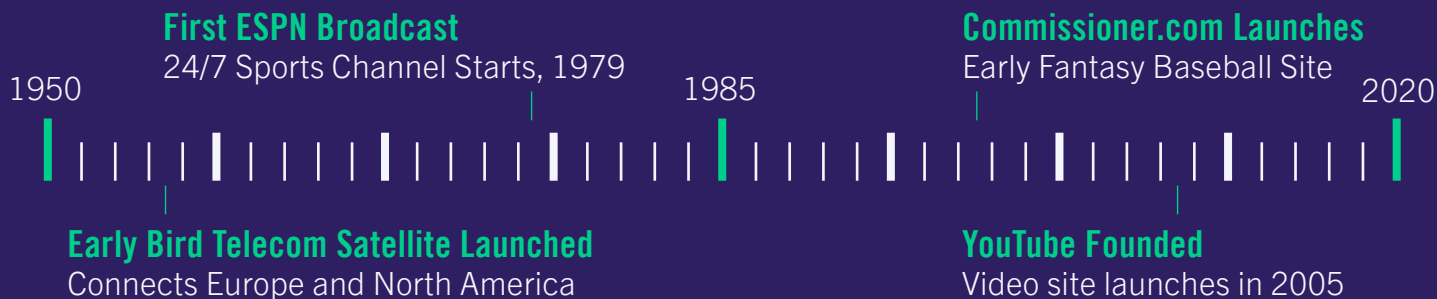
The earliest stage of modern sports, The Age of The Local Fan, saw the rise of professionalization and the formation of sports. This development was inextricably tied to local geography, because of technological limitations associated with travel and with limitations to broadcast media at the time. It is during this time, however, that the four primary revenue pillars in modern sport are developed: gate revenue, merchandise, sponsorship, and media rights.



THE AGE OF THE GLOBAL FAN

ca. 1956 - 2020

We are living at a peak moment in The Age of The Global Fan—a period of time where the focus of the sports industry has been on leveraging technology to expand the reach of sports across the globe. As transcontinental transportation evolved, and broadcast media matured, the sports industry looked to expand beyond its provincial beginnings. With the birth and rapid adoption of the Internet, this trend toward globalization accelerated.



THE PEAK AND LIMIT OF GLOBAL SPORTS

The Age of The Global Fan is defined by the mass distribution of sports. Rights holders for major sports maximize the value of their rights by protecting them. It is the perfect example of the mass communications business model—the distribution of content from one to many, to maximize audience size, and to sell that viewership to sponsors.

Global fans are free to follow their passions and interests no matter where they live because broadcast television and radio provide access. For most fans, moving from one place to another no longer means losing access to the teams they love. Additionally, it means that teams and brands could now access and attract fans from anywhere in the world dramatically increasing their addressable market. To this point, the 2018 FIFA World Cup was broadcast from Russia to 226 countries and territories worldwide, representing approximately 88% of the world. It's evidence that the global reach of sports, and especially mega sports events, are approaching a zenith.

2018 World Cup
was broadcast in
226

countries and territories
worldwide



~88%

Sports Innovation Lab. 2019.

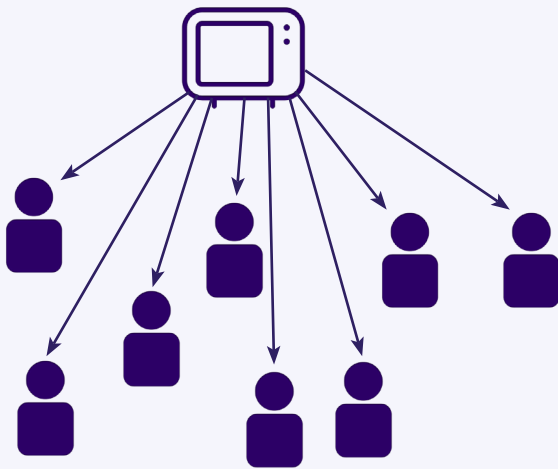


FROM BROADCAST, TO NETWORK, TO DISTRIBUTED

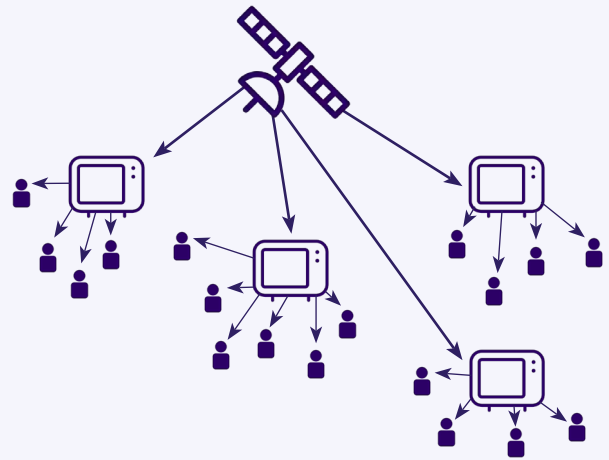
The Internet poured fuel on the global sports opportunity. Consumers became content creators and distributors of media. Piracy of protected sports feeds increased, but fans also increased awareness of sports by sharing highlights and links to athletes and games other consumers would not normally have seen. All of this user generated content comes as a blessing and a curse to sports media. In the global sports era, rights holders fiercely protected and enforced media rights and retransmission to sustain the Network Model's viability.

EVOLUTION OF COMMUNICATIONS MODELS

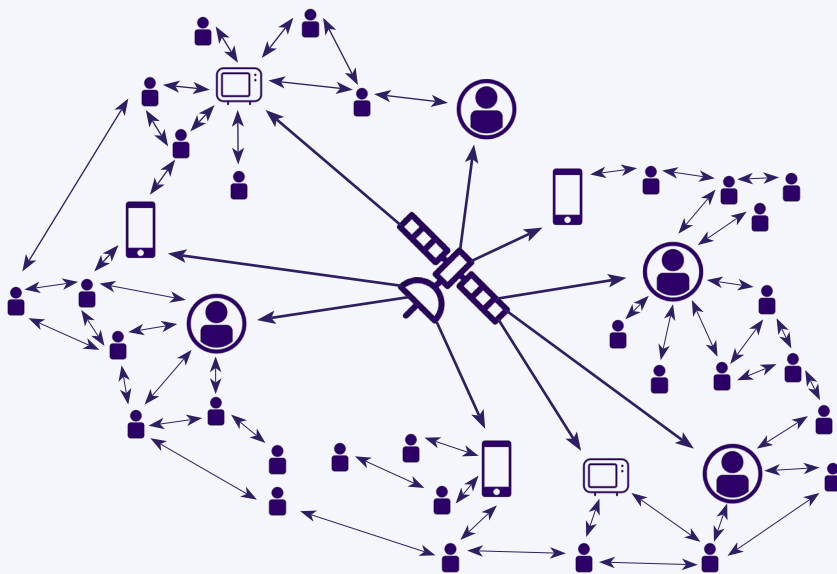
1. The Broadcast Model (Age of The Local Fan)



2. The Network Model (Age of The Global Fan)



3. The Distributed Model (Age of The Fluid Fan™)



The earliest broadcast models (fig 1.) depended on local channels to reach local markets. They developed local sports content that resonated with their geographically constrained audiences. As telecommunications technology evolved, the network model (fig 2.) of communications took shape, as local affiliates blended national and international content with local content. We are still leveraging the network model to expand sports content across the globe while substantiating the high media rights costs. In the Age of Fluid Fans™, a more distributed communications model (fig 3.) that leverages user content-creators and platforms will come to the fore.

UNDERSTANDING TRANSMEDIA AND PRODUSAGE

In other parts of the entertainment industry, transmedia has become an established principle for providing multiple points of access for fans to engage with content (Jenkins 2007). The fundamental principle of transmedia is that fans want to consume different parts of a story or content, in different ways, with multiple forms of media.

A perfect example of transmedia properties is the success of Marvel (a Disney IP since 2009). The Marvel properties stretch across comic books, films, television, Netflix series, videogames, toys, and social media, and the characters, storylines and concepts are coordinated across each instance. Transmedia (literally “across media”) is not a strategy of excess, rather a commitment to access that is distributed, and coordinated.

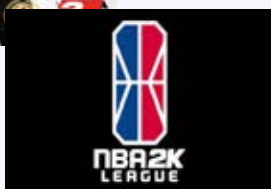
Transmedia success also depends on the ways that fans want to be creators of content, not just consumers. Increasingly, because of technology, fans are empowered to create sports content to share within their fan communities. For Media Studies scholar Axel Bruns, this concept is called “produsage”—the idea that people want to create with the content they consume—and the sports industry is already seeing signs of a growing energy from a new generation of fans who want to be creators (Bruns 2007). Platforms like YouTube, Twitch, Weibo, Facebook and Reddit have created digital spaces for fans who create to share their own user-generated content.

While the sports industry has never wholly adopted “transmedia” as a strategy, it has slowly begun to put into practice some of the principles. And going forward, the Age of the Fluid Fan™ will come to be defined by the ways in which transmedia and produsage are integrated into the sports ecosystem.



THE NBA AND TRANSMEDIA

The NBA’s embrace of transmedia has built a culture of creators. From fans designing shoes in the popular video game 2K to students recording basketball highlights at high school games on the media platform Overtime, the NBA benefits enormously from its platform.



NBA
League
Pass



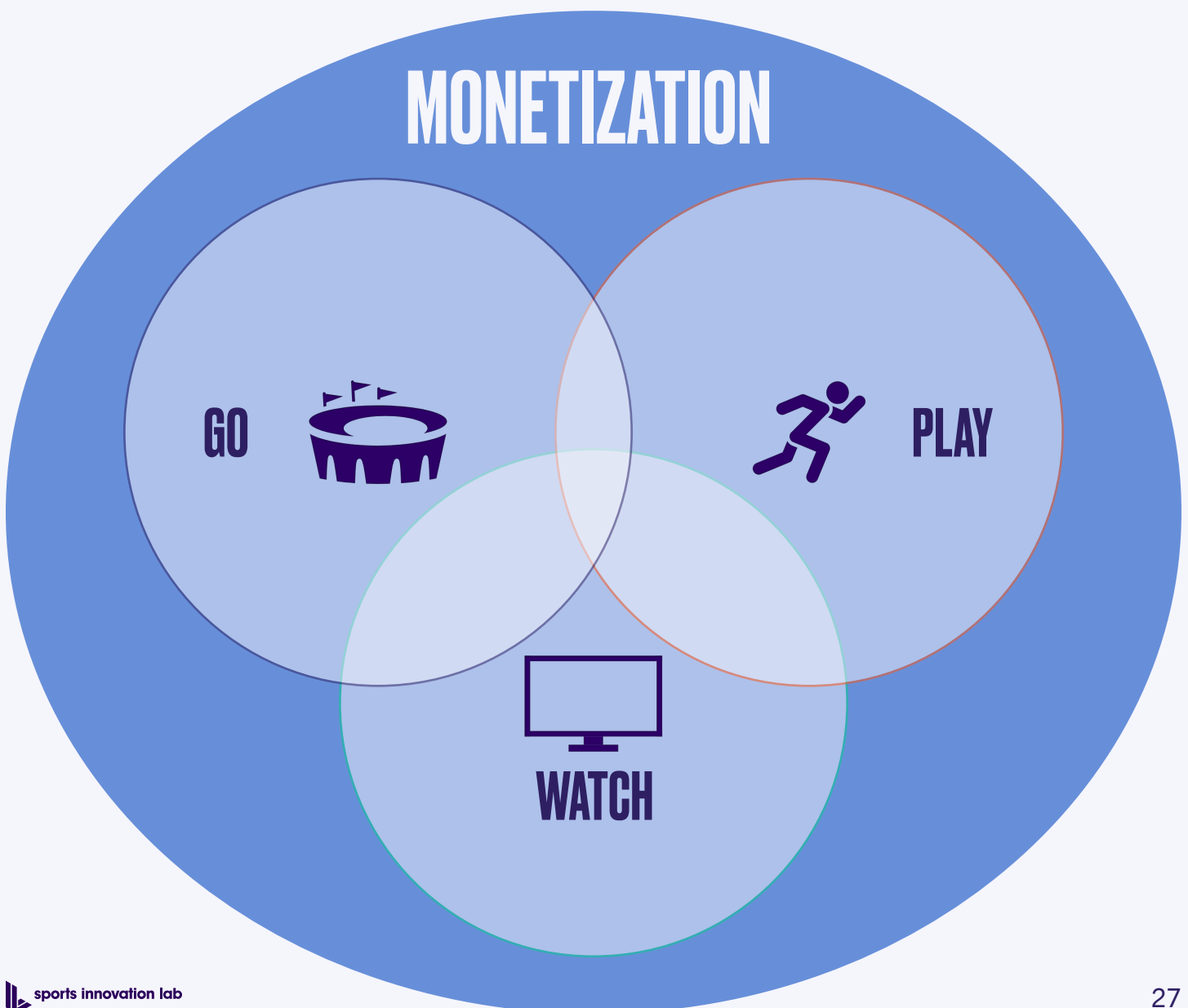
Bruns, Axel. 2007. “Produsage: Towards a Broader Framework for User-Led Content Creation”. In Proceedings Creativity & Cognition. Washington, DC.

THE THREE PILLARS, CONVERGING

The three pillars of **Go**, **Watch**, and **Play** form the foundation of the sports industry.

Throughout the history of the sports industry, executives have dwelled on the tensions between these three core pillars. The future of sports will see increased convergence between the three.

Playing will become more like going to an event, going to a venue will be more like watching at home, and watching will be increasingly like being at a stadium. For example, VR technology is striving to create stadium experiences to be enjoyed at home. Similarly, AR companies are working to bring the data visualizations that are a staple of sports broadcasts to the live stadium experience. This convergence will be driven by the innovative technology that pushes each experience toward the others.



THE DAWN OF A NEW AGE

We've entered a moment in the sports industry marked by unprecedented levels of choice. The market is saturated with sports content, and fans have never before been able to access as much live coverage, news, and information as they can today.

This change coincides with warning signals from the industry that the established structures for revenue are at some risk because of the competition for attention, both within sports and from outside. There are clear cracks in the foundation of our industry, and the pillars are converging.

All of this upheaval is occurring at a time when digitally native consumers are coming into maturity as an audience segment. Because of their experience with digital technology, and with smartphones more specifically, their attitudes toward their identity are changing. Subsequently, traditional concepts of what it means to be a "sports fan" are changing.

All these conditions point toward a paradigm shift in sports to a new age wherein traditional boundaries like geography and nationalism will erode. An age where traditional concepts of static identity will change. An age wherein sports fandom will be marked by continuous change.

E N T E R
THE AGE OF
THE FLUID FAN

A photograph of a building's facade with a red, textured, scale-like pattern. The word "Allianz" is written in white, bold, sans-serif font on the right side of the image. The background is a clear blue sky. A solid dark blue rectangle is positioned on the left side of the image.

Allianz

WHAT IS A FLUID FAN?

PERFORMATIVITY AND FLUID IDENTITY

In 1950s, social scientists gave shape to some important research on the concept of identity that has direct implications to the business of sports (Goffman 1958). Our identities are both the way we think about who we are, and how we present who we are to others. The industry makes its money through the connection with its consumers: it's part of their identity.

- When fans dress up for a game, they're performing identity.
- When fans cheer, sing songs, and wave banners, they are performing their identity.
- When fans settle in on the couch to watch a game, they are performing that identity.
- When fans post about sports on social media they are performing identity.
- And when fans get together at bars and clubs to watch and cheer, they are performing their identity.

Fluid fans love to do all these things, too, but our research shows that technology is shaping a new kind of fluid fandom that means these behaviors and expressions are perhaps less entrenched than they used to be. They are perhaps temporary—less definitive. What's more, younger generations are increasingly comfortable with the idea that their identity is multiplicitous—that they have different versions of their identity that are relevant to different contexts. To that end, there is research to support that technology enables us to express our selves (note the plural) in different ways. Technology, in fact, empowers us to have multiple selves.



DEFINED BY CHANGE

Fluid fandom is fundamentally about change, and continuous movement. Fluidity. Fluid Fans are:

1. OPEN TO CHANGE

Fluid fans are open to trying new sports, switching their allegiances, and seeking out new forms of entertainment. They have demonstrated the unthinkable: they have and will change their favorite sports teams, leagues and players. That could mean the concept of the die-hard fan is going extinct.

2. EMPOWERED TO CHOOSE

Sports fans not only have more forms of sports to choose from, they have more forms of entertainment to choose from as well. All these diversions are at their fingertips and in the palms of their hands. If their favorite player is traded, they take their passion, interest, and attention with them.

3. CONTINUOUSLY EVOLVING

There is no defining the Fluid Fan because their expectations continuously evolve. Every technology innovation, in sport or in an adjacent industry, will change the way fans expect to experience sport. New payment systems, new virtual reality headsets, new forms of transportation mean that sport can't sit still. These fans continue to demand the cost, convenience, and comforts that exist in other areas of their lives to exist in sports.



THE EVOLUTION TO THE AGE OF THE FLUID FAN

AGE OF LOCAL FANS

ca. 1850s - 1950s

Supports Local Team
Radio/Newspaper/Local TV
Local Social Groups
Local Fan Communities
Consumer
Follows Teams
Prioritizes Winning
Fixed Identity

AGE OF GLOBAL FANS

ca. 1950s - Present

Supports Global Teams
Satellite/Cable/OTT
Global Social Groups
Global Fan Communities
Consumer
Follows Teams/Leagues
Prioritizes Winning
Fixed Identity

AGE OF THE FLUID FAN™

ca 2020 -

Changes Allegiances
Transmedia
Dynamic Social Groups
Digital Fan Communities
Consumer/Creator
Follows Players
Prioritizes Values
Contextual Identity





THE FLUID FAN MAY CREATE NEW, DIGITAL COMMUNITIES

Reddit is an online forum for conversations on specific topics. The NBA themed “subreddit” has over 1.8M subscribers, sharing homemade highlight reels, and content with one another. It is the new fan clubhouse or bar, where fans come together to socialize and be together, but they do it digitally.

r/NBA HAS 1.8M SUBSCRIBERS

producing more than 491 posts and 15K comments per day

Sports Innovation Lab, 2019



THE FLUID FAN MAY FOLLOW PLAYERS

In an age when fans have more direct access to athletes than ever before, and when sports stars move from team to team, country to country at an increased rate, the fluid fan may find themselves following their favorite players no matter where they play.

@dcunited Twitter account has
150K FOLLOWERS

@waynerooney Twitter account has
17M FOLLOWERS

Sports Innovation Lab, 2019

THE FLUID FAN MAY CHEER FOR THEIR VALUES

Increasingly, younger generations of fans are showing they care more about how a brand demonstrates commitment to social values that matter to them. They are willing to endorse and support brands that align with their beliefs. This is also true for sports fans, for example, the Forest Green Rovers and Seattle Sounders are two association football teams that committed to being carbon neutral.

72% of consumers under the age of 20 say they are willing to pay more to brands that are committed to positive social and environmental impact

Nielsen Global Survey of Corporate Social Responsibility and Sustainability, 2015.

THE FLUID FAN MAY HAVE MULTIPLE SELVES

Younger generations who have grown up in a world with digital technology and the Internet are showing that they see identity as being less fixed, and more dynamic and contextual. Technologies have empowered people to experiment and play with their identity.

“You need to have different versions of yourself...it’s not being fake, there’s different aspects to yourself, everyone is complicated, so I think it’s okay to have different selves that you present.”

Kristopher P., age 22

RPA. 2018. “Identity Shifters”. <https://identityshifters.rpa.com/>

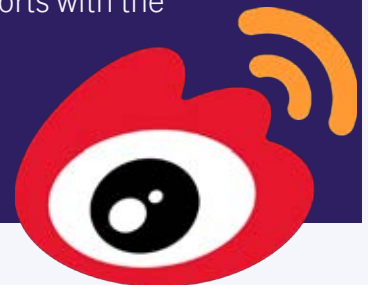
“You should change, and not be stuck with the same identity.”

Gisele M., age 21



THE FLUID FAN MAY BE A CREATOR, NOT JUST A CONSUMER

As our communication model becomes increasingly dispersed, and as new platforms emerge to support user generated content, professional sports may not just be a source of top down content, but will become a platform in and of itself for the generation of a broader more dispersed ecosystem. We’ve seen this happen already to videogames and in esports with the platforms like YouTube, Twitch and Sina Weibo.



THE FLUID FAN MAY CHANGE ALLEGIANCES

In the Age of The Fluid Fan, where identity is no longer fixed, sports fans may pick and choose who and what they root for, and change their opinion regularly. With sports betting, values, fantasy sports, videogames and the plethora of new ways to engage with sports, there are many new reasons for how and why a fan chooses who to support.

22% of sports fans say they are willing to switch favorite teams

30% already have

Vision Critical. 2017. “Why You Should Listen To Your Fans”. Sports Fan Councils. <https://www.visioncritical.com/blog/7-reasons-sport-teams-should-listen-to-fans>.



PREPARING FOR FLUID FANS

It is daunting for the sports industry to think that its lofty position as the most valuable live media experience could be threatened by fans that have more choice and can continuously change, but many executives acknowledge their future growth is less guaranteed.

NEW RULES: OPERATE DIFFERENTLY

Acceptance and recognition of fluid fan behavior is an important start to shaping your new operating model and strategy. There are three areas all organizations across sport need to master to engage the Fluid Fan:

1. Produce Immersive Media

Producing Immersive Media is easier said than done, but there are three areas we recommend our clients focus on:

Make your sports media accessible. Making your sports media accessible means optimizing media for digital delivery. Format experiences for digital consoles and mobile devices. Ink distribution deals to put your media anywhere your consumer will be and anticipate the way innovation in distribution technology will evolve.

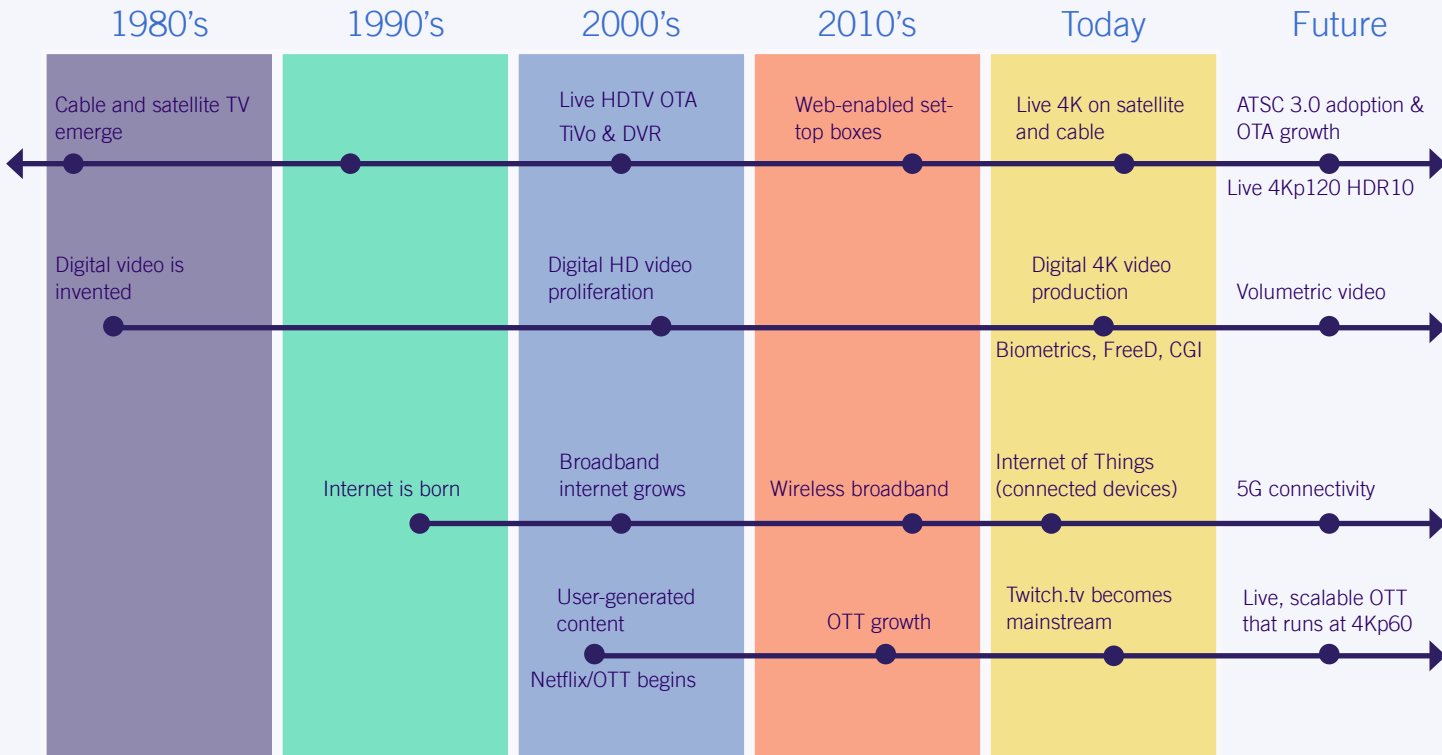




Image: Fox Sports

Make your sports media interactive. Experiment with alt-streams that test interactive features like in-game trivia contests, different camera angles, and optional commentary channels. These kinds of productions weave together partnerships across networking, production tools, data, and user interface design to test what fans want and what the future fan experience should look like.

- ▶ ESPN has started testing alt-streams with interactive content including a Milwaukee Bucks vs LA Lakers game on March 1st that featured Second Spectrum player tracking data and provided different viewing options such as “Coach Mode” or “Player Mode.”
- ▶ Amazon’s broadcasts of Thursday Night Football included new features that let viewers make game and quarter play guesses, and also offered a stats-heavy stream.
- ▶ MLB has begun to stream one game per week exclusively on Facebook, where the games have no commercials, and where hosts actively engage with the online audience through interactive polls.
- ▶ NBC Sports recently debuted a first of its kind sports betting experience for fans watching the Washington Wizards vs. Milwaukee Bucks game. Through a series of question and answer game they dubbed “Predict the Game” on NBC Sports Washington Plus, fans were able to place bets on certain game outcomes.
- ▶ The Sacramento Kings, Xperiel, and MGM collaborated for a unique in venue and broadcast media experience where fans were encouraged to play a game they dubbed “Call the Shot”. Fans chose the outcomes of individual quarters in the game, and individual player performances, and allowed fans to wager with points rather than real money, which they could then redeem for in app prizes.

Make your sports media social. Weave in social features like chat, video chat, and message boards. Give fans content tools to generate highlights, overlay filters, and amplify media through social channels.

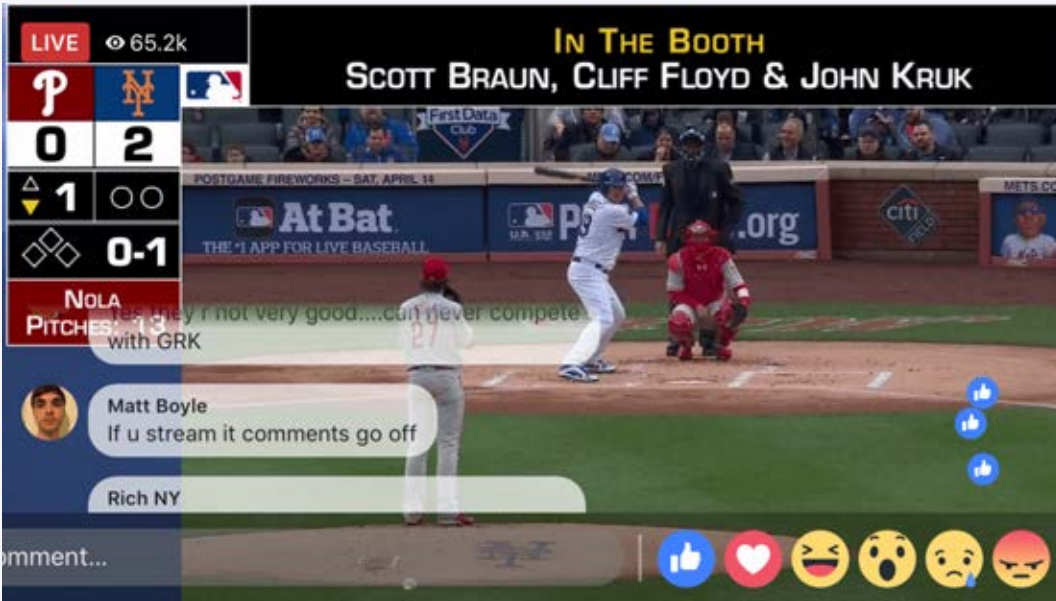
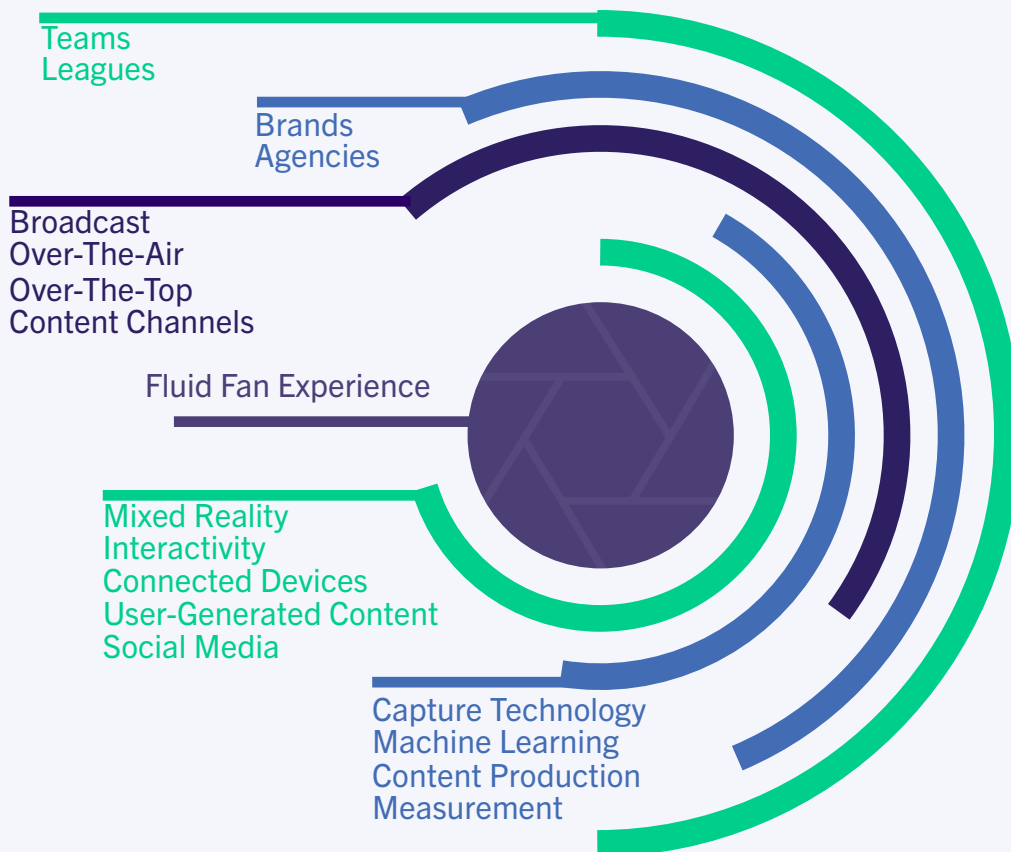


Image: MLB Live, Facebook, Sporttechie.com

The Immersive Media Ecosystem (Fig. 1)



2. Build Smart Venues

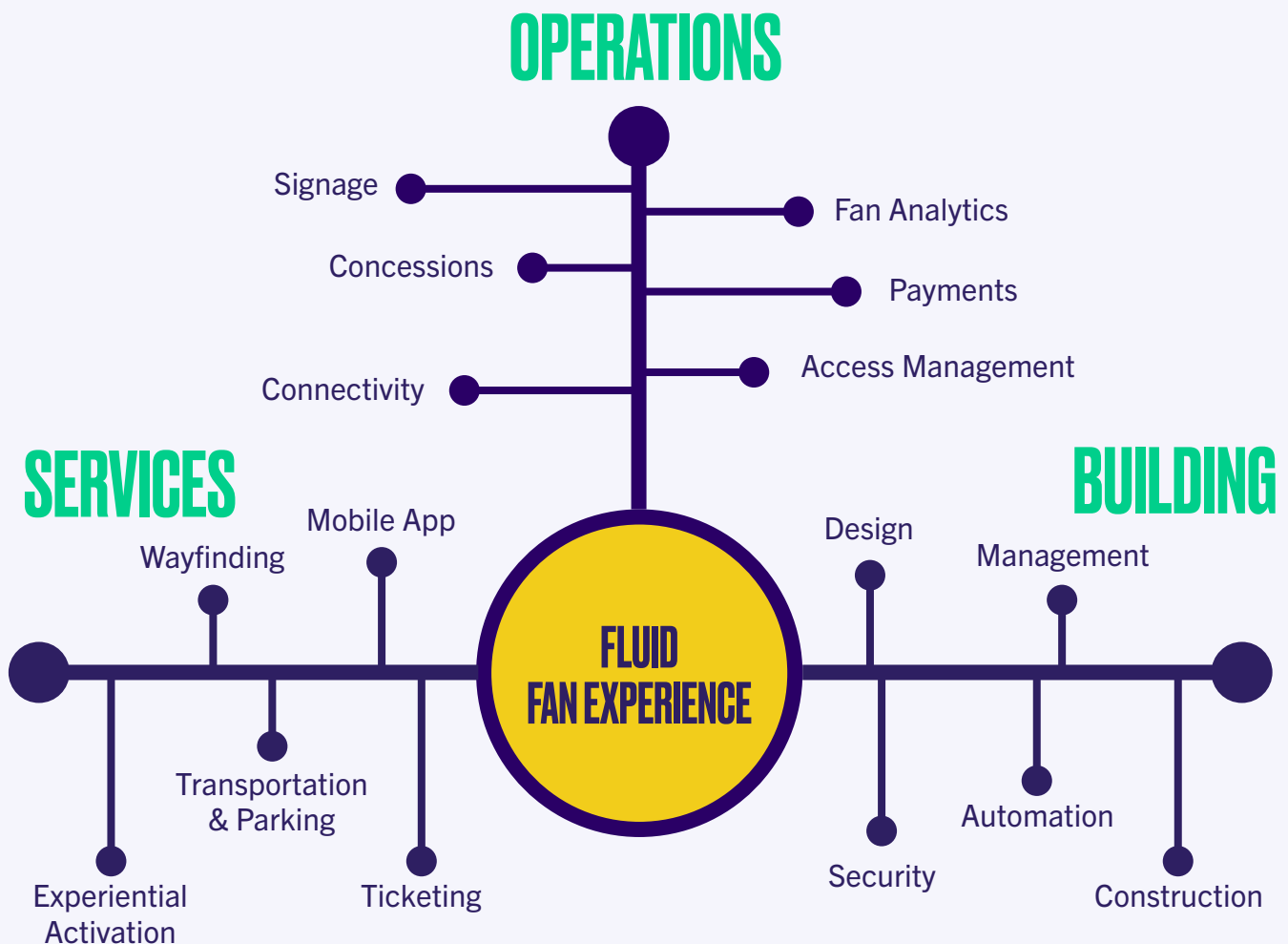
If Fluid Fans are going to spend their time, money, and effort to go to a venue, they want to be a part of something larger than themselves, the power of togetherness. The Smart Venue infuses technology into the fan experience to deliver an experience that is memorable and hassle-free. The industry needs to:

Master connectivity and fan experience. Use investments in networking, digital signage, and social spaces to keep the fluid fan's attention to sponsorship activations and commercial opportunities.

Think beyond game day. Know that fluid fans are interested in experiences and more entertainment options than just what's going on on the field. Include mixed-use retail like shopping and experiential entertainment that makes the district a destination.

Build an ecosystem of partners. Understand that agile development is key. Build the technology platforms that allow you to evolve with the fluid fan by swapping out best-of-breed providers across your facility and surrounding area.

The Smart Venue Fan Experience Ecosystem (Fig. 2)



3. Build for the Next-Generation of Monetization

The Next-Generation of Monetization and Sponsorship will find technology playing an integral role in each step of the monetization process (Fig. 3). This new technology will reshape how the industry monetizes sports, and perhaps more importantly, evaluates the success of activations. We encourage our clients to:

The Sports Monetization Process (Fig. 3)

1. OBJECTIVES

What are our corporate objectives?
What are our brand objectives?
What are our regional objectives?

2. STRATEGY

What is our monetization strategy?
Who are we targeting?
How will it help us achieve company objectives?
How do we measure effectiveness?

3. PARTNERSHIP

Who should we partner with?
How much should we spend?
What assets drive the most value?

4. ACTIVATION

What should our creative campaign be?
What formats should we target?
How can we best engage fans?

5. EVALUATION

What assets worked best for us?
Did the activation deliver against our KPIs?
What was our ROI?

Enhance existing sponsorship assets. Sponsorships are still quantified the same way they have been for decades. Impressions are measured. Attendance and foot-traffic is used as a proxy for awareness. Viewership and broadcast ratings are used to justify spend. This can all be done better to measure how fluid fans perceive and interact with brands. Used strategically, computer vision technology and social listening tools can give new value to traditional assets like signage and product placement without undermining traditional measurement methods.

Explore new technology sponsorship categories. Recognize that technology companies and service providers want to be part of the sport experience and deliver new capabilities to fluid fans. Seek sponsors who can power your cloud infrastructure, your athlete performance technology, and your augmented reality scoreboards.





THE FUTURE IS CLOSER THAN YOU THINK

While the sports industry is grappling with the way it uses technology to engage fluid fans, other industries continue to raise the bar for consumer experiences. Each new mobile phone release includes features and services that invite consumers to expand their view of what's possible and innovative.

Leaders do not ignore these signals. They take note and make difficult choices and changes. For example, the Paris 2024 Olympic Committee chose to nominate breakdancing as part of the future Olympic program. The speed of the competition and the urban appeal to younger, fluid fans made it a strong addition. What didn't make the Paris 2024 cut? A game called baseball or softball, where each competition can take up to four hours. When fluid fans have so many other entertainment options a four hour window presents a ton of opportunities for other distractions to emerge.

Recently, the confluence of market forces and innovation was on full display when Epic Games hosted a live music concert on a video game platform. More than 10 million gamers and fans logged into their gaming account and were able to dance along with Marshmello as he directly engaged and manipulated the entire concert venue and experience -- it was after all, virtual.

For all the hype and talk about virtual reality, sitting courtside at an NBA game may not be the end design goal or experience. The video game platform of *NBA 2K* may be a more direct way for the NBA to build fandom globally as players manipulate their uniforms, listen to music, and trade virtual gear.

The future is definitely closer than you think.



GRL
PWR

JOIN ME

This report isn't just a wake-up call, it's a call to action. I want everyone to take seriously the role we have as leaders in the industry.

The world is a better place when sports thrive.

When sports thrive, they can unify us and promote global peace. We all know the power of the Olympics—as athletes in the Olympic Village we shared meals and stories and made lifelong friendships because we spoke the common language of sport. At the Pyeongchang Olympics, sport brought together North and South Korea under one flag. The warring countries played on the same women's ice hockey team. I spoke to these players in their locker room and I can tell you that they knew what they were doing was much larger than sport. Perhaps even worthy of the Nobel Prize.

When sports thrive, they can break down barriers. After returning from winning a gold medal I spoke to the Boys Scouts or at all-girls' hockey schools. I saw firsthand as boys and girls digested the idea that a woman could be a world-class athlete and more importantly, a role model. As the first woman (non-Goalie) to play professional men's hockey in North America, I wanted to show fans that women could compete with the men. And maybe I helped change (even slightly) the perception of women as a result of my effort. Sport can break down gender barriers in ways we cannot measure. "If you can see it, you can be it."

When sports thrive, they can heal us. Participation in sport kept me healthy and set me up with a lifetime of healthy living habits. Sports keep us active. But sports can do more than just heal our body, they can heal us emotionally as well. After September 11th, the Yankees played a game in New York City and the whole country watched as we rose above hate and continued on. The Boston Marathon brought together my city after a horrific tragedy. We grieved, and we kept running.

So, when you think of the fluid fan, think of the opportunity to use sport for good. With technology, built and deployed the right way, we can help sports thrive. Join me supporting the evolution of the sport industry.

Angela Ruggiero

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