3RD AGE OF SPORT

a manifesto

by Mailman / Seven League

THREE AGES OF SPORT

While competition and athleticism is as old as humanity, as an industry, sport is characterised by three ages.

In the first age, industrialisation brought us increased leisure time to enjoy and participate in amateur sport.

Sport was a pastime for recreation and community.

In this age, the advent of mass media meant that for the first time millions of people could attend and follow spectator sports and participate themselves in athletic pursuits. Sport brought societies together. The Olympics saw amateurs take a global stage, but as popularity led to audience penetration and advertiser planning... people wanted to get paid.

THE SECOND AGE

In the second age of sport, we built businesses.

We charged money for access, we developed sponsorship and advertising offerings, we packaged and sold the rights to view sports, enabling athletes to become professionals. The quality of the product continued to improve, driving the growth of amateur participation. But where some parts of sport became self-sustaining, others sought to maximise their short term returns without thinking about the future: rights fees and salaries inflated because they could, the price became whatever the market would tolerate and the money often became held in the hands of the few, not the sport as a whole.

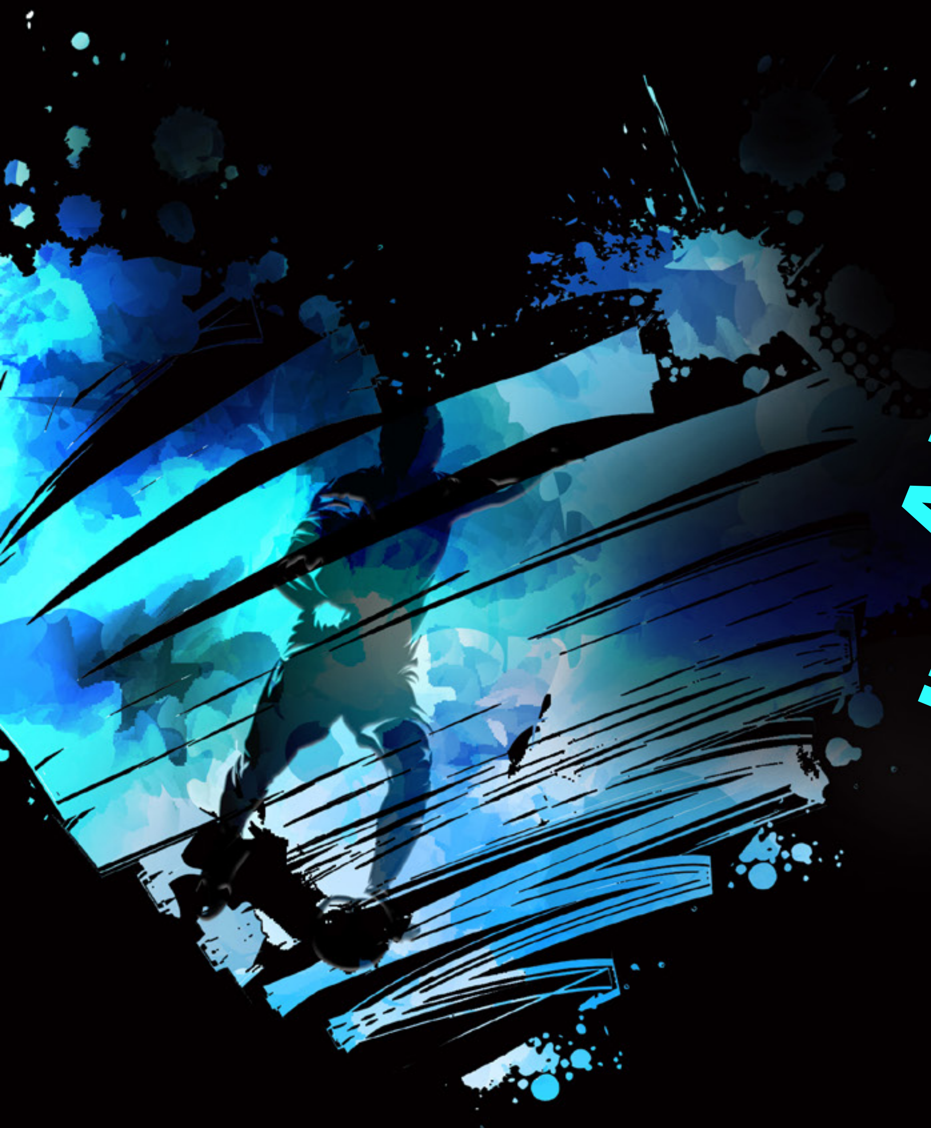
THE THIRD AGE

We are now entering a third age, in which digital disruption is restructuring how sports are being enjoyed, consumed, discovered and monetised. The industry we love is being fundamentally altered by new competitive forces and new distribution media. This is reshaping the business model for sport and it's creating new opportunities.

The third age is digital: everything is being packaged, distributed and consumed differently.

Device proliferation, ubiquitous computing and hardware developments like 5G, mean that user behaviours and expectations are rapidly accelerating. This change started before COVID-19 and it will go on after. COVID-19 is an accelerant.

Smartphone and internet connectivity are approaching 100% saturation in large parts of the world. It's now possible to distribute content and experiences to new audiences quickly and cheaply. But sport is no longer the only show in town.



A REVENUE INFLECTION POINT

Growth of global sports properties has been driven by rapidly inflating broadcast media rights and yet the signs are there that these rights have reached a high water mark. In a recent Seven League study canvassing the opinions of senior sports executives, collectively representing 4B fans across the world, 83% believe that a rights correction is due.

In its 3rd Age, sport will need to diversify its revenues, adapting from an over-reliance on broadcast fees to become a fully-rounded media business.

THE ATTENTION ECONOMY

In an economy where the attention of audiences is the single most important unit of currency, we are seeing rapid rises in the time audiences spend on social and messaging platforms, gaming, live streams, and on platforms where they follow new breeds of content creators and generate content themselves.

It's the gold rush for attention.

NEW MARKETS, NEW AUDIENCES

In both East & West, content consumption is mediated by large platforms and their ecosystems. Sport must understand when to leverage and partner with these platforms and when to follow its own course.

While global macro-politics may be creating two internets, in truth we have a world of many internets with audiences in multiple locations expecting customised experiences and localised content.

Some leagues and teams have seen and capitalised on the opportunity to expand beyond their core markets, opening regional offices, producing localised content and signing market-specific deals. Beyond these major global brands however, there remains a long tail of sports bodies that can still benefit from a more global/local approach to marketing themselves.

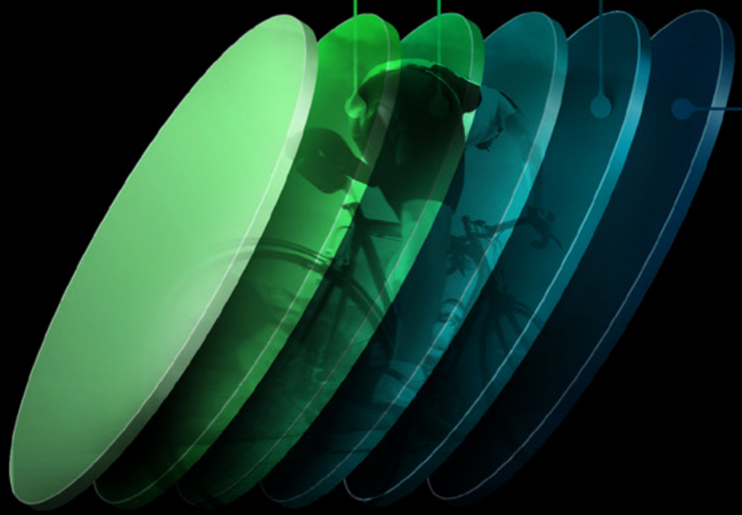
Global audiences have become the growth engine for sports, large and small.

CONTENT

1 Viewership of online video has exploded (YouTube, Netflix, Twitch, Kuaishou, Douyin, and Bilibili) with many of these platforms experiencing huge uptake in the production and consumption of live video streams.

2 The types of content people enjoy and consume is changing. Hit songs are getting shorter and hit movies look more alike. We are seeing hyper-short mash-ups of traditional IP with UGC (Douyin, TikTok), lo-fi and long form live streaming, audiences watching competitive gaming (Douyu, Huya, Twitch), interactive content (Twitch, iQIYI, Netflix's interactive slate, Whatifi, Eko) and more social viewing experiences (Houseparty, Facebook and a host of others).

3 With a plethora of media available to them, young sports fans are drawn to athletes who they care about. Media properties that focus on journeys, back stories, and lifestyles are now competing with those bodies that sell live sports rights.



4 As the ability to broadcast has become democratised, being the 'voice of authority' still carries weight but it means that voice is increasingly competing with a new set of voices: creators who are native to the platforms they use, young, and culturally diverse.

Creators are the new disruptors.

DIRECT TO YOU

Sport rights have brought riches to many leagues, federations and teams, sometimes at the expense of wide exposure in pay TV deals. This has affected the reach that sponsor brands can achieve, jeopardised grassroots participation and reduced awareness.

Established B2B revenues are coming under threat. Increasingly sports will need to develop direct relationships with fans and develop new business models around ecommerce, subscriptions and membership.

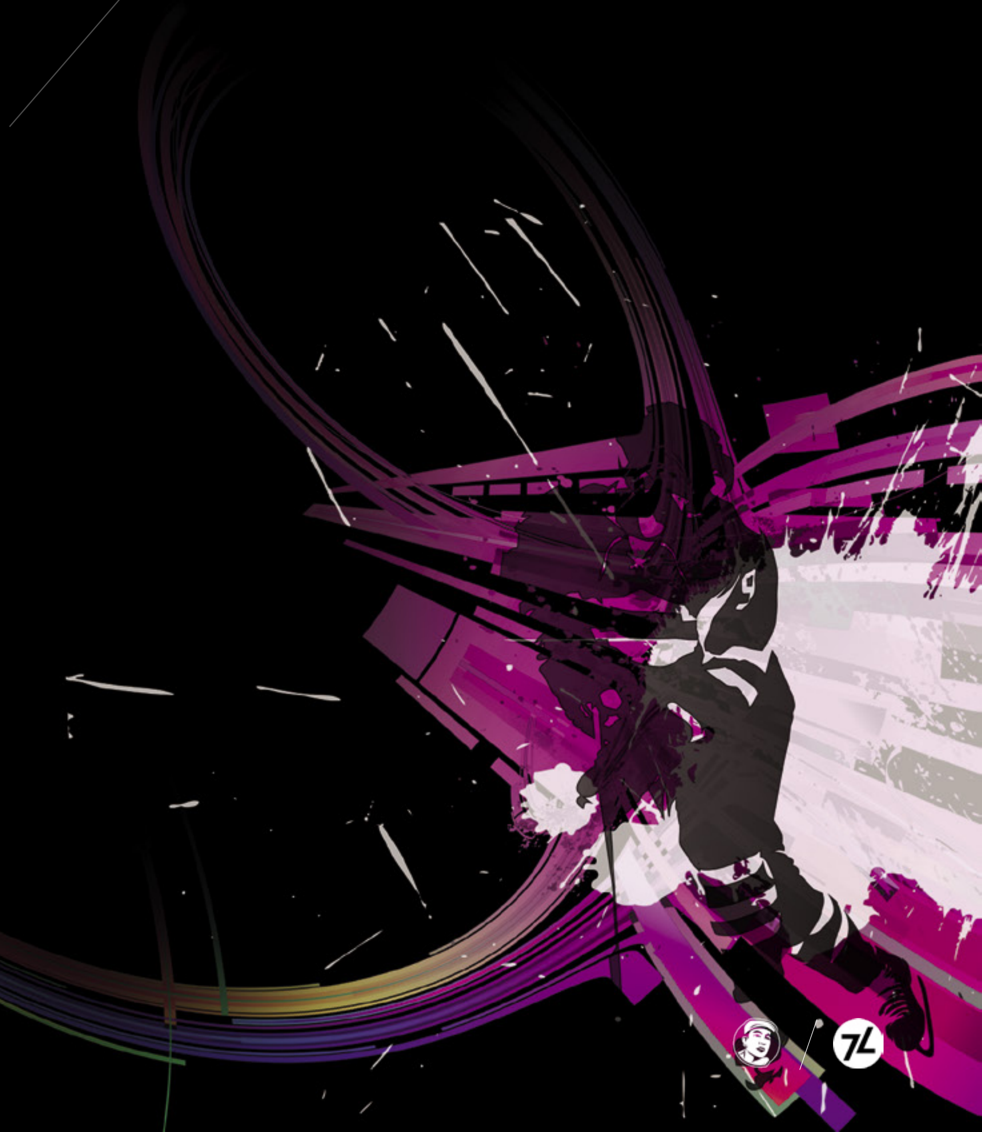
Direct relationships drive new revenue opportunities.

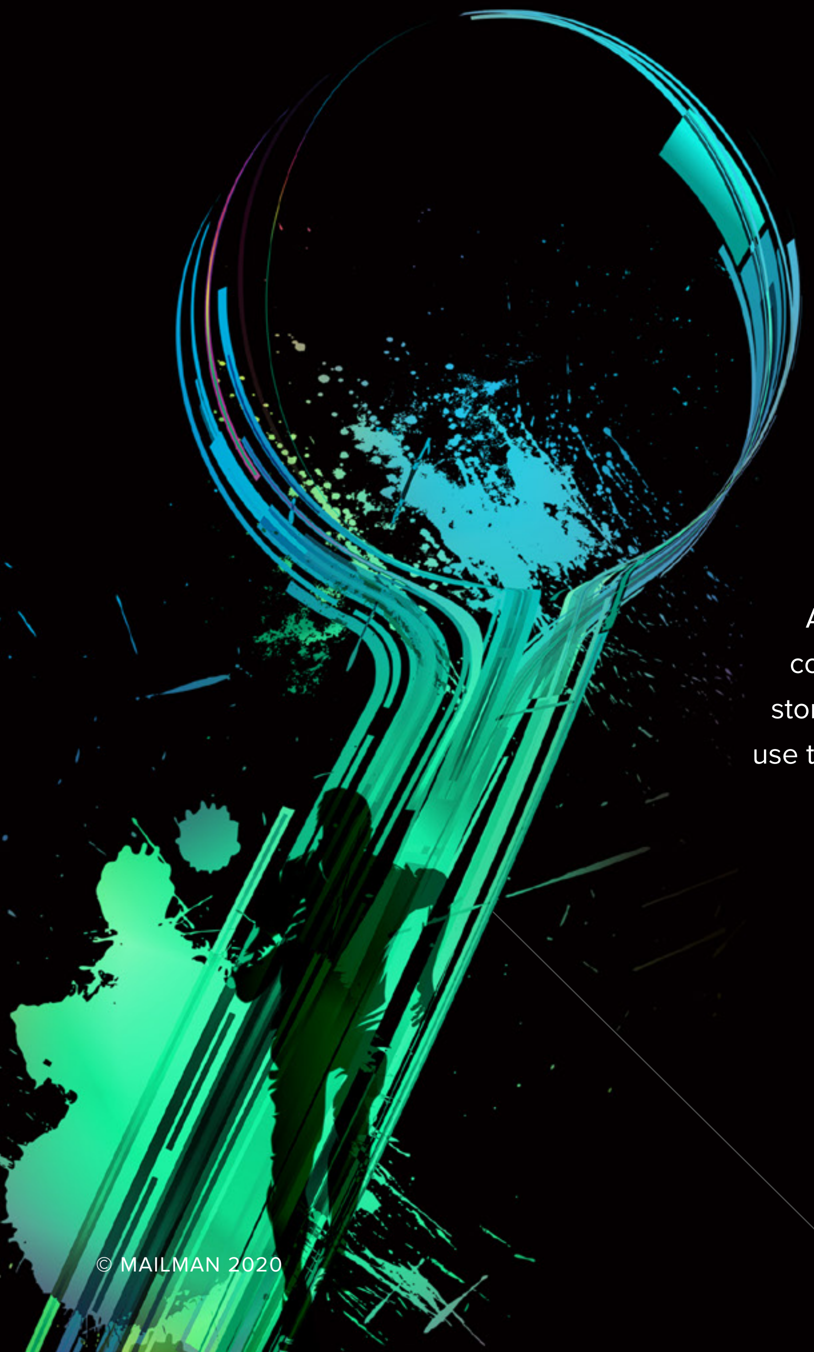
SPONSORSHIP

Younger generations feel passionate about society's issues and gravitate towards athletes and brands who speak openly and authentically about the causes they believe in. New platforms are giving athletes alternative outlets to build their brands and create direct relationships with their fans. Players are becoming more aware of the value of access and no-one controls access better than the players themselves.

The expectations of sponsor brands have changed. They want innovative digital storytelling solutions, they want targeting capabilities, and they want results. They can get all of these directly from platforms and by associating with other entertainment properties... so sport must provide a similar solution to compete.

Young people want you to take a stand.

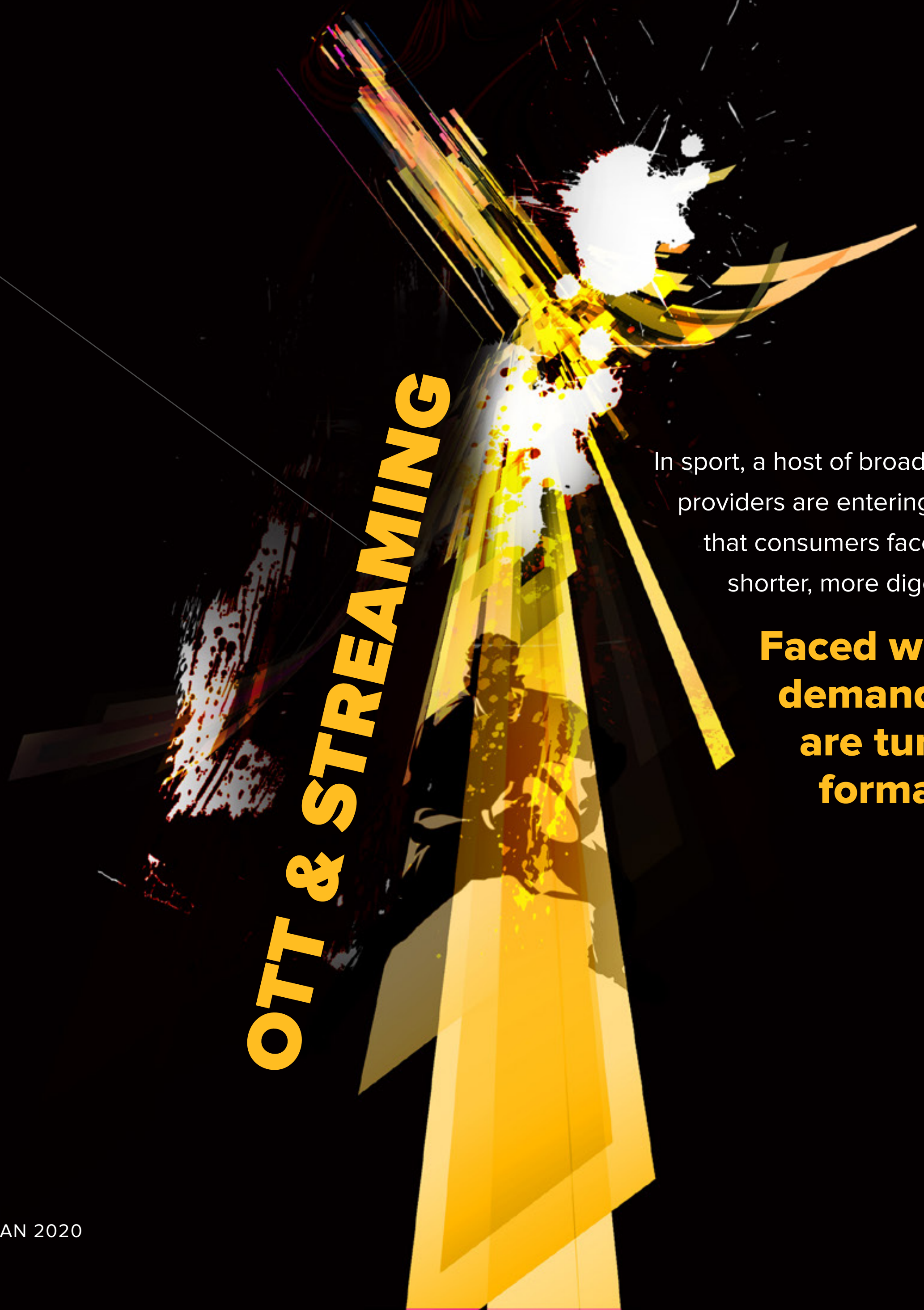




DATA

At the same time as data is becoming more valuable to sports, helping us understand, connect with and drive value from audiences, fans are wary of how their data is being stored and used. Sports will need to be respectful custodians of fans' data and put it to use to create experiences they value.

OTT & STREAMING



In sport, a host of broadcasters, individual sports leagues and new pureplay providers are entering the OTT market, enhancing the choices and confusion that consumers face. Meanwhile sporting formats themselves are getting shorter, more digestible, packaged and sold in new and innovative ways.

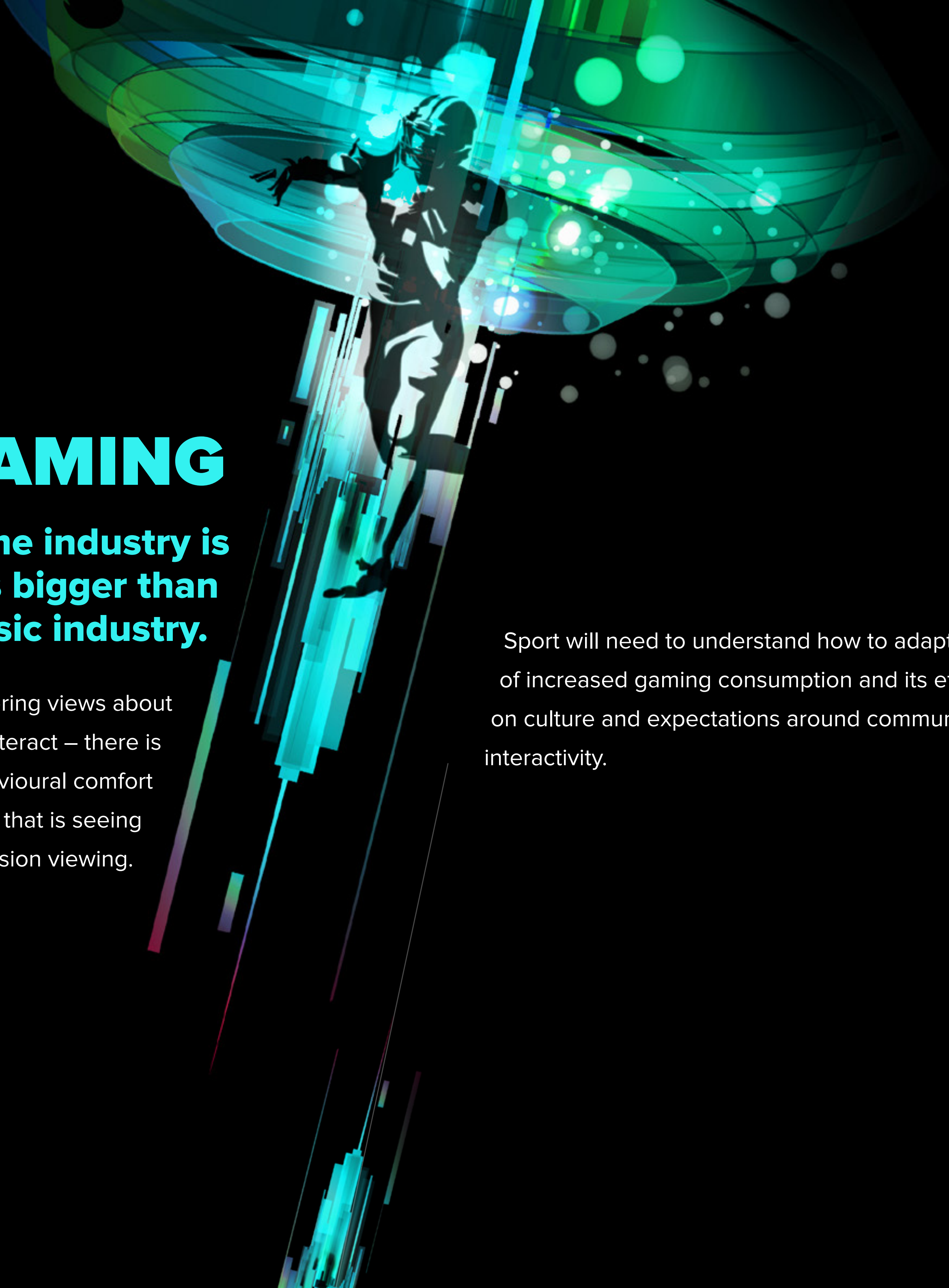
Faced with shorter, high impact and on-demand mobile experiences, younger people are tuning out of longer sports broadcast formats that don't engage them.

PRODUCTS & VENUES

Whether it's on websites and apps or in-venue, fans are becoming increasingly intolerant of friction and they're voting with their feet. Sports properties can no longer afford to have poor ticket buying experiences, long queues, digital products that don't work together and poor mobile functionality.

They will need to integrate their digital and physical infrastructure, invest in SSO, way-finding, digital ticketing and authentication, and mobile first digital products that improve the experience of watching and following sport.

Eliminate friction and satisfaction rises.



GAMING

The video game industry is now three times bigger than the global music industry.

While there are differing views about how sport and games interact – there is undoubtedly a growth in behavioural comfort with this kind of entertainment that is seeing it eclipse traditional linear television viewing.

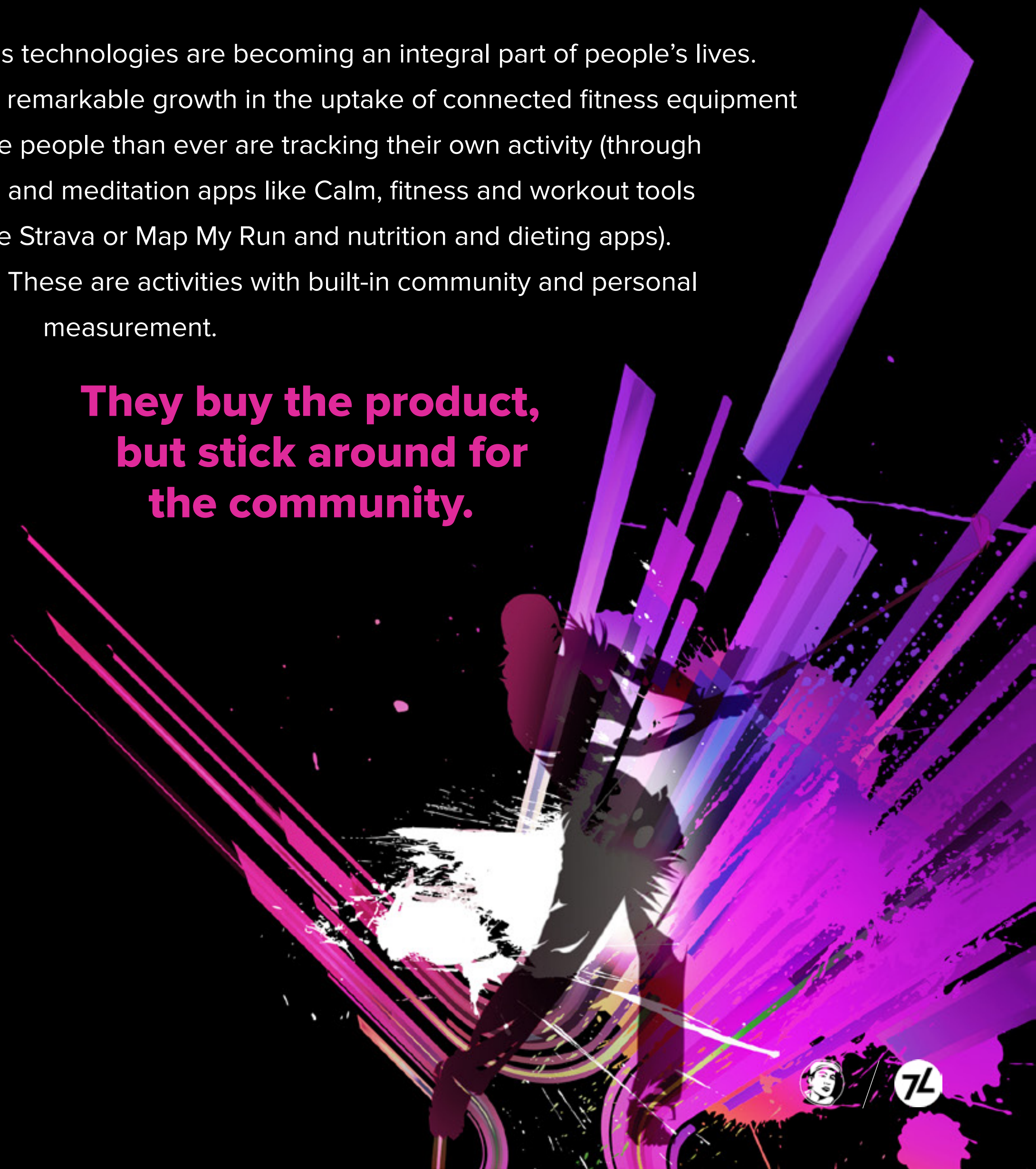
Sport will need to understand how to adapt in light of increased gaming consumption and its effects on culture and expectations around community and interactivity.

Health & fitness technologies are becoming an integral part of people's lives. We've seen remarkable growth in the uptake of connected fitness equipment and more people than ever are 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). These are activities with built-in community and personal measurement.

PARTICIPATION

Efforts to ensure that people take up, try, continue with or come back to sport participation will increasingly mean meeting audiences where they are online and giving them tools to manage and track their own participation.

They buy the product, but stick around for the community.



MANAGING THE TRANSITION

The transition into the 3rd Age was already happening – a worldwide pandemic pressed the fast-forward button.

This may be sport's 'Napster moment', an inflection point where the industry has to fundamentally address how it's structured and where it derives its revenues.

In the 3rd age we will need to find new ways of delivering value, balancing commercialisation and community and we will need to build a media capability that allows us to thrive. Value will get delivered differently.

Welcome to the 3rd age of sport.

ABOUT

WE HELP GLOBAL RIGHTS HOLDERS BUILD MEDIA COMPANIES.

Mailman / Seven League is a global sports digital agency & consultancy. We help sports rights holders, leagues, teams and traditional media organisations make sense of this rapidly changing world. Through digital strategy, planning and game winning execution we build sustainable media businesses with global audiences.

www.mailmangroup.com

The 3rd Age of Sport was a collaboration between our companies. Special thanks to all involved.

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