

**DIGITAL
TRENDS
IN SPORT**



Seven League
Accelerating Digital

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Introduction

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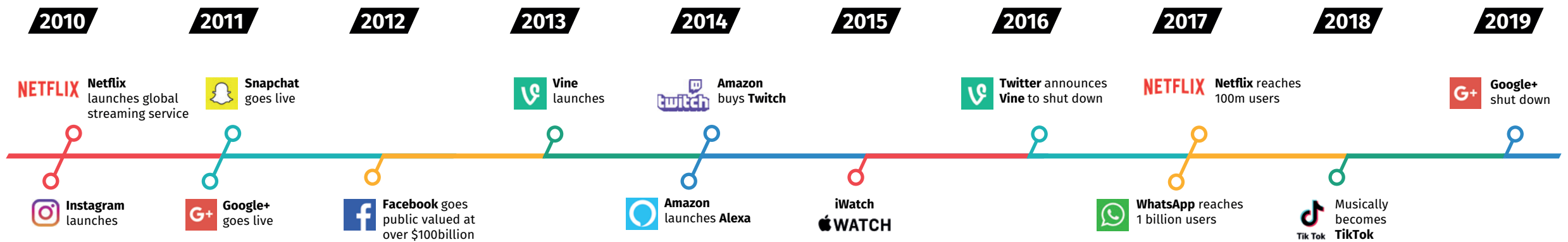
At Seven League we are used to reflecting on the end of one year and the start of a new one. This time – for the first time in the lifespan of our company – we also have a decade to look back on.

Back in 2010, Seven League didn't exist. At the end of the year I had started in the new role of Head of Digital at Man City which, along with many other sports businesses, was very much at the start of its digital journey. Over the past decade we've seen technology change the way fans consume sport and the way sports run their businesses – mobile apps, social media, video streaming and data management have all transformed the connection between audiences and the teams, leagues and players we love.

In 2012, inspired by the London Olympics, I founded Seven League. In the past seven years we've grown from a tiny north London start-up to over 35 people. In 2018 we joined forces with Mailman to form the Mailman Group and so we now have hubs in London, Shanghai, Singapore and offices across Asia.

With the help of some wise industry experts, we look back at the last ten years. We then look forward to the coming year.

This report outlines the seven digital trends we feel will have the biggest impact on the sport industry in 2020. We examine why they are important and what they could mean for teams, leagues and federations. Enjoy the report, and Happy New Year to you and your families.



Viewpoints: the last decade



Craig Hepburn

Head of Digital at UEFA

What job were you in at the start of the decade?

Global Director of Digital at Nokia.

How different would that role from 10 years ago be now, with 2019 technology?

I actually believe things were much simpler back then, the fragmentation of digital landscapes and the massive growth in technology platforms has added a lot more complexity. On the flip side, the digital talent we have now is far greater and more advanced than 10 years ago.

What are the tech developments that you feel have defined this decade?

I think it would be hard to argue against Mobile and specifically how apps have driven the industry and consumer behaviour.

What's the area of tech that you are most excited about for the new decade?

I am very excited by the growth of health & fitness technology, the democratisation of platforms that enable people to manage their wellbeing driven by AI, smarter apps and sensors will be a game changer for society.



Heidi Browning

EVP & CMO at the NHL

What job were you in at the start of the decade?

I transitioned from agency life as Global Digital Officer at Universal McCann to join Pandora, a start-up specialising in personalised streaming music.

How different would that role from 10 years ago be now, with 2019 technology?

Pandora was the pioneer of personalisation, leveraging its Music Genome Project to play music you love and introduce you to new artists. Today, personalisation is being coming more ubiquitous as businesses are leveraging data science, machine learning and customer feedback to deliver relevant and personalised content and experiences.

What are the tech developments that you feel have defined this decade?

Mobility, personalisation, voice activation and streaming.

What's the area of tech that you are most excited about for the new decade?

Artificial intelligence, virtual and mixed reality.

TRENDS FOR 2020

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We've hit peak subscription

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“Many sports will abandon their D2C dreams and make peace with the fact that other businesses may be better at distributing their content.”

WHAT HAPPENED IN 2019?

In 2019 we reached peak subscription. The Athletic launched in the UK, joining the likes of *New York Times* and *The Economist* in putting quality journalism behind a paywall.

A variety of sports OTT services launched (admittedly, not all subscription-based): LaLigaSportsTV, The FA Player and Trackpass from Nascar. There are more, like Whited, on the horizon. On top of the already established players like NBA's League Pass, NFL's Game Pass, WWE Network and TennisTV.

In the gaming industry there is EA Access, Google Stadia, Xbox Game Pass, PlayStation Now and Apple has launched Arcade. You can buy your food (Hello Fresh), fashion (Rent the Runway) and grooming products (Dollar Shave Club) via monthly subscription.

All of these sound great on paper – predictable regular monthly revenue, direct access to consumers, upsell opportunities and ability to scale. The problem is that everyone else thinks so too.

Consumers only have a finite amount of time and money. This has become a highly competitive market where not everyone will win.

HOW WILL IT AFFECT SPORT IN 2020?

Consumers will have an upper tolerance for what they subscribe to and will become increasingly reluctant to sign-up to any and every content service charging a monthly fee. They will also compare value – sports OTT services will be evaluated in consumers' minds alongside Spotify and Netflix.

Consumers will pay for content but it has to be (1) specialist/niche with small numbers and a high price point, (2) highly sought-after and exclusive, such as Game of Thrones or (3) part of a bundle of content (Spotify, Netflix, Prime Video).

According to Digital TV Research global SVOD (Subscription Video On-Demand) subscribers will approach 1bn in 2024 but the average streaming subscriber will only subscribe to 4.9 services by 2023.

If we assume consumers have an upper limit of 5 subscriptions, sports need to be aware that Netflix, Amazon and Disney are likely to fill at least 2 of those 5 spots. The rest of the market is fighting for a very limited amount of the consumer's time and money.

As the fight hots up, user acquisition costs will rise, discovery will become problematic and the inevitability of bundling will accelerate. Many sports will abandon their D2C dreams and make peace with the fact that other businesses may be better at distributing their content.

TRENDS FOR 2020



Your next big signing will be virtual



“It’s not always possible to get athletes to say what you want them to say, support the causes you’d like them to or even, frankly, to be engaging.”

WHAT HAPPENED IN 2019?

In 2019 a DJ called Marshmello played to more than 10 million made-up characters in a made-up world: Fortnite.

A Calvin Klein ad featured a kiss between model Bela Hadid and computer-generated character Lil Miquela, a virtual influencer with 1.8m Instagram followers who streams to 80,000+ people per month on Spotify and has a deal with Prada.

In Japan, we saw the growing popularity of a new class of streaming star that’s equal parts digital avatar and interactive anime.

In sport, 2019 was a breakout year for Philadelphia Flyers mascot Gritty, now a household name in the US and a worthwhile follow on social media.

In the latter part of the year Man City announced ‘Sky Blue Academy’ – an animated, 26-episode series made for children aged 8-11. Meanwhile, Jr. NBA channels on social media have been airing an animated show called Junior Jump Squad.

HOW WILL IT AFFECT SPORT IN 2020?

Player access can be difficult and even when you have the players in front of you, it’s not always possible to get them to say what you want them to say, support the causes you’d like them to or even, frankly, to be engaging.

Animated or virtual characters, or even mascots, are much easier to imbue with values and messaging that fit with those of a brand. They also offer the opportunity of an ‘always on’ entertainment vertical supporting the on-pitch/court action.

2020 will see more sports creating virtual IP – whether that’s through virtual influencers or animated series. Why hire a celebrity, a supermodel or even a social media influencer to market your product when you can create the ideal brand ambassador from scratch?

We will see more sports creating year-round entertainment properties in an effort to diversify their revenues, access new audiences and spread positive messages around things like anti-racism and participation.

TRENDS FOR 2020



Fans don't want to be owned



“If consumers value privacy, love ephemeral content and want to interact in small groups, why are we dedicating so much effort to harvesting their data so we can sell them stuff?”

WHAT HAPPENED IN 2019?

In March 2019, Mark Zuckerberg announced his “vision and principles” for a “privacy-focused messaging and social networking platform.”

In his blog, ‘A Privacy-Focused Vision for Social Networking’, Zuckerberg said: “I believe the future of communication will increasingly shift to private, encrypted services where people can be confident what they say to each other stays secure and their messages and content won't stick around forever. This is the future I hope we will help bring about.”

However, while digital platforms ‘pivot to privacy’, we see sport and media trying to ‘own the audience’. More and more properties are placing concerted focus on creating ‘a direct relationship with customers’, which more often than not means building large email marketing databases, thus creating a tension between the goals of the platforms and those of rights holders...

In November, Disney unveiled the jewel in its D2C (direct to consumer) crown, Disney+, which was rumoured to have attracted 10m subscribers on its first day. The aggressive discounting and bundling that helped Disney get to that number were a clear confirmation of CEO Bob Iger’s statement that D2C is the company’s “number one priority.”

In sport, UEFA, LaLiga and the FA all launched D2C OTT services, with the Bundesliga rumoured to have one in production.

HOW WILL IT AFFECT SPORT IN 2020?

The key question for the sport industry is: if consumers value privacy, want to interact in smaller groups and use ephemeral content formats, why are we dedicating so much effort to harvesting their data so we can sell them stuff?

The twin ambitions of valuing privacy and collecting consumer data don’t necessarily have to be at odds, but execution is key. Sport will have to tread carefully, even in the language it uses.

Fans don’t want to be ‘owned’ and the sports that succeed in 2020 will use data to provide better products and experiences, not just to sell stuff. Audiences will reward organisations that use their data to offer relevant, personalised and entertaining experiences. They will punish organisations that over-communicate or break their trust.

TRENDS FOR 2020



Sports participation will be gamified



“65% of avid MLS fans highlight FIFA (the game) as a driver of their interest in soccer... Gaming is actually more important to us than people playing soccer itself.”

James Ruth, Senior Director of Properties at MLS, speaking at SportsTechie conference June 2019

WHAT HAPPENED IN 2019?

We've seen remarkable growth in participation sports like CrossFit, Tough Mudder and Parkour and the success of connected fitness equipment (Peloton, Tonal, Mirror, Hydrow Rower, Fight Camp). These are activities with built-in community and personal measurement. People are increasingly tracking their own activity (through sleep and meditation apps like Calm, fitness and workout tools like Strava or Map My Run, and nutrition and dieting apps).

In 2019 we also saw the continued impact of gaming on sports. In June, James Ruth, Sr. Director of Properties at MLS said: *“65% of avid MLS fans highlight FIFA (the game) as a driver of their interest in soccer... Gaming is actually more important to us than people playing soccer itself.”*

Later in the year, the NBA announced a new partnership with HomeCourt.ai and UEFA announced a partnership with Formalytics, maker of the MyKicks app. Both products allow you to use a smartphone to track and chart shots and drills using high-end image recognition and mapping software.

Users across the globe can measure themselves against each other. In the year since it launched, HomeCourt has logged more than 25 million shots, 20 million dribbles and 3.5 million minutes with users across 170 countries.

HOW WILL IT AFFECT SPORT IN 2020?

We will see the creation of fitness-focused networks built around the concept of the networked body.

There will be rapid strides in geo-tracking, image-recognition technology and greater uptake of wearables, smart clothing and personal measurement applications. Sports which offer ways for fans to track and gamify their participation will reap significant rewards.

Measurement and gamification will take a variety of forms – sports will offer rewards for participation (both tangible and non-tangible) and provide new avenues for fans to compare themselves against professionals, each other or themselves.

TRENDS FOR 2020



Storytelling overtakes performance marketing

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“adidas admitted that its focus on ROI led it to place too much resource in performance marketing at the expense of brand building.”

WHAT HAPPENED IN 2019?

In 2019 adidas admitted that it had over-invested in digital advertising. Its focus on ROI led it to place too much resource in performance marketing at the expense of brand building.

The brand’s global media director, Simon Peel, explained that four years ago the company’s attribution modelling was based on last-click, focusing on efficiency over effectiveness as well as cost reduction, rather than what was in the best interests of its brands.

“We had an understanding that it was digital advertising – desktop and mobile – that was driving sales and as a consequence we were over-investing in that area” said Peel.

More recent research revealed that it was actually brand activity that was driving 65% of sales across wholesale, retail and ecommerce but adidas’ advertising split was 23% brand and 77% performance.

Meanwhile, there was growing disquiet about the metrics offered by large performance marketing platforms (Google, Facebook, Amazon). Marketers are beginning to understand that these are designed to support the platforms’ ad products – so what constitutes conversion, acquisition, and engagement might not be relevant to brands themselves.

HOW WILL IT AFFECT SPORT IN 2020?

Captivating stories about teams and players are what makes us fall in love with sport. This type of brand building will enjoy a resurgence in 2020. The good news for rightsholders and clubs is that with a level of creativity, they have the ability to tell stories that get to the heart of why sport is so compelling.

When running paid campaigns it’s tempting to get sucked-in to optimising for ‘return on ad spend’ as a KPI. In many ways it’s powerful: we spent x, we made 10x.

Followed to its logical conclusion, however, you end up only targeting the people who were most likely to convert even without your campaign.

This is not to say that sport should give up on efforts to have a more granular understanding of its audiences and how to target them but that both stories and performance should play a part in a powerful digital marketing mix.

TRENDS FOR 2020



Fans don't want to just watch. They want to change the outcome



"We can't stay static and televise games the same way we have been for the last 40, 50 years."

David Denenberg, SVP, Global Media Distribution at the NBA, taken from Front Office Sports article about the NBA's Twitch partnership, August 2019

WHAT HAPPENED IN 2019?

Last year we predicted the growth of 'choose your own adventure' (CYOA) style content. Netflix's "Black Mirror: Bandersnatch" showed there is an audience for interactive video. In 2019 Netflix doubled-down on interactive shows by releasing "Minecraft: Story Mode" and "Bear Grylls' You vs Wild."

In April, YouTube announced it would be investing in new CYOA programming. Later in the year, Chinese video streaming giant iQIYI launched its first interactive work and issued a set of Interactive Video Guidelines (IVGs) intended to standardise the creation of such content.

Google Stadia promised the ability for viewers to seamlessly switch between viewing and playing games live on YouTube and new interactive video platform Eko launched, with backing from Walmart, striking deals with companies including BuzzFeed, FBE and Refinery29.

Meanwhile, Twitch brought co-streaming to its platform with sports broadcasts being made available to popular streamers to commentate over whilst interacting with their communities. The NBA's David Denenberg said of its deal with Twitch: *"We really want to make sure we're reaching viewers wherever they are and know we can't stay static and televise games the same way we have been for the last 40, 50 years."*

HOW WILL IT AFFECT SPORT IN 2020?

Sport still remains one of the few entertainment formats that drives live audiences but the inconvenient truth is that these audiences now skew older. Younger audiences have a different relationship with content: they expect to participate in or alongside it.

Interactivity heightens engagement which is important for all content makers in the attention economy, not least sponsor brands.

We expect to see more sports formats and content spin-offs that allow fans to take part, to play a role in the experience and sometimes even the outcome of the content. For example, we'll see more activations like Porsche's CYOA Formula E car reveal on Twitch.

The great thing for sports brands trying to develop more intricate fan profiles is that each time your audience interact with you, they create a data point, which helps you understand them better.

TRENDS FOR 2020



5G won't have a major impact in 2020



“5G is not a solution to all problems. Videos will still need compelling storylines, you still have to provide useful services to your fans and your app still needs to be easy to navigate.”

WHAT HAPPENED IN 2019

The major telecoms companies launched 5G in 17 UK cities with more to come. Several 5G phones are now available and people are getting excited about speeds five times faster than 4G. Movies downloaded in seconds! The saviour of VR! Some have pondered whether it will eliminate the need for public wifi.

Earlier in 2019 FC Barcelona told us about a partnership with Telefonica that will make the Nou Camp the first 5G stadium and there was live testing at the 2018 Winter Olympics in South Korea (the most advanced nation for 5G roll-out).

The headline benefit of 5G is speed. Downloads and streaming will get smoother, easier and faster. The time between a command being issued and a response being received will greatly reduce. However, at least in the short term, the key benefit is that it will make the things we already do better.

HOW IT WILL AFFECT SPORT IN 2020

Firstly, the transition from 4G to 5G won't happen overnight. Carriers have to deploy roll-out across multiple countries and regions, consumers have to upgrade to 5G phone plans and tech companies have to create products that harness this new capability.

Wearable tech that tracks movement and performance is likely to be greatly enhanced. Streaming live sport should become easier and cheaper. Gaming should greatly benefit from faster mobile internet connection in 2020.

However, 5G is not a solution to all problems. There will still be millions of sports videos to choose from online, millions of websites to browse and thousands of places to spend your disposable income. Videos will still need compelling storylines, you still have to provide useful services to your fans and your app still needs to be easy to navigate.

Getting that stuff right first should be the priority. Then we can worry about live streaming in virtual reality on a mountain top.

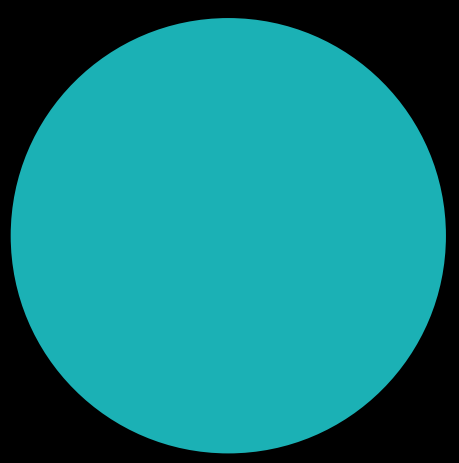
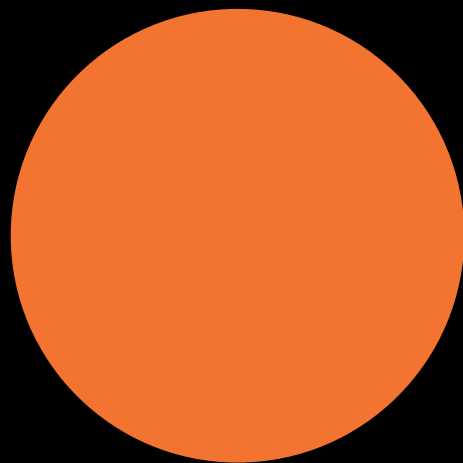
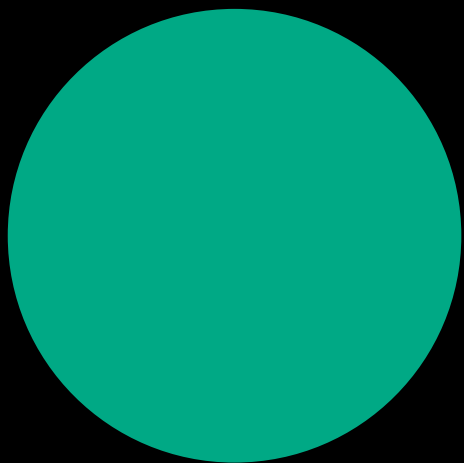
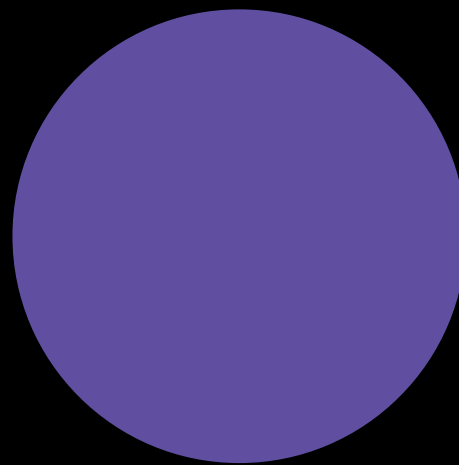
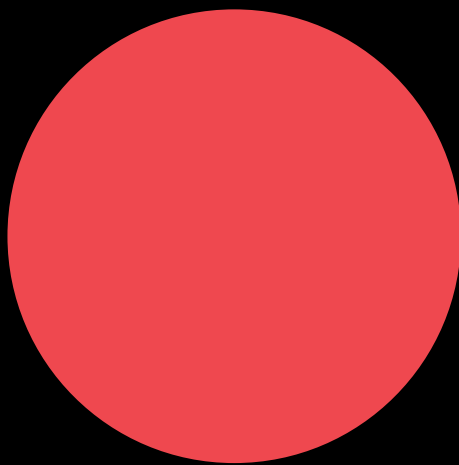
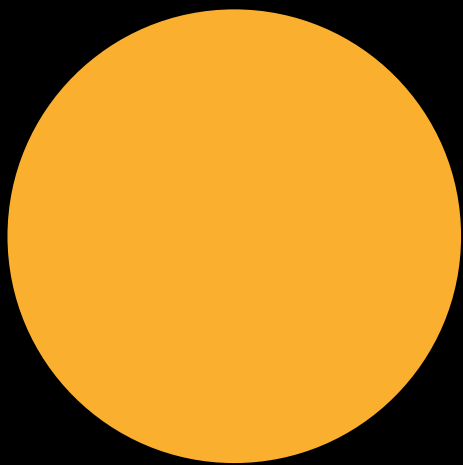
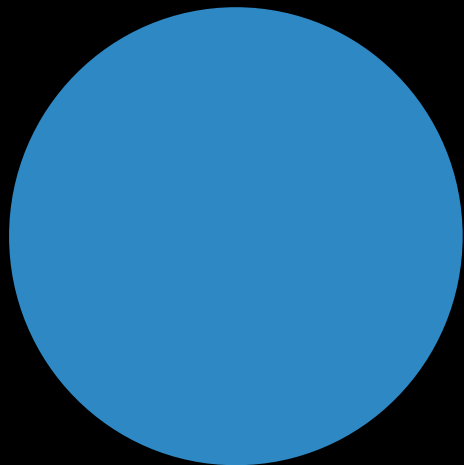
Seven League



Seven League is a digital consultancy which specialises in sport. We work with sports' biggest global brands to ensure their sporting excellence is matched by world-class digital performance, helping them grow and engage audiences, increase commercial value and champion tech innovation; futureproofing in an ever-changing digital landscape.


Seven League is part of the Mailman Group with offices in the UK, China, India, Thailand, Vietnam and Indonesia. Together we're committed to building the world's biggest global digital sports agency. Empowering the world's most ambitious sports organisations, teams and athletes to build success everywhere.






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CONTRIBUTORS

Throughout the year our team produces a monthly Digital Digest for our clients. Key contributors include: Charlie Beall, David Brake, Arwel Jones, Peter Clare and Neal McCleave. This report is based on the Digests from 2019.



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